

A man and a woman are walking together on a dirt path through a field of vibrant yellow wildflowers. The woman is wearing a green t-shirt with 'UNITED' printed on it and dark jeans. The man is wearing a red jacket, a red cap, and sunglasses. They are both smiling and looking towards each other. The background consists of tall, thin trees and a clear sky.

MONTANA

PUBLIC EMPLOYEES RETIREMENT BOARD

A COMPONENT UNIT OF THE STATE OF MONTANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014

Public Employees' Retirement System - Defined Benefit Retirement Plan

Public Employees' Retirement System - DCRP Disability OPEB

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.



*Photo Courtesy of
Terry Dalton*

There are over 600 campgrounds in **Montana**.
The most popular are in Glacier National
Park, Philipsburg and West Glacier.

~ visitmt.com

Camping doesn't necessarily
have to be in a tent. Today,
camping is often done in
motor homes, tipis or yurts!



*Photo Courtesy of
Bill Hallinan*

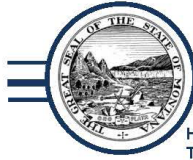


*Photo Courtesy of
Montana Office of
Tourism*

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Montana Public Employee Retirement Administration



Steve Bullock
Governor

Roxanne Minnehan
Executive Director

STATE OF MONTANA



Helena (406) 444-3154
Toll free (877) 275-7372
Fax (406) 444-5428

100 N PARK STE 200
PO BOX 200131
HELENA MT 59620-0131

February 9, 2015

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, 2014, 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 17 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,

INTRODUCTORY SECTION

employer contributions, assets held, and benefits or distributions paid in accordance with the five objectives required by GASB Statement 44 - financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

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 to the PERB.

The PERB administers eleven separate retirement plans, each reported in this CAFR. There are nine defined benefit retirement plans including the Public Employees' Retirement System-Defined Benefit Retirement Plan (PERS-DBRP) in its 70th year of operation, the Public Employees' Retirement System - DCRP Disability OPEB (DC Disability OPEB), 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 (GWORS), 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 PERS-DCRP within 12 months of hire. The PERB contracts with Great-West Financial 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 Financial 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.

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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 participating employer contributions, if any.

ECONOMIC OUTLOOK

The economic outlook of the defined benefit plans is based primarily upon investment earnings. For fiscal year 2014, the PERS-DBRP experienced a 17.16 percent rate of return; an average annualized rate of return for the last three years was 10.70 percent; for the last five years was 13.27 percent; and for the last ten years was 6.95 percent. The ten year rate of return is below the annual actuarial return assumption of 7.75 percent and acts to erode the funded status of the plan. The plans are required by law to be maintained on an actuarially sound basis which protects

INTRODUCTORY SECTION

participants' future benefits. A summary of the investment activity can be found in the *Investment Section* of this annual report.

The funded status of all but one of the retirement systems administered by the PERB increased in fiscal year 2014 as a result of the investment market experience. The funded status of the Public Employees' Retirement System decreased in fiscal year 2014 as a result of the guaranteed annual benefit adjustment (GABA) rate of 3% being assumed in the June 30, 2014 valuation. 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 114 for the PERS - DCRP Disability OPEB and for the other retirement systems in the *Actuarial Section* of this report on page 184 - 185.

FUNDING

The primary funding objectives of the pension trust funds administered by the PERB are to: 1) ensure that the systems are financially sound and pay all benefits promised using assets accumulated from required employer and member contributions and investment income; and 2) achieve a well-funded status with a range of safety to absorb market volatility without creating an Unfunded Actuarial Liability (UAL).

The PERB's annual funding requirement is comprised of a payment on the Normal Cost (NC) and a payment on the Unfunded Actuarial Liability (UAL). The Normal Cost and amount of payment on UAL are determined by the following three core elements: 1) Entry Age Normal Cost Method (Actuarial Cost Method) to the project benefits in determining the Normal Cost and Actuarial Liability (AL); 2) Asset Valuation (Asset Smoothing) of four-year smoothing (market); and, 3) Amortization of the UAL should be amortized over a reasonable period of time and should not exceed 30 years on a rolling basis. Generally, the funding period should be constant or decreasing.

The information received from the annual actuarial valuation is used by the PERB to recommend funding increases or system changes or both to the Legislature to address financial sustainability. The contribution rates are statutorily set through the Legislature. The rate of the employer contributions to the Systems is composed of the normal cost, amortization of the UAL, and an allowance for administrative expenses. The allowance for the administrative expenses is based upon the Systems' recent history of administrative expenses.

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 PERB's short-term goal is to obtain actuarial soundness for the systems that do not amortize.

Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net position restricted for pension benefits" in the Statement of Changes in Fiduciary Net Position – Pension Trust Funds in the Financial Section of this report. The total pension liability is not reported in the basic financial statements, but

INTRODUCTORY SECTION

is disclosed in Note 4 to the basic financial statements and in the required supplementary information. The total pension liability is determined by the actuary and is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees and beneficiaries. The net pension liability is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement purposes.

ACCOMPLISHMENTS

Fiscal year 2014 accomplishments of MPERA include: implementation of GASB 67 to improve financial reporting by pension plans; installation of a new server; organized office move and space realignment; and received an unmodified financial audit opinion. MPERA continues to move forward with data cleansing, in preparation of the new computer system. We are currently on target for our new system to be implemented in July 2015. Other accomplishments include creating a new position for a compliance attorney, contracting with Great-West Financial to continue providing recordkeeping services of the Deferred Compensation and PERS-DCRP, completing the RFP and selection process for Investment Advisory Services with Buck Global Investment Advisors, and adoption and amending of administrative rules to comply with 2013 legislative changes. MPERA implemented a one-stop call center, to better serve the participants of the retirement plans, and to answer general member questions. MPERA staff continues to increase education for employers, employees, and participants, through webinars and on-site trainings. Employer training of the new system will begin this spring, to prepare agencies for the transition to PERIS.

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, 2013. This was the sixteenth 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 2014 in recognition of meeting the professional standards for funding and plan administration set forth in the Public Pension Standards. This is the twelfth year the PPCC is offering the PPCC Standards Award Program to public retirement systems. The Public

INTRODUCTORY SECTION

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 tenth time MPERA has received the PPCC award.

ACKNOWLEDGEMENTS

The compilation of this report reflects the efforts of the Fiscal Services Bureau accounting staff of the Montana Public Employees' 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 unmodified opinion from our independent auditors on the financial statements included in this report. This opinion provides assurance that the financial statements can be relied upon.

The 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,



Dore Schwinden, Executive Director
Montana Public Employee Retirement Administration



Scott E. Moore, President
Public Employees' Retirement Board

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**Montana Public Employees'
Retirement Board**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2014

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 that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

INTRODUCTORY SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana



Scott Moore, President
Miles City, Active Public Employee
Appointed 4/1/2010
Term Expires 3/31/2015
Email: Scott.Moore@mt.gov



Mike McGinley, Vice President
Dillon, Member at Large
Appointed 4/1/2013
Term Expires 3/31/2018
Email: Mike.McGinley@mt.gov



Warren Dupuis
Helena, PERS DCRP Active Public Employee
Appointed 6/5/2014
Term Expires 3/31/2019
Email: Warren.Dupuis@mt.gov



Maggie Peterson
Anaconda, Experience in Investment Management
Appointed 6/5/2014
Term Expires 3/31/2019
Email: Maggie.Peterson@mt.gov



Melissa Strecker
Missoula, Active Public Employee
Appointed 6/25/2012
Term Expires 3/31/2017
Email: Melissa.Strecker@mt.gov

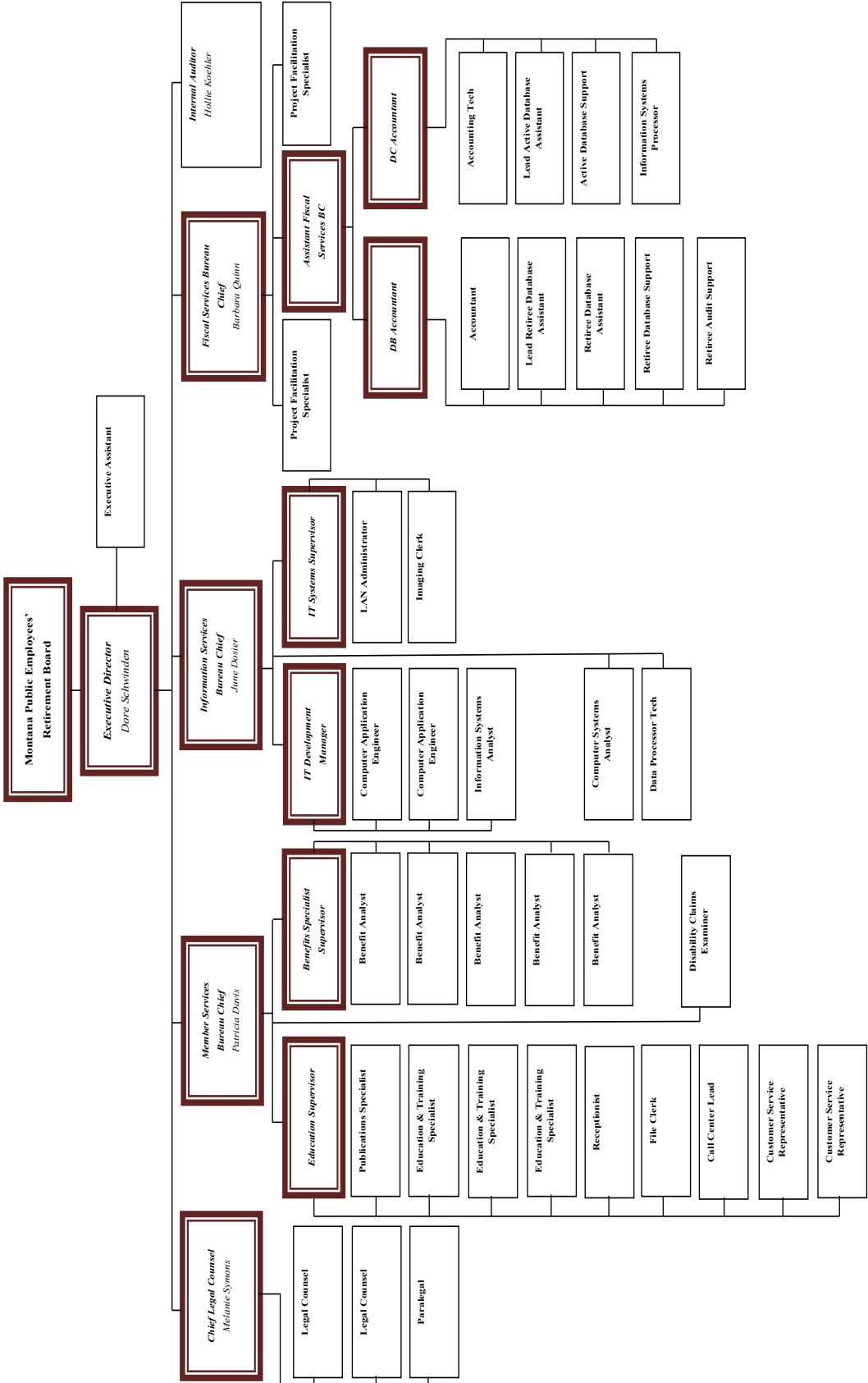


Timm Twardoski
Helena, Member at Large
Reappointed 4/1/2011
Term Expires 3/31/2016
Email: Timm.Twardoski@mt.gov



Sheena Wilson
Helena, PERS Retired Member
PERS Board Representative - BOI
Appointed 4/1/2013
Term Expires 3/31/2018
Email: Sheena.Wilson@mt.gov

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



INTRODUCTORY SECTION

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*Photo Courtesy of
Staci Brower*

Fishing in Montana's clear rivers and streams offers visitors and residents a variety of possibilities, including trout, walleye, and paddlefish.



*Photo Courtesy of
Shelly Pardis*

There are at least 3,200 lakes and rivers in Montana. Boating, rafting, sailing, swimming and fishing are all very popular activities during the summer.



*Photos Courtesy of Montana
Office of Tourism*



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LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Deborah 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, 2014, and the related Statement of Changes in Fiduciary Net Position-Pension Trust Funds for the fiscal year ended June 30, 2014, 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 net position of the board as of June 30, 2014, and the changes in net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note C, the Game Wardens' and Peace Officers', Sheriffs', and Highway Patrol Officers' retirement systems were not actuarially sound at June 30, 2014, as required by the Montana Constitution. The amortization period for the Unfunded Actuarial Accrued Liability is 30.3 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, as defined by state law. Our opinion is not modified with respect to this matter.

As disclosed in Note A-1 to the financial statements, the system implemented Governmental Accounting Standard Board Statement Number 67, Financial Reporting for Pension Plans, in fiscal year 2014. Our opinion is not modified with respect to this matter.

As disclosed in Note C, beginning in fiscal year 2014 the PERS-DBRP received \$33.7 million in additional contributions from coal severance taxes credited to the General Fund and coal severance tax interest earnings. On the Statement of Changes in Fiduciary Net Position-Pension Trust Funds, the \$33.7 million is classified as miscellaneous revenue. 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 & Analysis, and the Schedule of Changes in Multiple-Employer Plans Net Pension Liability, Schedule of Changes in Single-Employer Plans Net Pension Liability, Schedule of Net Pension Liability for Multiple-Employer Plans, Schedule of Net Pension Liability for Single-Employer Plans, Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans, Schedule of Employer and Non-Employer (State) Contributions for Single-Employer Plans, Schedule of Investment Returns for Multiple-Employer Plans, Schedule of Investment Returns for Single-Employer Plans, Schedule of Funding Progress for PERS-DCRP Disability OPEB, Schedule of Employer Contributions & Other Contributing Entities, and Schedule of Funding Progress for OPEB 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 Schedule of Administrative Expenses, Schedule of Investment Expenses, and Schedule of Professional/Consultant Fees for the fiscal year ended June 30, 2014; 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, 2014; 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, 2014, are supplementary information 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 were presented for purposes 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,



Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

February 9, 2015

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, 2014. 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. Throughout this discussion and analysis units of measure (i.e., billions, millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

Financial Highlights

- The PERB's combined total net position of the defined benefit plans increased by \$837.7 million or 15.5% in fiscal year 2014. 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 \$60.7 million or 12.1% in fiscal year 2014. The total increase in net position was primarily 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 2014 was \$1.2 billion, which includes member and employer contributions of \$302.9 million and net investment income of \$921.0 million.*
- Revenues (additions to plan net position) for the PERB's defined contribution plans for fiscal year 2014 was \$91.3 million, which includes member and employer contributions of \$37.8 million and net investment income of \$53.5 million.*
- Expenses (deductions to plan net position) for the PERB's defined benefit plans increased from \$361.7 million in fiscal year 2013 to \$386.1 million in fiscal year 2014 or 6.7%. The increase in 2014 is primarily due to an increase in benefits.*
- Expenses (deductions to plan net position) for the PERB's defined contribution plans increased from \$25.8 million in fiscal year 2013 to \$30.6 million in fiscal year 2014 or 18.7%. The increase in expenses is primarily due to an increase in distributions.*
- The PERB's defined benefit plans' funding objectives are to meet long-term benefit obligations. As of June 30, 2014, 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 Highway Patrol Officers' Retirement System is able to amortize the Unfunded Actuarial Liability in 30.3 years. The plans that are not able to amortize the Unfunded Actuarial Liability are the Sheriffs' Retirement System (SRS), the Game*

Wardens' and Peace Officers' Retirement System (GWPORS), and the PERS-DCRP Disability OPEB (DC Disability OPEB). 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 84%, including JRS' surplus. 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, 2013 and 2014 and losses in 2012, return on actuarial value ranged from 11% to 12% for all systems, creating actuarial experience gains. These ranges were significantly greater than the actuarial assumed rate of return on investments of 7.75%.

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
- (4) Other Supplementary Schedules

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, 2014. 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, 2014, are presented for the fiduciary funds administered by the PERB. Fiduciary funds are used to pay for pension benefits and expenses. The fiduciary funds are comprised of 11 pension (and other employee benefit) trust funds that consist of nine defined benefit and two defined contribution plans.
 - The Statement of Fiduciary Net Position, is presented for the pension trust funds at June 30, 2014. These financial statements reflect the resources available to pay benefits to retirees and beneficiaries at the end of the fiscal year reported.
 - The Statement of Changes in Fiduciary Net Position, is presented for the pension trust funds for the year ended June 30, 2014. These financial statements reflect the changes in the resources available to pay benefits to retirees and beneficiaries at the end of the fiscal 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 MPERATiv,

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the new system project; operating lease; Governmental Accounting Standards Board (GASB) Statement No. 67 Disclosures regarding Financial Reporting for Pension Plans; GASB Statement No. 45 Disclosures regarding Other Post-Employment Benefits (OPEB); and summaries of the method to value investments and other significant accounting policies or explanations.

- Note B provides information about litigation.
 - Note C describes the membership and descriptions of each of the plans administered by the PERB. Summaries of benefits and contribution information are also provided.
- (3) The Required Supplementary Information consists of multiple-employer and single employer plan schedules of changes of employers' net pension liability, employers' net pension liability, employer contributions, and the money-weighted rate of investment returns of the defined benefit pension systems administered by the PERB. As well as related notes concerning actuarial information of the defined benefit pension plans and Other Post-Employment Benefits (OPEB) and the related notes to the OPEB plans.
- (4) Other Supplementary Schedules include schedules of administrative expenses, investment expenses, and professional/consultant fees.

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 pools 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 pace of economic growth in the U.S. remained moderate over the past year, with a real GDP growth rate of 2.5% year-over-year through June. This annual growth disguised significant underlying volatility, however, given a negative 2.1% annualized rate of growth for the first quarter of this year after above average growth during the second half of 2013. The weak first quarter was blamed on unusually severe winter weather rather than signaling anything more fundamental, and in fact the economy rebounded during the second quarter at a 4.2% annualized pace based on the latest GDP release. Despite the recent volatility, the U.S. economic recovery is now technically entering its sixth year.

There are no warning signs of an imminent setback, with the Conference Board's index of U.S. leading indicators having posted a strong advance in July, pointing to continued economic growth over at least the next three to six months.

“Expectations for the balance of 2014 point to continued improvement in the U.S. economy, with several current readings of manufacturing, business investment, and personal consumption showing an upward trend. The consensus outlook for real GDP over the balance of 2014 is calling for a growth rate of 3%. This is the same rate of growth being predicted for the full calendar year 2015 at this time. In comparison, the European economic outlook has deteriorated recently, with the Eurozone countries reporting a flat second quarter, following a prior year of mere 0.1% to 0.3% annualized growth each quarter. Asian economies, on balance, are seeing some slowing in their pace of growth as well while Japan continues its aggressive monetary policy to break the cycle of slow growth and deflation that has plagued the country for over two decades.

“The U.S. also appears to be making better progress than many other countries in its employment situation. The unemployment rate has declined noticeably to a 6.1% rate, down over 1% in the past year. The number of jobs being added has averaged approximately 200,000 per month during the year through August. This positive trend belies some underlying weakness in the labor market however, as indicated by a low labor force participation rate and a high proportion of part time jobs. The Federal Reserve (Fed) remains sensitive to any risk a monetary policy change could pose to the broader economy and the jobs market in particular.

“As the labor market slowly improves there has been a slow but steady improvement in personal consumption as disposable income picks up and consumer confidence remains on a positive track. Corporate profit growth has also remained positive as low inflation, particularly low wage inflation, has allowed companies to maintain high profit margins. This backdrop has bolstered investor confidence and been supportive of the bull market in stocks during the past year.

“Currently the financial markets are focused on central bank policies, particularly in the U.S. and Europe, with a divergence in their respective directions expected over the next year. The Fed has nearly concluded tapering its asset purchase program and the consensus among economists is that an increase in the Fed funds rate is likely in mid-2015. At the same time the European Central Bank is taking more aggressive steps to bolster weak growth and low inflation. How successful the Fed is in managing expectations will be important over the next several months, and will no doubt have a big impact on the reaction of the markets. Still, the fundamental improvement in the U.S. economy is the most important development to keep in mind, though a more mixed message will likely continue to prevail internationally.” (Written September 19, 2014)

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Defined Benefit Plans Total Investments

At June 30, 2014, the PERB's defined benefit plans held total investments of \$6.1 billion, an increase of \$766.9 million from fiscal year 2013 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 2013.

Analysis of Individual Systems

PERS-DBRP and Education

The PERS-DBRP provides retirement, disability, and death benefits for covered

Fiduciary Net Position - Defined Benefit Plans

As of June 30, 2014

(dollars in thousands)

	PERS-DCRP									
	PERS		DISABILITY OPEB ¹		JRS		HPORS		SRS	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Assets:										
Cash and Receivables	\$ 123,734	67,395	2,443	2,182	2,169	1,259	3,091	1,723	7,665	4,507
Securities Lending Collateral	207,294	192,294	2	6	3,520	3,247	5,278	4,903	11,902	10,873
Investments	4,825,560	4,236,336	27	2	81,957	71,548	122,868	108,008	277,018	239,536
Property and Equipment	49	9			2	3	2	2	2	3
Intangible Assets	613	114			180	34	153	28	180	34
Total Assets	5,157,250	4,496,148	2,472	2,190	87,828	76,091	131,392	114,664	296,767	254,953
Liabilities:										
Securities Lending Liability	207,294	192,294	2	6	3,520	3,247	5,278	4,903	11,902	10,873
Other Payables	4,281	2,021			82	52	102	70	207	204
Total Liabilities	211,575	194,315	2	6	3,602	3,299	5,380	4,973	12,109	11,077
Total Net Position	\$ 4,945,675	4,301,833	2,470	2,184	84,226	72,792	126,012	109,691	284,658	243,876

¹ The 2013 figures have been restated due to the DC Disability being classified as an OPEB fund.

Changes In Fiduciary Net Position - Defined Benefit Plans

For the year ended June 30, 2014 - and comparative totals for June 30, 2013

(dollars in thousands)

	PERS-DCRP									
	PERS		DISABILITY OPEB ¹		JRS		HPORS		SRS	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Additions:										
Contributions	\$ 222,968	163,257	311	288	2,133	2,363	7,194	6,514	13,136	12,111
Investment Income (Loss)	732,483	505,052	3	5	12,424	8,409	18,684	12,826	41,802	28,154
Total Additions	955,451	668,309	314	293	14,557	10,772	25,878	19,340	54,938	40,265
Deductions:										
Benefits	296,183	274,021	29	29	3,023	2,553	9,344	8,709	12,732	11,583
Refunds	10,357	11,637					99	51	1,211	1,184
OPEB Expenses	77	82			1	1	1	1	1	1
Administrative Expenses	3,704	3,761			99	184	108	180	202	286
Miscellaneous Expenses	1,201	1,211								
Total Deductions	311,522	290,712	29	29	3,123	2,738	9,552	8,941	14,146	13,054
Incr/(Decr) in Net Position	\$ 643,929	377,597	285	264	11,434	8,034	16,326	10,399	40,792	27,211
Prior Period Adjustments	-86	23			-2		-4		-11	

¹ The 2013 figures have been restated due to the DC Disability being classified as an OPEB fund.

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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 been combined in these comparisons. The PERS-DBRP net position restricted for pension benefits at June 30, 2014 amounted to \$4.9 billion, an increase of \$643.8 million (15.0%) from \$4.30 billion at June 30, 2013.

GWPORS		MPORS		FURS		VFCA		TOTAL	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
4,056	2,307	19,719	16,015	19,946	16,094	2,408	1,992	185,231	113,474
5,784	5,156	12,864	11,578	12,958	11,609	1,326	1,238	260,928	240,904
134,680	113,666	299,473	255,112	301,618	255,833	30,840	27,147	6,074,041	5,307,188
2	3	2	2	2	2	2	2	63	26
180	34	161	30	159	30	147	27	1,773	331
144,702	121,166	332,219	282,737	334,683	283,568	34,723	30,406	6,522,036	5,661,923
5,784	5,156	12,864	11,578	12,958	11,609	1,326	1,237	260,928	240,903
173	169	166	150	165	133	125	102	5,301	2,901
5,957	5,325	13,030	11,728	13,123	11,742	1,451	1,339	266,229	243,804
138,745	115,841	319,189	271,009	321,560	271,826	33,272	29,067	6,255,807	5,418,119

GWPORS		MPORS		FURS		VFCA		TOTAL	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
8,224	7,786	23,641	22,883	23,472	22,110	1,818	1,711	302,897	239,023
20,075	13,106	45,244	30,037	45,478	30,035	4,817	3,383	921,010	631,007
28,299	20,892	68,885	52,920	68,950	52,145	6,635	5,094	1,223,907	870,030
3,979	3,575	19,450	18,463	18,872	17,670	2,281	2,819	365,893	339,422
1,250	864	1,078	1,838	180	73			14,175	15,647
1	1	1	1	1	1	1	1	84	89
160	246	165	245	152	228	135	205	4,725	5,335
						14	15	1,215	1,226
5,390	4,686	20,694	20,547	19,205	17,972	2,431	3,040	386,092	361,719
22,909	16,206	48,191	32,373	49,745	34,173	4,204	2,054	837,815	508,311
-4		-12		-12				-131	23

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Additions to the PERS-DBRP net position restricted for pension benefits include employer, member and state contributions, a statutory appropriation from the general fund, and investment income. For the fiscal year ended June 30, contributions increased to \$223.0 million in fiscal year 2014 from \$163.3 million in fiscal year 2013, an increase of \$59.7 million (36.6%). Contributions increased due to members and employers contributing at an increased rate. The plan recognized total net investment income of \$732.5 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$505.1 million for the fiscal year ended June 30, 2013. The increase in investment income is a result of a strong year of investment returns.

As a result of the 2013 Legislation and effective July 1, 2013, PERS-DBRP receives additional contributions from the coal severance tax fund and interest income from the coal severance tax permanent fund. The coal severance tax collections are credited to the general fund of the State of Montana and are statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The coal tax is transferred quarterly and the interest income is credited monthly. The amount that was received for fiscal year 2014 was \$33.7 million. They are recorded as *Miscellaneous Revenue* in the financial statements.

Deductions from the PERS-DBRP net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2014, benefits amounted to \$296.2 million, an increase of \$22.2 million (8.1%) from fiscal year 2013. 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 2014,

refunds amounted to \$10.4 million, a decrease of \$1.3 million (11.0%) from fiscal year 2013. The decrease in refunds was due to less people refunding their accounts. For fiscal year 2014, the costs of administering the plan's benefits amounted to \$3.7 million, a decrease of \$57.0 thousand (1.5%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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. The reported differences are in part due to the enactment of HB 454 during the 2013 Legislative Session, and the changes resulting from the preliminary injunction issued December 2013 regarding the GABA provision.

HB 454 lowered the GABA rate for all members including retirees to a maximum of 1.5%. As a result, the fiscal year 2013 valuation was performed using a 1.5% GABA. The preliminary injunction has restored the GABA rate to 3% until the lawsuit is settled, therefore, the fiscal year 2014 valuation was performed using the 3% GABA. Each year a supplemental valuation was performed for the other GABA rate, with the 2013 supplemental using the 3% GABA and the 2014 supplemental using the 1.5% GABA.

When comparing the valuations on June 30, 2014 and June 30, 2013 the years to amortize the unfunded actuarial liability is 29.3 years (3% GABA) and 14.5 years (1.5% GABA), respectively. When comparing the supplemental valuations on June 30, 2014

and June 30, 2013 the years to amortize the unfunded actuarial liability is 10.5 years (1.5% GABA) and 43.7 years (3% GABA), respectively.

The funded status of the plan increased to 74% at June 30, 2014 (3% GABA) from 70% at June 30, 2013 (3% GABA). The funded status at June 30, 2013 was 80% (1.5% GABA) when the valuation was produced using the 1.5% GABA. The PERS-DBRP actuarial value of assets was less than actuarial liabilities by \$1.6 billion at June 30, 2014 (3% GABA), compared with \$1.8 billion at June 30, 2013 (3% GABA) or \$1.0 billion at June 30, 2013 (1.5% GABA). The main reason for the increase in the unfunded actuarial liability was the preliminary injunction keeping the GABA at 3%. The reversion back to the GABA provisions specified by the statute prior to the enactment of HB 454 increased the actuarial liability by \$810.7 million. Furthermore, the increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$224 million and a total liability loss adding \$799 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

PERS-DCRP DISABILITY OPEB

The PERS-DCRP Disability OPEB provides disability benefits for defined contribution plan members. A percentage of employer contributions and earnings on investments fund the benefits of the plan. The DC Disability OPEB net position restricted for pensions at June 30, 2014 amounted to \$2.47 million, an increase of \$286 thousand (13.1%) from \$2.18 million at June 30, 2013.

Additions to the DC Disability OPEB net position restricted for pension benefits include employer contributions and investment

income. For the fiscal year ended June 30, 2014, employer contributions amounted to \$311 thousand, an increase of \$23 thousand (8.1%) from fiscal year 2013. Contributions increased due to an increase in payroll. The plan recognized total net investment income of \$3 thousand for the fiscal year ended June 30, 2014 compared with total net investment income of \$5 thousand for the fiscal year ended June 30, 2013. The decrease in investment income is a result of the lower average yield earned in the Short-Term Investment Pool (STIP), which was the sole asset held during the fiscal year. The investments have historically been directed to STIP due to, in comparison to other funds, the immaturity of this plan and relatively small amount of investable assets. After FY2014, a plan was initiated to further diversify the assets of the DC Disability OPEB into longer term asset classes with potentially higher returns over time. MPERA and BOI have begun work to further diversify the DC Disability OPEB assets with this objective and action will be taken as soon as administratively possible.

Deductions from the DC Disability OPEB net position restricted for pension benefits are disability retirement benefits. For fiscal year 2014, benefits amounted to \$29.5 thousand, an increase of \$461 (1.6%) from fiscal year 2013.

An actuarial valuation of the DC Disability OPEB assets and disability benefit obligations is performed every two years. The valuation was performed using the June 30, 2013 data and demographic and economic assumptions. 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 is 80.5% and the unfunded actuarial liability is \$500 thousand.

During the year ended June 30, 2013, the DC

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Disability OPEB assets gained 0.25% on a market basis. This return was below the DC Disability OPEB assumed rate of return of 3.50%. Because this is the first valuation for DC Disability OPEB, the actuarial value of assets is set equal to the market value of assets.

JRS

The JRS provides retirement, disability, and death benefits for all Montana judges of the district courts, justices of the Supreme Court, the Chief Water Judge and the 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, 2014 amounted to \$84.2 million, an increase of \$11.4 million (15.7%) from \$72.8 million at June 30, 2013.

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, 2014, contributions amounted to \$2.1 million, a decrease of \$230 thousand (9.7%) from fiscal year 2013. Even though there was an increase of one active member, contributions decreased due to the timing of members retiring and no longer contributing to the plan. The plan recognized total net investment income of \$12.4 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$8.4 million for the fiscal year ended June 30, 2013. 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 include retirement benefits, and administrative expenses. For fiscal year 2014, benefits amounted to \$3.0 million, an increase of \$470 thousand (18.4%) from fiscal year 2013. The increase in benefits was due to an 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 2014, administrative expenses amounted to \$99 thousand, a decrease of \$85 thousand (46.2%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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, 2014, 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 155% at June 30, 2014 from 143% at June 30, 2013.

The JRS actuarial value of assets was more than actuarial liabilities by \$27.9 million at June 30, 2014, compared with a \$21.1 million actuarial surplus at June 30, 2013. The decrease in the unfunded actuarial liability as of the last actuarial valuation is due to recognizing past investment gains of \$3.6 million and a total liability gain deducting \$1.0 million 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,

2014 amounted to \$126.0 million, an increase of \$16.3 million (14.9%) from \$109.7 million at June 30, 2013.

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, 2014, contributions increased to \$7.2 million from \$6.5 million in fiscal year 2013, an increase of \$680 thousand (10.4%). Contributions increased due to an increase in active members contributing to the plan and an increase in employer and employee contribution rates as of July 1, 2013. The plan recognized total net investment income of \$18.7 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$12.8 million for the fiscal year ended June 30, 2013. The increase in investment income is a result of a strong year of investment returns.

Deductions from the HPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2014, benefits amounted to \$9.3 million, an increase of \$636 thousand (7.3%) from fiscal year 2013. 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 2014, refunds amounted to \$99 thousand, an increase of \$47 thousand (92.7%) from fiscal year 2013. The increase in refunds was due to the same number of refund requests from members but generally with larger account balances. For fiscal year 2014, administrative expenses were \$108 thousand, a decrease of \$73 thousand (40.2%) from fiscal year 2013.

The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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, 2014, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability is 30.3 years a decrease from 44.6 years at June 30, 2013. The funded status of the plan increased to 64% at June 30, 2014 from 60% at June 30, 2013.

The HPORS actuarial value of assets was less than actuarial liabilities by \$66.2 million at June 30, 2014, compared with \$69.9 million at June 30, 2013. The decrease in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$5.6 million and a total liability loss adding \$267 thousand to 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, 2014 amounted to \$284.7 million, an increase of \$40.8 million (16.7%) from \$243.9 million at June 30, 2013.

Additions to the SRS net position restricted

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for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, 2014, contributions increased to \$13.1 million from \$12.1 million in fiscal year 2013, for an increase of \$1.0 million (8.5%). The increase in contributions was due to an increase in active members contributing to the plan. The plan recognized total net investment income of \$41.8 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$28.2 million for the fiscal year ended June 30, 2013. 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 include retirement benefits, refunds, and administrative expenses. For fiscal year 2014, benefits amounted to \$12.7 million, an increase of \$1.1 million (9.9%) from fiscal year 2013. 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 2014, refunds amounted to \$1.2 million, an increase of \$28 thousand (2.3%) from fiscal year 2013. The increase in refunds was due to fewer refund requests from members but with generally larger account balances. For fiscal year 2014, administrative expenses amounted to \$202 thousand, a decrease of \$84 thousand (29.4%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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, 2014, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize, same as fiscal year ended June 30, 2013. The funded status of the plan increased to 81% at June 30, 2014 from 77% at June 30, 2013.

The SRS actuarial value of assets was less than actuarial liabilities by \$61.1 million at June 30, 2014, compared with \$68.9 million at June 30, 2013. The decrease in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$12.2 million and a total liability gain deducting \$195 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

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, 2014, amounted to \$138.7 million, an increase of \$22.9 million (19.8%) from \$115.8 million at June 30, 2013.

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, 2014, contributions increased to \$8.2 million from \$7.8 million in fiscal year 2013, an increase of \$438 thousand (5.6%). Although the plan saw a decrease in active plan members, the contributions increased slightly due to an increase in active members' compensation. The plan recognized total net investment income of \$20.1 million for the fiscal year ended June 30, 2014, compared with total net

investment income of \$13.1 million for the fiscal year ended June 30, 2013. The increase in investment income is a result of a strong year of investment returns.

Deductions from the GWPORS net position restricted for pensions include retirement benefits, refunds, and administrative expenses. For fiscal year 2014, benefits amounted to \$4.0 million, an increase of \$404 thousand (11.3%) from fiscal year 2013. 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 2014, refunds amounted to \$1.3 million, an increase of \$387 thousand (44.8%) from fiscal year 2013. The increase in refunds was due to fewer refund requests from members but with generally larger account balances. For fiscal year 2014, administrative expenses amounted to \$160 thousand, a decrease of \$86 thousand (34.9%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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, 2014, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize, same as fiscal year ended June 30, 2013. The funded status of the plan increased to 84% at June 30, 2014 from 80% at June 30, 2013.

The GWPORS actuarial value of assets was less than actuarial liabilities by \$25.2 million at June 30, 2014, compared with

\$27.9 million at June 30, 2013. The decrease in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$5.5 million and a total liability loss adding \$731 thousand to the actuarial liability as a result of salaries and the experience of the plan being different from the actuarial assumptions.

MPORS

The MPORS provides retirement, disability, and death benefits for municipal police officers employed by first- and second-class cities, and other cities that adopt the plan. MPORS also has an option for members to participate in a Deferred Retirement Option Plan (DROP). Member, employer and state contributions and earnings on investments fund the benefits of the plan. The MPORS net position restricted for pension benefits at June 30, 2014 amounted to \$319.2 million, an increase of \$48.2 million (17.8%) from \$271.0 million at June 30, 2013.

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, 2014, contributions increased to \$23.6 million from \$22.9 million in fiscal year 2013, for an increase of \$758 thousand (3.3%). Contributions increased due to an increase of active members contributing to the plan. The plan recognized total net investment income of \$45.2 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$30.0 million for fiscal year ended June 30, 2013. 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 include retirement benefits, refunds, and

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administrative expenses. For fiscal year 2014, benefits amounted to \$19.5 million, an increase of \$987 thousand (5.3%) from fiscal year 2013. 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 2014, refunds amounted to \$1.1 million, a decrease of \$759 thousand (41.3%) from fiscal year 2013. The decrease in refunds for fiscal year 2014 was due to fewer refunds being processed for smaller dollar amounts. For fiscal year 2014, administrative expenses were \$165 thousand, a decrease of \$79.3 thousand (32.4%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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, 2014, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 19.6 years from 23.8 years at June 30, 2013. The funded status of the plan increased to 63% at June 30, 2014 from 58% at June 30, 2013.

The MPORS actuarial value of assets was less than actuarial liabilities by \$175.6 million at June 30, 2014, compared with \$187.4 million at June 30, 2013. The decrease in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$12.5 million and a total liability gain deducting \$2.0 million from 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, 2014, amounted to \$321.6 million, an increase of \$49.7 million (18.3%) from \$271.8 million at June 30, 2013.

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, 2014, contributions increased to \$23.5 million from \$22.1 million in fiscal year 2013, an increase of \$1.4 million (6.2%). Contributions increased due to an increase of active members contributing to the plan. The plan recognized total net investment income of \$45.5 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$30.0 million for the fiscal year ended June 30, 2013. 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 include retirement benefits, refunds, and administrative expenses. For fiscal year 2014, benefits amounted to \$18.9 million, an increase of \$1.2 million (6.8%) from fiscal year 2013. 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 2014, refunds amounted to \$180 thousand, an increase of \$107 thousand (146.3%) from fiscal year 2013. The increase in refunds was due to an increase in refund requests and refunds being processed at a larger dollar amount. For fiscal year 2014, administrative expenses were \$152 thousand, a decrease of \$75 thousand (33.1%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the FURS.

An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2014, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 11.3 years from 13.9 years at June 30, 2013. The funded status of the plan increased to 72% at June 30, 2014 from 66% at June 30, 2013.

The FURS actuarial value of assets was less than actuarial liabilities by \$118.1 million at June 30, 2014, compared with \$133.3 million at June 30, 2013. The decrease in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$12.5 million and a total liability gain deducting \$160 thousand from 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, 2014 amounted to \$33.3 million, an increase of \$4.2 million (14.5%) from \$29.1 million at June 30, 2013.

Additions to the VFCA net position restricted for pension benefits include state contributions, and investment income. For the fiscal year ended June 30, 2014, contributions increased to \$1.8 million from \$1.7 million in fiscal year 2013, an increase of \$107 thousand (6.2%). 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 \$4.8 million for the fiscal year ended June 30, 2014, compared with total net investment income of \$3.4 million for the fiscal year ended June 30, 2013. 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 2014, benefits amounted to \$2.3 million, a decrease of \$538 thousand (19.1%) from fiscal year 2013. Although there was an increase in benefit recipients, the recipients are retiring earlier with less credited years of service. For fiscal year 2014, administrative expenses amounted to \$135 thousand, a decrease of \$70 thousand (34.3%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the

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VFCA. For fiscal year 2014, supplemental insurance payments amounted to \$14 thousand, a decrease of \$1 thousand from fiscal year 2013.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2014, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 5.1 years from 8.5 years at June 30, 2013 and the funded status of the plan increased to 82% at June 30, 2014 from 75% at June 30, 2013.

The VFCA actuarial value of assets was less than actuarial liabilities by \$6.7 million at June 30, 2014, compared with \$9.5 million at June 30, 2013. The decrease in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$1.3 million and a total liability gain deducting \$618 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions and retroactive credited years of service adjustments.

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 changes to the demographic and some of the economic actuarial assumptions and implementation of new actuarial factors. An economic experience study was performed during August 2013. This experience study looked at the following economic 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. Due to the implementation of GASB No. 67, the PERB did adopt a new economic assumption, the Administrative Expenses as a Percentage of Payroll. The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

The following table shows the administrative expense rate for each of the defined benefit plans, excluding DC Disability OPEB.

Administrative Expenses as a Percentage of Payroll as of June 30, 2014	
System	Percentage
PERS-DBRP	0.27%
JRS	0.15%
HPORS	0.23%
SRS	0.17%
GWPORS	0.17%
MPORS	0.20%
FURS	0.19%
VFCA*	N/A
* Not applicable to VFCA, members are unpaid volunteers The Administrative Expense assumption is a flat dollar amount of \$61,000.	

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, 2014. The DC Disability OPEB plan valuation is performed biennially and was last valued on 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 other contributions for some systems, and the income from investments

provide the cash flow needed to finance future retirement benefits. Historically the Annual Required Contribution (ARC) has been a critical component of funding for defined benefit plans. Effective for financial statements for fiscal years beginning after June 15, 2013, the new Governmental Accounting Standards Board (GASB) Statement No. 67 no longer defines an ARC. This has been replaced with the Actuarial Determined Contribution (ADC). The ADC, as defined by GASB, is a target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

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 market returns were experienced in fiscal years 2003 through 2007 and fiscal years 2010 through 2014. The funding status increased for all defined benefit plans in the latest valuation.

Montana's Constitution requires the public retirement plans to be funded on an actuarially sound basis. Public pension plans are considered actuarially sound if the unfunded accrued actuarial liability amortization period is 30 years or less. 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 to the PERS-DBRP. The impact of the negative investment returns in 2008 and 2009 resulted in the PERS-DBRP not amortizing in fiscal years 2009, 2010, 2011, and 2012; and GWPORS and SRS, not amortizing in fiscal years 2009,

2010, 2011, 2012, 2013, and 2014. However, the asset smoothing method impacts are limited to four years.

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 2.27%. 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 1% from 6.9% to 7.9%, but will be reduced when the amortization period drops below 25 years and remains below 25 years following the reduction of all additional contributions.

Effective July 1, 2013, HB 454 decreased the GABA for PERS-DBRP current and future retirees, to a cap of 1.5% and further reduced the GABA 0.1% for each 2% that the funded ratio is less than 90%. Additionally, if the amortization period exceeds 40 years the GABA will be zero. However, on December 20, 2013, a preliminary injunction was granted and the 3% GABA is restored until the lawsuit is resolved.

HB 454, also effective July 1, 2013, created a statutorily appropriation to the PERS-DBRP trust fund from the coal severance tax collections during the year and an appropriation of the interest income from the coal tax permanent fund to the PERS-DBRP trust fund. The coal severance taxes collected

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are credited to the general fund of the State of Montana and are statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The coal tax is transferred quarterly and the interest income is credited monthly. They are recorded as *Miscellaneous Revenue* in the financial statements.

Effective July 1, 2013, in HPORS, the employer contribution rate increased from 36.33% to 38.33% of pay and all member contributions increase at a rate of 1% per year for four years. GABA was also reduced for new hires from 3.0% to 1.5% and the vesting period for new hires increased from 5 years to 10 years.

According to the PERB's June 30, 2014 actuarial valuations, the HPORS made considerable improvements in funding with the 2013 plan changes and now amortizes in 30.3 years. The unfunded liability in GWPORS, SRS, and DC Disability OPEB does not amortize.

Overall, funding ratios range from a high of 155% (JRS) to a low of 63% (MPORS). The Schedule of Funding Progress, in the Actuarial Section of this report, 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, 2014, the actuarial value of assets of all plans, excluding DC Disability OPEB, was less than the market value of assets by \$433.6 million due to an average positive 16.82% market return in fiscal year 2014.

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. Below and at the bottom of the next page are the schedules of Fiduciary Net Position and

Fiduciary Net Position - Defined Contribution Plans

As of June 30, 2014 - and comparative totals for June 30, 2013

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2014	2013 ¹	2014	2013	2014	2013
Assets:						
Cash and Receivables	\$ 1,757	2,053	1,305	1,616	3,062	3,669
Securities Lending Collateral	1	4	1	4	2	8
Investments	127,741	101,414	432,457	397,619	560,198	499,033
Property and Equipment	7	2	6	2	13	4
Intangible Assets	147	27	174	32	321	59
Total Assets	129,653	103,500	433,943	399,273	563,596	502,773
Liabilities:						
Securities Lending Collateral	1	4	1	4	2	8
Other Payables	238	197	465	413	703	610
Total Liabilities	239	201	466	417	705	618
Total Net Position - restricted for pensions	\$ 129,414	103,299	433,477	398,856	562,891	502,155

¹ The 2013 figures have been restated due to the DC Disability being classified as an OPEB fund. These figures are now reported on the Defined Benefit Financial Statements as PERS-DCRP Disability OPEB.

Changes in Fiduciary Net Position for the two defined contribution plans including comparative totals from fiscal year 2013.

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, 2014, amounted to \$129.4 million, an increase of \$26.1 million (25.3%) from \$103.3 million at June 30, 2013.

Additions to the PERS-DCRP net position restricted for pension benefits include contributions and investment income. For the fiscal year ended June 30, 2014, contributions increased to \$13.2 million from \$11.5 million in fiscal year 2013, an increase of \$1.8 million (15.3%) from fiscal year 2013. Contributions increased due to an increase in the total compensation reported as a result of an increase in active participants and an increase in member and employer contribution rates. The plan recognized net investment income of \$18.4 million for fiscal year ended 2014, compared with net investment income of \$11.7 million in fiscal year 2013. 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 member distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2014, distributions amounted to \$4.7 million, an

Changes In Fiduciary Net Position - Defined Contribution Plans

For the year ended June 30, 2014 - and comparative totals for June 30, 2013

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2014	2013 ¹	2014	2013	2014	2013
Additions:						
Contributions	\$ 13,236	11,480	24,527	20,633	37,763	32,113
Investment Income (Loss)	18,367	11,679	35,165	21,219	53,532	32,898
Total Additions	31,603	23,159	59,692	41,852	91,295	65,011
Deductions:						
Distributions	4,738	4,350	24,250	19,644	28,988	23,994
OPEB Expenses	10	9	6	5	16	14
Administrative Expenses	548	576	400	440	948	1,016
Miscellaneous Expenses	174	162	458	581	632	743
Total Deductions	5,470	5,097	25,114	20,670	30,584	25,767
Incr/(Decr) in Net Position	\$ 26,133	18,062	34,578	21,182	60,711	39,244
Prior Period Adjustments	(2,202)		42		(2,160)	

¹ The 2013 figures have been restated due to the DC Disability being classified as an OPEB fund. These figures are now reported on the Defined Benefit Financial Statements as PERS-DCRP Disability OPEB.

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increase of \$387 thousand (8.9%) from fiscal year 2013. The increase in distributions was due to defined contribution members taking IRS permitted rollovers and periodic or lump sum distributions at larger dollar amounts. For fiscal year 2014, the costs of administering the plan amounted to \$549 thousand, a decrease of \$27 thousand (4.8%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage 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 increased from \$162 thousand in fiscal year 2013 to \$174 thousand in fiscal year 2014, an increase of \$12 thousand (7.3%) from fiscal year 2013. The increase in miscellaneous expenses was due to the change in accounting classification of these fees from consulting fees to investment expenses and the PERB's decision to reduce the fees charged to participants. Miscellaneous expenses are the PERB's administrative fees assessed by the vendors based on account balances.

Deferred Compensation (457(b)) Plan

The Deferred Compensation Plan is established under section 457(b) 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, 2014 amounted to \$433.5 million, an increase of \$34.6 million (8.7%) from \$398.9 million at June 30, 2013.

Additions to the Deferred Compensation Plan net position restricted for pension benefits include contributions and investment income. For fiscal year 2014, contributions increased to \$24.5 million from \$20.6 million in fiscal year 2013, an increase of \$3.9 million (18.9%). Contributions increased due to an increase in overall membership, an increase in the amount of deferrals to the plan, and the addition of two contracting employers who contribute to the plan on their employees behalf. The plan recognized net investment income of \$35.2 million for fiscal year 2014, compared with net investment income of \$21.2 million for fiscal year 2013. 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 include member and beneficiary distributions, administrative expense, and miscellaneous expenses. For fiscal year 2014, distributions amounted to \$24.3 million, an increase of \$4.6 million (23.5%) from \$19.6 million in fiscal year 2013. The increase in distributions was due to more deferred compensation participants taking distributions. The administrative expenses decreased from \$440 thousand in fiscal year 2013 to \$400 thousand in fiscal year 2014, a decrease of \$40 thousand (9.1%) from fiscal year 2013. The decrease in administrative expenses for fiscal year 2014 was due to the ability to capitalize, instead of expense, costs for the application development stage associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the Deferred Compensation Plan.

Miscellaneous expenses, decreased from \$581 thousand in fiscal year 2013 to \$458 thousand

in fiscal year 2014, a decrease of \$123 thousand (21.2%) from fiscal year 2013. The decrease in miscellaneous expenses was due to the change in accounting classification of these fees from consulting fees to investment expenses and the

PERB's decision to reduce the fees charged to participants. Miscellaneous expenses are the PERB's administrative fees assessed by the vendors based on account balances.

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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, 2014

	PERS-DCRP					
	PERS-DBRP	DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Assets						
Cash and Short-term Investments	\$ 112,640,494	2,433,716	2,072,701	2,954,562	7,144,759	3,905,823
Securities Lending Collateral (Note A6)	207,294,059	1,819	3,520,162	5,278,340	11,902,273	5,784,026
Receivables						
Interest	5,366,670	234	91,166	136,659	308,149	149,800
Accounts Receivable	1,649,012		4,757		212,039	292
Due from Other Funds	455,549	8,764				
Due from Primary Government	3,601,869					
Notes Receivable	20,714					
<i>Total Receivables</i>	<i>11,093,814</i>	<i>8,998</i>	<i>95,923</i>	<i>136,659</i>	<i>520,188</i>	<i>150,092</i>
Investments, at fair value (Note A6)						
Montana Domestic Equity Pool (MDEP)	1,933,145,416		32,822,168	49,217,235	110,982,408	53,924,613
Retirement Fund Bond Pool (RFBP)	1,069,517,475		18,164,286	27,240,251	61,416,932	29,847,669
Montana International Equity Pool (MTIP)	877,318,009		14,901,247	22,336,148	50,345,809	24,481,722
Montana Private Equity Pool (MPEP)	517,872,903		8,795,905	13,183,996	29,720,257	14,481,381
Montana Real Estate Pool (MTRP)	426,527,659		7,251,400	10,861,912	24,475,124	11,905,568
Structured Investment Vehicles (SIV)	1,178,652	26,902	21,506	28,656	77,400	39,297
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<i>Total Investments</i>	<i>4,825,560,114</i>	<i>26,902</i>	<i>81,956,512</i>	<i>122,868,198</i>	<i>277,017,930</i>	<i>134,680,250</i>
Capital Assets						
Property and Equipment, at cost,						
net of Accumulated Depreciation (Note A2)	48,585		1,850	1,570	1,850	1,850
Intangible Assets, at cost,						
net of Amortization Expense (Note A2)	613,261		180,001	152,792	180,001	180,001
<i>Total Capital Assets</i>	<i>661,846</i>		<i>181,851</i>	<i>154,362</i>	<i>181,851</i>	<i>181,851</i>
Total Assets	5,157,250,327	2,471,435	87,827,149	131,392,121	296,767,001	144,702,042
Liabilities						
Securities Lending Liability	207,294,059	1,819	3,520,162	5,278,340	11,902,273	5,784,026
Accounts Payable	1,042,096		61,817	54,481	67,596	79,425
Unearned Revenue	106,676			4,549	10,846	8,244
Due to Other Funds	376,005		9,304	31,677	112,231	70,401
Due to Primary Government	2,069,366					
Compensated Absences	294,111		9,355	7,940	9,355	9,355
OPEB Implicit Rate Subsidy LT	392,848		1,527	2,924	7,279	5,343
<i>Total Liabilities</i>	<i>211,575,161</i>	<i>1,819</i>	<i>3,602,165</i>	<i>5,379,911</i>	<i>12,109,580</i>	<i>5,956,794</i>
Net Position - Restricted for Pension Benefits	\$ 4,945,675,166	2,469,616	84,224,984	126,012,210	284,657,421	138,745,248

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
Total Defined Benefit				Total Defined Contribution			Trust Funds
MPORS	FURS	VFCA	Pension Plans	PERS-DCRP	457 Plan	Plans	2014
6,115,996	6,418,098	2,373,514	146,059,663	1,384,379	1,030,798	2,415,177	148,474,840
12,863,741	12,957,777	1,325,836	260,928,033	904	708	1,612	260,929,645
333,103	335,451	34,310	6,755,542	120	97	217	6,755,759
220,563	184,766	668	2,272,097	17,821	274,498	292,319	2,564,416
			464,313	355,104		355,104	819,417
13,048,938	13,007,210		29,658,017				29,658,017
			20,714				20,714
13,602,604	13,527,427	34,978	39,170,683	373,045	274,595	647,640	39,818,323
119,960,980	120,837,029	12,354,213	2,433,244,062				2,433,244,062
66,376,974	66,856,361	6,833,723	1,346,253,671				1,346,253,671
54,440,301	54,854,984	5,603,078	1,104,281,298				1,104,281,298
32,111,372	32,331,969	3,297,163	651,794,946				651,794,946
26,516,296	26,667,085	2,726,359	536,931,403				536,931,403
66,584	70,118	25,737	1,534,852	13,365	10,468	23,833	1,558,685
				10,014,868	235,981,392	245,996,260	245,996,260
				117,713,137	196,452,846	314,165,983	314,165,983
					12,316	12,316	12,316
299,472,507	301,617,546	30,840,273	6,074,040,232	127,741,370	432,457,022	560,198,392	6,634,238,624
1,656	1,635	1,506	60,502	6,599	5,861	12,460	72,962
161,164	159,071	146,513	1,772,804	146,513	173,722	320,235	2,093,039
162,820	160,706	148,019	1,833,306	153,112	179,583	332,695	2,166,001
332,217,668	334,681,554	34,722,620	6,522,031,917	129,652,810	433,942,706	563,595,516	7,085,627,433
12,863,741	12,957,777	1,325,836	260,928,033	904	708	1,612	260,929,645
63,485	75,074	50,316	1,494,290	154,656	405,274	559,930	2,054,220
2,485	3,698		136,498				136,498
85,023	72,976	61,798	819,415				819,415
			2,069,366				2,069,366
8,375	8,266	7,614	354,371	38,474	31,808	70,282	424,653
6,278	5,201	5,111	426,511	44,441	28,254	72,695	499,206
13,029,387	13,122,992	1,450,675	266,228,484	238,475	466,044	704,519	266,933,003
319,188,281	321,558,562	33,271,945	6,255,803,433	129,414,335	433,476,662	562,890,997	6,818,694,430

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, 2014

	PERS-DCRP					
	PERS-DBRP	DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Additions						
Contributions (Note C)						
Employer	\$ 96,184,988	311,307	1,651,483	5,473,577	6,689,311	3,762,217
Plan Member	92,041,676		469,255	1,455,548	6,430,377	4,461,261
Membership Fees	19					
Interest Reserve Buyback	118,372		12,206	2,494	16,802	628
Retirement Incentive Program	61,276					
Miscellaneous Revenue	33,675,313					
State Contributions	886,408			261,930		
Nonvested Member Forfeitures						
<i>Total Contributions</i>	<i>222,968,052</i>	<i>311,307</i>	<i>2,132,944</i>	<i>7,193,549</i>	<i>13,136,490</i>	<i>8,224,106</i>
Investments (Note A6)						
Net Appreciation (Depreciation)						
in Fair Value of Investments	553,236,306		9,526,532	14,038,430	33,023,862	16,520,866
Interest	192,324,675	3,278	3,119,898	4,979,260	9,525,446	3,913,749
Dividends	12,926,748		219,178	329,771	738,003	354,779
Investment Expense	(26,863,258)		(455,790)	(685,330)	(1,534,248)	(737,647)
<i>Net Investment Income</i>	<i>731,624,471</i>	<i>3,278</i>	<i>12,409,818</i>	<i>18,662,131</i>	<i>41,753,063</i>	<i>20,051,747</i>
Securities Lending Income						
Securities Lending Income	1,016,588	4	17,238	25,936	58,046	27,902
Securities Lending Rebate and Fees	(158,504)		(2,688)	(4,044)	(9,051)	(4,351)
<i>Net Securities Lending Income</i>	<i>858,084</i>	<i>4</i>	<i>14,550</i>	<i>21,892</i>	<i>48,995</i>	<i>23,551</i>
<i>Total Net Investment Income</i>	<i>732,482,555</i>	<i>3,282</i>	<i>12,424,368</i>	<i>18,684,023</i>	<i>41,802,058</i>	<i>20,075,298</i>
<i>Total Additions</i>	<i>955,450,607</i>	<i>314,589</i>	<i>14,557,312</i>	<i>25,877,572</i>	<i>54,938,548</i>	<i>28,299,404</i>
Deductions (Note C)						
Benefits	296,183,076	29,461	3,022,512	9,344,441	12,732,103	3,979,269
Refunds/Distributions	10,069,997			83,927	1,184,655	1,187,157
Refunds to Other Plans	286,922			14,639	26,577	63,063
Transfers to DCRP	1,027,622					
Transfers to MUS-RP	173,691					
Supplemental Insurance Payments						
OPEB Expenses	76,894		1,082	919	1,082	1,082
Administrative Expenses	3,704,049		99,002	107,811	201,928	160,098
Miscellaneous Expenses						
<i>Total Deductions</i>	<i>311,522,251</i>	<i>29,461</i>	<i>3,122,596</i>	<i>9,551,737</i>	<i>14,146,345</i>	<i>5,390,669</i>
<i>Net Increase (Decrease)</i>	<i>643,928,356</i>	<i>285,128</i>	<i>11,434,716</i>	<i>16,325,835</i>	<i>40,792,203</i>	<i>22,908,735</i>
Net Position Restricted for Pension Benefits						
Beginning of Year	4,301,832,667		72,792,380	109,690,706	243,876,180	115,840,754
Prior Period Adjustment	(85,857)	2,184,488	(2,112)	(4,331)	(10,962)	(4,241)
End of Year	\$ 4,945,675,166	2,469,616	84,224,984	126,012,210	284,657,421	138,745,248

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
Total Defined Benefit				Total Defined Contribution			Trust Funds
MPORS	FURS	VFCA	Pension Plans	PERS-DCRP	457 Plan	Plans	2014
6,459,488	5,767,277		126,299,648	4,409,781	80,811	4,490,592	130,790,240
4,124,656	4,691,799		113,674,572	8,534,159	24,255,092	32,789,251	146,463,823
			19				19
8,365	5,534		164,401				164,401
			61,276				61,276
			33,675,313	40,268	191,415	231,683	33,906,996
13,048,938	13,007,210	1,818,237	29,022,723				29,022,723
				251,907		251,907	251,907
23,641,447	23,471,820	1,818,237	302,897,952	13,236,115	24,527,318	37,763,433	340,661,385
34,920,213	35,571,085	3,377,547	700,214,841	15,238,624	26,820,713	42,059,337	742,274,178
11,132,219	10,720,258	1,525,345	237,244,128	3,225,342	9,465,320	12,690,662	249,934,790
798,420	802,784	84,947	16,254,630				16,254,630
(1,659,938)	(1,669,063)	(176,463)	(33,781,737)	(97,085)	(1,120,925)	(1,218,010)	(34,999,747)
45,190,914	45,425,064	4,811,376	919,931,862	18,366,881	35,165,108	53,531,989	973,463,851
62,856	63,198	6,656	1,278,424	2	2	4	1,278,428
(9,801)	(9,854)	(1,038)	(199,331)				(199,331)
53,055	53,344	5,618	1,079,093	2	2	4	1,079,097
45,243,969	45,478,408	4,816,994	921,010,955	18,366,883	35,165,110	53,531,993	974,542,948
68,885,416	68,950,228	6,635,231	1,223,908,907	31,602,998	59,692,428	91,295,426	1,315,204,333
19,449,550	18,871,929	2,280,876	365,893,217				365,893,217
1,017,920	166,090		13,709,746	4,737,591	24,250,124	28,987,715	42,697,461
60,404	14,111		465,716				465,716
			1,027,622				1,027,622
			173,691				173,691
		13,800	13,800				13,800
970	955	881	83,865	9,580	6,458	16,038	99,903
165,404	152,240	134,805	4,725,337	548,556	399,564	948,120	5,673,457
				173,791	457,987	631,778	631,778
20,694,248	19,205,325	2,430,362	386,092,994	5,469,518	25,114,133	30,583,651	416,676,645
48,191,168	49,744,903	4,204,869	837,815,913	26,133,480	34,578,295	60,711,775	898,527,688
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
(12,054)	(12,084)	(152)	2,052,695	(2,202,087)	42,195	(2,159,892)	(107,197)
319,188,281	321,558,562	33,271,945	6,255,803,433	129,414,335	433,476,662	562,890,997	6,818,694,430

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Financial Statements

for the Fiscal Year Ended June 30, 2014

The Public Employees' Retirement Board (PERB) is an independent, seven-member board, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB consists of two members at large, two active defined benefit public employees, one active defined contribution public employee, one member experienced in investments, and one retired public employee. The PERB approves the annual operating budget, developed by the Montana Public Employee Retirement Administration (MPERA) management, before the beginning of the fiscal year. 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. In addition, the PERB decides legislative policy and priorities, hires the executive director, establish the policies and procedures that govern operations at MPERA, and hear and rule on appeal matters of disabilities, retirees, and members. Board members do not receive compensation for their service to MPERA, but are reimbursed for necessary expenses incurred while serving.

The PERB administers eleven retirement plans, and the related member education funds. The retirement plans are nine defined benefit plans and two defined contribution plans. The defined benefit retirement plans are the Public Employees' Retirement System (PERS-DBRP), Public Employees' Retirement System Defined Contribution Disability Other Post-Employment Benefit (PERS-DCRP Disability OPEB), 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 regarding their decision to participate 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 Program (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 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 and the DCRP Education Fund. A presentation of the individual funds is shown at the end of the financial section on pages 126 to 129.

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 PERB adheres to Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; GASB Statement No. 40, *Deposit and Investment Risk Disclosures*; GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*; GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; and GASB Statement No. 67, *Financial Reporting for Pension Plans*.

For fiscal year 2014, the PERB has implemented GASB Statement No. 67. Implementation of this Statement addresses accounting and financial requirements for

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pension plans. GASB No. 67 requires improvements in financial reporting primarily through enhanced notes to the financial statements, and schedules of required supplementary information. Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures.

The fiscal year 2014 financial statements contain prior period adjustments to the PERS-DBRP for prior years' employer reporting errors where members should have been reported but were not; a restatement by BOI of fiscal year 2013 investment expense for all plans due to the dividend/interest income and other investment expenses being understated as a result of implementation of GASB No. 67; a correction of the accounting and presentation of the PERS-DCRP Disability OPEB as a defined benefit trust fund out of the PERS-DCRP trust fund; and the correction of an error in the State of Montana neglecting to amortize any portion of prior year amounts of OPEB expenses causing an overstatement of each year's expense and liability since the implementation of GASB No. 45 in fiscal year 2008.

Participants of the PERS-DCRP are usually charged, on a quarterly basis, a flat fee plus a basis point fee based on their individual account balances. In fiscal year 2014, the PERB paid these fees. The record keeper, Great-West Financial (Great-West), withholds payment of Great-West's contractual expenses and the remaining fees are remitted to the PERB to cover the

PERB's plan administrative expenses. The fees remitted to the PERB are recorded as Miscellaneous Revenue in the financial statements.

Participants of the Deferred Compensation Plan are usually charged, on a quarterly basis, a flat fee plus a basis point fee based on their individual account balances. In fiscal year 2014, the PERB paid these fees. 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 (equipment) 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 (other intangibles) 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, and a primary file server. Property consists of a remodel to the office space.

The \$2,093,039 intangible asset, reported at cost, consists of the development of the MPERAtiv software. This intangible asset has been accounted for as construction work in progress and will be amortized over 10 years.

MPERA has been working since March 2011 on the four to five year MPERAtiv program. MPERAtiv includes the implementation of a document imaging system completed in May 2012; a data cleansing project; a new line of business application named Public Employee Retirement Information System (PERIS); and new member, employer, and vendor web portals. 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.

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 Services 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 platforms as well as the Oracle Web Reporting applications implemented in two phases between 2002 (payroll reporting) and 2004 (457).

3. OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. MPERA renegotiated a 7-year lease for office space in November 2013, at the location of 100 North Park Avenue, Helena, MT. The lease is payable monthly and includes inflationary adjustments over

the period of the lease.

4. NET PENSION LIABILITY OF EMPLOYERS

The net pension liability (the retirement systems' liability determined in accordance with GASB Statement No. 67 less the fiduciary net position) as of June 30, 2014, is shown in the Schedule of Employers' Net Pension Liability (NPL) at the top of the next page.

Actuarial valuations of the ongoing systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. The information used includes, but is not limited to, the plan provisions, employee data, and financial information provided by the PERB. Amounts determined regarding the NPL are subject to revision with each study as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Employers' Net Pension Liability, presented as Required Supplementary Information (RSI) following the notes to the statements, presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the Total Pension Liability (TPL).

The TPL as of June 30, 2014, is based on the results of an actuarial valuation date of June 30, 2013, and rolled-forward using generally accepted actuarial procedures.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown in the table at the bottom of the next page, as well as in the Notes to the RSI on page 114 and 115.

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Employers' Net Pension Liability / (Asset) as of June 30, 2014						
(dollar amounts are in thousands)						
System	Total Pension Liability (a)	Plan Fiduciary Net Position ¹ (b)	Employers' Net Pension Liability / (Asset) (a-b)	Plan Fiduciary Net Position as a % of the Total Pension Liability (b/a)	Covered Payroll (c)	Net Pension Liability / (Asset) as a % of Covered Employee Payroll ((a-b)/c)
PERS-DBRP	\$6,188,781	\$4,942,770	\$1,246,011	79.87%	\$1,129,109	110.35%
JRS	51,632	84,223	(32,591)	163.12%	6,355	(512.86)%
HPORS	183,133	126,010	57,123	68.81%	14,149	403.72%
SRS	326,272	284,655	41,617	87.24%	64,673	64.35%
GWORS	153,864	138,743	15,121	90.17%	41,637	36.32%
MPORS	476,322	319,186	157,136	67.01%	44,427	353.70%
FURS	419,173	321,557	97,617	76.71%	39,892	244.70%
VFCA	38,359	33,270	5,089	86.73%	N/A ²	N/A ²
¹ The financial statement Plan Fiduciary Net Position is different from the GASB Statement No. 67 reported Plan Fiduciary Net Position. The difference is due to adjustments that occurred after GASB 67 reports were completed for fiscal year ending June 30, 2014. The PERS-DB Education Fund balance is not included in the GASB 67 reporting for fiscal year ending June 30, 2014.						
² Covered payroll is not applicable to VFCA because members are unpaid volunteers.						

Summary of Actuarial Assumptions

	PERS	JRS	HPORS	SRS	GWORS	MPORS	FURS	VFCA
Valuation date	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level dollar, open
Remaining amortization period	30	30	30	30	30	30	30	20
Amortization growth rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Asset valuation method	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market
Actuarial assumptions:								
Investment rate of return, net of investment and administrative expenses	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Projected salary increases:								
General Wage Growth*	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	N/A
Merit	0% - 6%	None	0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	N/A
*Includes inflation at	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Mortality (healthy): RP-2000 Combined Mortality projected to 2015								
Benefit Adjustments								
GABA	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 year	3% after 1 yr or 1.5% if hired on or after July 1, 2013, after 3 years	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 year	3% after 1 year	N/A
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	N/A	N/A	50% newly confirmed officer	50% newly confirmed officer	N/A

The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of June 30, 2014, are summarized in the table below.

Target Allocations		
Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Cash equivalents	2.0%	-0.25%
Domestic equity	36.0%	4.80%
Foreign equity	18.0%	6.05%
Fixed income	24.0%	1.68%
Private equity	12.0%	8.50%
Real estate	8.0%	4.50%

The discount rate used to measure the TPL for all Systems was 7.75% which is the assumed long-term expected rate of return on investments. The projection of cash flows used to determine the discount rate assumed that member, employer, and state contributions will be made at the contribution rates specified in the applicable Montana statutes, which can

only be changed by the Legislature. Based on those assumptions, all the Systems' fiduciary net position was projected to be available to make all the projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

In accordance with GASB 67 regarding the disclosure of the sensitivity of the NPL to changes in the discount rate, the table below presents the NPL of the participating employers as using the discount rate of 7.75%, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

Sensitivity of NPL / (Asset) based on Changes in Discount Rate			
(dollar amounts are in thousands)			
System	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
PERS-DBRP	\$ 1,982,275	\$ 1,246,011	\$ 625,045
JRS	(27,643)	(32,591)	(36,877)
HPORS	82,333	57,123	36,566
SRS	87,589	41,617	3,676
GWPORS	38,967	15,121	(4,440)
MPORS	226,561	157,136	102,023
FURS	156,824	97,617	49,291
VFCA	8,860	5,089	1,883

As can be seen from the above table, changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant

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for a relatively small change in the discount rate.

The annual money-weighted rate of return on plan investments expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. A schedule of the annual money-weighted rate of return for all Systems is presented in the table below and in the RSI on pages 112 and 113.

Annual Money-Weighted Rate of Return as of June 30, 2014	
PERS-DBRP	17.18%
JRS	17.17%
HPORS	17.19%
SRS	17.15%
GWPORS	17.12%
MPORS	17.16%
FURS	17.15%
VFCA	17.23%

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, 2014 and June 30, 2013 was \$499,205 and \$419,384, respectively. The June 30, 2013 figure is restated due to a correction of an error in not amortizing any portion of prior year amounts of

OPEB expenses since the implementation of GASB No. 45 in fiscal year 2008. This error caused an overstatement of each year's expense and liability.

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 who retire under applicable retirement provisions and their dependents; 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 \$1,109 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 \$17.50 and \$60.00; monthly vision premiums vary between \$5.76 and \$16.76; 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, 2013 for the Department of Administration. The resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits Plan (plan) contains the MPERA data and is available through the address below.

Montana Department of Administration
State Accounting Division
Room 255, Mitchell Bldg
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 2013 ARC is calculated for all the State plan's participants and then allocated to individual participants. MPERA's 2014 allocated portion of the ARC is estimated at \$100,084 and is based on the plan's current ARC rate of 5.69% of participants' annual covered payroll. MPERA's 2014 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

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are made about the future. The Schedule of Funding Progress for OPEB, presented as RSI following the notes to the statements, presents information concerning the actuarial value of plan assets and liabilities. In the January 1, 2013 actuarial valuation date, the projected unit cost 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 2023 and beyond for medical and by 1.0% per year down to 5.0% at 2018 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, 2014, MPERA's allocated annual OPEB cost (expense) increased to \$99,906 from \$98,535 in fiscal year 2013. For the fiscal year ending June 30, 2014, the interest on the net OPEB obligation decreased to \$3,719 from \$4,608 in fiscal year 2013. The cost that was allocated to MPERA for the years ended June 30, 2014 and June 30, 2013 was \$99,906 and

\$98,535, respectively. The June 30, 2013 figure is restated due to a correction of an error in not amortizing any portion of prior year amounts of OPEB expenses since the implementation of GASB No. 45 in fiscal year 2008. This error caused an overstatement of each year's expense and liability.

The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and prior are as follows.

Annual OPEB Cost			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	97,412	9.35%	345,344
6/30/2013	98,535	11.99%	419,384
6/30/2014	99,906	19.12%	499,205

Figures before 6/30/2014 have been restated due to a change in calculation of annual OPEB costs, which did not previously include amortization adjustments and contributions.

Net OPEB Obligation	
Annual required contribution	\$ 100,084
Cumulative Interest on Net OPEB	20,388
Less Amortization	20,566
Annual OPEB cost	99,906
Less Contributions Made	20,085
Change in Net OPEB for year	79,821
Restated FY2013 Net OPEB obligation - beginning of year	419,384
Net OPEB obligation - end of year	\$ 499,205

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

with the next valuation to be completed as of January 1, 2015 for the calendar year ending December 31, 2015.

The MPERA allocation of the plan as of the calendar year ending December 31, 2013 was as follows: Actuarial Liability (AL) is \$969,217; Actuarial Value of Plan Assets is \$0; Unfunded Actuarial Liability (UAL) is \$969,127; Funded Ratio (Actuarial Value of Plan Assets/AL) is 0 percent; Covered Payroll (Active Plan Members) is \$1,991,739; and the UAL as a Percentage of Covered Payroll is 48.66%.

Annual OPEB Cost, Percentage of Annual OPEB Cost Contributed, and Net OPEB Obligation for fiscal years prior to 2014 have been restated due to a change in the calculation of the annual OPEB costs, which did not previously include the adjustments for amortization and contributions.

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 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, 2014, 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 Montana Stable Value Fixed Fund (Fixed Investment) were administered through outside vendors Pacific Investment Management Company (PIMCO), custodial bank State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. All money invested in the Montana Stable Value Fixed Fund investment of the PERS-DCRP and Deferred Compensation Plan are in a Pooled Trust.

For both the PERS-DCRP and Deferred Compensation plan the third party record keeper, Great-West Financial, 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 section 19-50-102, MCA.

There are separate investment policy statements for the PERS-DCRP and Deferred Compensation plans. The

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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, 2014.

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 2014, 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 \$134.7 million or 5.36%.

At June 30, 2014, the STIP balance included Structure Investment Vehicles (SIVs) that were no longer liquid. This STIP Reserve account was established in November 2007. Income is distributed to STIP participants based on accrued interest and discount amortization. The accrued income and interest in this account is used as part of any incidental direct expenses incurred as a part of any SIV restructuring activity and to offset any potential principal loss on these securities in the future.

MDEP may include common stock, equity index shares, preferred stock, convertible equity securities, American Depository

Receipts (ADR's), equity derivatives and commingled funds. The MDEP portfolio is limited to domestic stock or ADR investments. ADR investments are receipts issued by a U.S. depository bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depository bank. For *Custodial Credit Risk* as of June 30, 2014, 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 \$2.4 billion or 63.17%.

RFBP portfolio includes corporate, sovereign, and foreign government bonds; U.S. Government direct obligations and U.S. Government agency securities; and cash equivalents. U.S. Government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. Government. U.S. Government agency securities include U.S. Government agency and mortgage-backed securities. U.S. Government mortgage-backed securities reflect participation in a pool of residential mortgages. The real estate buildings and pension residential mortgages are included in the RFBP portfolio. For *Custodial Credit Risk* as of June 30, 2014, 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 fixed income investments' credit quality rating for RFBP is not rated (NR). For *Interest Rate Risk* as of June 30, 2014, in accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk. The total effective duration for RFBP's fixed income investments, as of June 30, 2014, is 5.07. The PERB portion of the entire RFBP is \$1.3 billion or 63.18%. *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 \$590.2 thousand or 50.19%.

MTIP may include common stock, equity index shares, preferred stock, convertible equity securities, American Depository 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, 2014, 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 \$1.1 billion or 63.19%. *Foreign Currency Risk* is the risk that

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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 \$590.3 thousand or 50.20%.

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, 2014, 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 \$651.8 million or 63.21%. *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 \$13.1 million or 50.19%.

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, 2014, 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 \$536.9 million or 63.19%. *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 \$9.6 million or 50.19%.

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, 80/20% respectively, 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.

Montana Stable Value Fixed Fund (Fixed Investment): The Montana Stable Value Fixed Fund option of the PERS-DCRP and the Deferred Compensation Plan, are administered through outside vendors Pacific Investment Management Company (PIMCO), custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the Montana Stable Value Fixed Fund option they are guaranteed a fixed rate of return. The Montana Stable Value Fixed Fund employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and a third party insurer, Transamerica, guarantees the participants' principal investments and earnings. Transamerica calculates a rate of return each quarter called the "crediting rate", which helps smooth participants' earnings over time. From July 1, 2013 through September 30,

2013, the crediting rate was used to credit earnings to participant accounts. Effective October 1, 2013, the fund's structure was changed to incorporate a money market-like liquidity strategy and calculate member investments based on a Net Asset Value (NAV).

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 Montana Stable Value Fixed Fund 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, PIMCO, and any third party insurers, such as Transamerica. *Concentration of Credit Risk* is addressed in the investment policy statement of the Montana Stable Value Fixed Fund.

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

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an independent investment analyst and assistance from the statutorily-created Employee Investment Advisory Council (EIAC), the PERB conducts annual 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, 2014. Available funds in the PERS-DCRP and Deferred Compensation Plan are listed on pages 93 to 94 and 97, respectively. A current 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 should not have a material, adverse affect on any plan's financial position as a whole.

Center for Mental Health (Baker) has been resolved and MPERA's liability was covered through the Montana Department of Administration's Risk Management and Tort Defense Division. The Wrzesien case could impact PERS' financial position as a whole but management and legal counsel believe it only reasonably possible, at the most, that claimants will prevail. Finally, even if the claimants prevail in the AMRPE lawsuit, the guaranteed annual benefit adjustment will remain at 3% for PERS members hired prior to July 1, 2007 and 1.5% for PERS members hired thereafter. These are the same GABA rates currently paid to PERS retirees and reflected in PERS' actuarial valuation.

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. The Center for Mental Health (CMH) continued to improperly report employees as PERS members until 2009 when MPERA discovered these errors. MPERA subsequently returned the incorrectly paid contributions to the employees and the employer, and corrected retirement benefits. The impacted employees hired legal counsel, Joseph Cosgrove of Hoyt and Blewett in Great Falls, to represent them. Cosgrove filed an administrative claim with Risk Management and Tort Defense (RMTD). A complaint was filed against CMH, MPERA and the State on September 13, 2011 and served on the Office of the Attorney General on October 4, 2011. The complaint alleged that MPERA and the State negligently breached their duties to administer and manage PERS. Plaintiffs sought damages for past

and future economic damages, emotional distress, costs and disbursements. RMTD and Maxon Davis, Esq., Davis, Hatley, Haffeman & Tighe, P.C., also of Great Falls, defended the State and MPERA. Following discovery and mediation proceedings, the matter was settled between the parties on January 28, 2014. MPERA's portion of the settlement was \$700,000 and was paid through the state's self-insurance reserve fund, not the PERS trust fund. The premium RMTD charges MPERA likely increased. However, the settlement had no material, adverse effect on PERS' 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. The complaint was subsequently amended to include the 1% in employer contributions for DCRP plan members that, pursuant to HB 454 (2013), go to the PERS 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, 2014, MPERA calculated the contributions from the MUS-RP Plan Choice at \$5,083,250 and the contributions from the DCRP Plan Choice at \$21,005,539.

Association of Montana Retired Public Employees (AMRPE) v. State. Four Public Employees' Retirement System (PERS) retired members and their retiree association (AMRPE) have sued the State of Montana, MPERA, the PERB and Governor Bullock over the reduction of the PERS guaranteed annual benefit adjustment (GABA) enacted by the 2013 Montana Legislature through HB 454. Plaintiffs are represented by Leo Berry, Chad E. Adams and Jessie L. Luther from Browning, Kaleczyc, Berry & Hoven P.C., in Helena, MT. The State, MPERA, PERB and Governor Bullock are represented by J. Stuart Segrest and Michael G. Black of the Montana Attorney General's Office. In November 2014, MPERA's actuary determined that if plaintiffs prevail and the GABA remains at 3%, PERS' funding ratio would be 74.4% as opposed to 83.9% should plaintiffs be unsuccessful. Similarly, if Plaintiffs prevail, PERS would amortize over 29.3 years as opposed to 10.5 years under HB 454 (2013). Plaintiffs moved for and, following briefing and oral argument, received a Preliminary Injunction blocking implementation of the GABA decrease pending resolution of the underlying lawsuit. Following discovery, both parties moved for summary judgment. The motions have been fully briefed and a hearing on the cross-motions for summary judgment is set for January 13, 2015.

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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, 2014 and June 30, 2013 is detailed in the following charts.

PERS-DBRP Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	541	540			
Active plan members	28,229	28,401	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	19,473	18,868
Vested	2,825	2,686	Disability Retirements	193	185
Non-vested	7,666	6,712	Survivor Benefits	415	398
	<u>10,491</u>	<u>9,398</u>		<u>20,081</u>	<u>19,451</u>

JRS Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	1	1			
Active plan members	55	54	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	64	62
Vested	1	-	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	3	3
	<u>1</u>	<u>-</u>		<u>67</u>	<u>65</u>

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HPORS Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	1	1			
Active plan members	229	219	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	299	285
Vested	11	14	Disability Retirements	8	9
Non-vested	14	11	Survivor Benefits	15	16
	<u>25</u>	<u>25</u>		<u>322</u>	<u>310</u>

SRS Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	57	57			
Active plan members	1,307	1,276	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	478	447
Vested	73	67	Disability Retirements	35	36
Non-vested	288	235	Survivor Benefits	20	20
	<u>361</u>	<u>302</u>		<u>533</u>	<u>503</u>

GWORS Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	7	7			
Active plan members	955	971	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	193	170
Vested	87	69	Disability Retirements	2	2
Non-vested	175	148	Survivor Benefits	8	8
	<u>262</u>	<u>217</u>		<u>203</u>	<u>180</u>

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MPORS Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	32	31			
Active plan members	743	734	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	666	661
Vested	55	52	Disability Retirements	21	20
Non-vested	90	77	Survivor Benefits	29	29
	<u>145</u>	<u>129</u>		<u>716</u>	<u>710</u>

FURS Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	25	25			
Active plan members	616	610	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	565	558
Vested	19	15	Disability Retirements	10	8
Non-vested	66	63	Survivor Benefits	20	21
	<u>85</u>	<u>78</u>		<u>595</u>	<u>587</u>

VFCA Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	217	217			
Active plan members	1,935	2,101	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	1,332	1,285
Vested	939	884	Disability Retirements	-	-
			Survivor Benefits	-	-
				<u>1,332</u>	<u>1,285</u>

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PERS-DCRP Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	264	263			
Active plan members	2,188	2,087	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Periodic Distributions	18	14
Vested	252	207	Disability Retirements	4	4
Non-vested	474	434	Survivor Benefits	7	2
	726	641		29	20

Deferred Compensation (457) Membership					
	<u>2014</u>	<u>2013</u>		<u>2014</u>	<u>2013</u>
Number of participating employers	36*	31*	Number of participating plan members	8,519	8,215
Number of participating employers that provide contributions on members' behalf	6	4	Number of participating plan members that are actively contributing to their deferred compensation accounts	4,699	4,514

*All State agencies are counted as one employer.

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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 Montana University System Retirement Program (MUS-RP). 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, inactive, 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 this time as a result of preliminary injunction issued in the *AMRPE vs State litigation*, the GABA benefit in effect is being used in the calculation until the litigation is resolved.

At June 30, 2014 PERS had 541 participating employers, one more than fiscal year 2013. The participating employers consist of:

PERS-DBRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
State Agencies	34	34
Counties	55	55
Cities and Towns	98	99
Colleges and Universities	5	5
School Districts	232	231
High Schools	6	6
Other Agencies	<u>111</u>	<u>110</u>
Total	541	540

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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 2014 was 7.9% of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed.

The 7.9% member contributions is temporary and 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 will be no change to the member contributions on January 1, 2015 due to the amortization period being 29.3 years at June 30, 2014, based on the 3% GABA rate.

Each state agency and university system employer contributed 8.17% of PERS-covered payroll during fiscal year 2014. Participating local governments contributed 8.07% of PERS-covered payroll during fiscal year 2014. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 7.8% of PERS-covered payroll during fiscal year 2014. 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 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, 2015, the additional contributions will not be terminated. (Reference Schedule of Contribution Rates on page 99).

Effective July 1, 2013, PERS-DBRP received other contributions including 1% of DCRP and MUS-RP employer contributions for participants, additional Plan Choice Rate contributions, and additional contributions from the coal severance tax fund and interest income from the coal severance tax permanent fund. The coal severance taxes collected are credited to the general fund of the State of Montana and are statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The coal tax is transferred quarterly and the interest income is credited monthly. The amount received for fiscal year 2014 was \$33.7 million. They are recorded as *Miscellaneous Revenue* in the financial statements.

Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

PERS-DBRP Active Membership by Employer Type		
<u>Employer Type</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
State Agencies	10,734	10,729
Counties	5,299	5,290
Cities	3,223	3,277
Universities	2,628	2,658
High Schools	60	62
School Districts	5,151	5,209
Other Agencies	<u>1,134</u>	<u>1,176</u>
Total	28,229	28,401

Plan Membership Elections: MPERA has included in the financial statements transfers of \$1,027,622 in Transfers to DCRP and \$173,691 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 2015.

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 221 in fiscal year 2013 to 223 in fiscal year 2014. The contributions received (including interest) during fiscal year 2014 totaled \$63,671. The outstanding balance at June 30, 2014, totaled \$20,714.

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 2014.

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2013 Actuarial Valuation Report for PERS-DBRP, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.27% of active member payroll.

The discount rate as of June 30, 2014 is 7.75% which is the assumed long-term expected rate of return on PERS-DBRP investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported

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this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of \$357.4 million. The NPL remaining as of June 30, 2014 is \$1.2 billion.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$6.2 billion. A 1.00% decrease in the discount rate increases the TPL to \$6.9 billion (11.9%) and increases the NPL to \$2.0 billion (59.1%). A 1.00% increase in the discount rate decreases the TPL to \$5.6 billion (10.0%) and decreases the NPL to \$625 million (49.8%).

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, 2014, the statutory contribution rates are sufficient to amortize the unfunded actuarial liability.

With the enactment of HB 454 during the 2013 Legislative Session and the changes resulting from the preliminary injunction issued December 2013 regarding the GABA provision, there were two valuations performed for both fiscal year 2013 and fiscal year 2014.

HB 454 lowered the GABA rate for all members including retirees to a maximum of 1.5%. As a result, the fiscal year 2013 valuation was performed using a 1.5% GABA. The

preliminary injunction restored the GABA rate to 3% for members hired prior to July 1, 2007 and 1.5% for members hired on or after July 1, 2007 until the lawsuit is settled, therefore, the fiscal year 2014 valuation was performed using the 3% GABA. Each year a supplemental valuation was performed for the other GABA rate, with the 2013 supplemental using the 3% GABA and the 2014 supplemental using the 1.5% GABA.

When comparing the valuations on June 30, 2014 and June 30, 2013 the years to amortize the unfunded actuarial liability are 29.3 years (3% GABA) and 14.5 years (1.5% GABA), respectively. When comparing the supplemental valuations on June 30, 2014 and June 30, 2013 the years to amortize the unfunded actuarial liability are 10.5 years (1.5% GABA) and 43.7 years (3% GABA), respectively.

Under the provisions of HB 454, the additional member and employer contributions, effective July 1, 2013, will remain in effect on January 1, 2015.

During the fiscal year ended June 30, 2014, the PERS assets gained 17.12% 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 13.21%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$224 million.

Public Employees' Retirement System-DCRP Disability OPEB (DC Disability OPEB)

Plan Description: For GASB Statement No. 43, *Financial Reporting by Employers for Post-Employment Benefits Other Than Pension Plans* reporting, the DC Disability OPEB is considered a cost-sharing multiple-employer plan that provides an other post-employment defined benefit for the PERS-DCRP members.

All new PERS 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. The PERS-DCRP provides disability to eligible members who elect the PERS-DCRP.

The DC Disability OPEB Trust Fund was established on July 1, 2002, and is governed by section 19-3-2141, MCA. Benefits of this long-term disability plan are established by state law and can only be amended by the Legislature. This benefit is 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.

PERS-DCRP Disability OPEB Summary of Benefits

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 - HAC during the highest 36 consecutive months.

Hired on or after July 1, 2011 - HAC during the highest 60 consecutive months.

Eligibility for benefit

Age 65, 5 years of membership service;

Any age with 5 years of membership service.

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.

Benefit is payable to later of age 65 for disabilities occurring prior to age 60, or five years for disabilities occurring after age 65.

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.

Benefit is payable to age 70 for disabilities occurring prior to age 65, or five years for disabilities occurring after age 65.

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PERS-DCRP Disability OPEB Summary of Benefits (continued)

Members cannot receive distributions from their individual defined contribution account while receiving payments from the DC Disability OPEB Trust Fund. Participants may choose to receive a distribution from their individual account instead of applying for or receiving a disability benefit.

Contributions: Under section 19-3-2117, MCA the employers are the only contributors to the DC Disability OPEB. The employer contribution rate is 0.30% of a member's compensation, which is allocated to the long-term disability plan trust fund to provide disability benefits to eligible members. (Reference Schedule of Contribution Rates on page 99).

As of June 30, 2014, there are four members taking advantage of the disability plan, the same as of June 30, 2013.

Below is a table with the active membership by employer type as of June 30, 2013. This data was used in the June 30, 2013 actuarial valuation of the DC Disability OPEB.

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

Funding Policy: The following estimates were prepared based on an actuarial valuation as of June 30, 2013. This is the first valuation performed on this plan.

GASB Statement No. 43 requires the PERB to report each year the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The present statutory contribution rates are not sufficient to amortize the unfunded liability. Thus the plan does not amortize within 30 years.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and includes the type of benefits provided at the time of each valuation and the historical pattern of costs 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. 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. Given insufficient DCRP member experience, the

actuarial assumptions used were based on those used for the PERS-DBRP members, except for the assumed investment return. Since the assets are invested entirely in short-term fixed income securities, the assumed rate of return of 3.50% was used. This assumed rate of return is 0.50% in excess of the assumed rate of inflation.

In the June 30, 2013 actuarial valuation, the entry age normal funding method is used. The unfunded actuarial liability is amortized using an open 30-year period, level percent of pay, an investment rate of return of 3.50%, and general wage growth of 4.00% which includes inflation at 3.00% and merit salary increases of 0.00% to 6.00%.

Funded Status and Funding Progress: The Schedule of Funding Progress for DC Disability OPEB, presented as RSI following the notes to the statements, presents information concerning the actuarial value of plan assets and liabilities. The most recent actuarial valuation available was completed by Cheiron, the PERB's actuary, as of June 30, 2013 for the fiscal year ending June 30, 2013. This actuarial valuation is completed every two years with the next valuation to be completed as of June 30, 2015 for fiscal year ending June 30, 2015.

The allocation of the DC Disability OPEB as of the fiscal year ending June 30, 2013

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, the Chief Water Judge and the Associate Water Judge. Benefits are established by state law and can only be

was as follows: Actuarial Liability (AL) is \$2,715,033; Actuarial Value of Assets is \$2,184,488; Unfunded Actuarial Liability (UAL) is \$530,545; Funded Ratio (Actuarial Value of Assets/AL) is 80.5%; Covered Payroll (Active Plan Members) is \$90,450,420; and the UAL as a Percentage of Covered Payroll is 1%.

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 most recent actuarial valuation, the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability. During the year ended June 30, 2013, the DC Disability OPEB assets gained 0.25% on a market value basis. This return was below the assumed rate of return of 3.50%. Because this is the first valuation for DC Disability OPEB, the actuarial value of assets is set equal to the market value of assets. As of the June 30, 2013 Actuarial Valuation, the DC Disability OPEB unfunded actuarial liability was \$0.5 million and the funded ratio was 80.5%.

GASB Statement No. 67 Reporting does not pertain to the disability benefit plan trust fund.

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.

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JRS Summary of Benefits

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

¹Hired prior to July 1, 1997 and non-GABA - 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.

At June 30, 2014 JRS had one participating employer, the same as fiscal year 2013. The participating employer consists of:

JRS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2014</u>	<u>June 30, 2013</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 2014 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 2014. (Reference Schedule of Contribution Rates on page 99).

JRS Active Membership by Employee Type		
Employee Type	6/30/2014	6/30/2013
GABA	48	39
Non-GABA	7	15
Total	55	54

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2013 Actuarial Valuation Report for JRS, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.15% of active member payroll.

The discount rate as of June 30, 2014 is 7.75% which is the assumed long-term expected rate of return on JRS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Since the JRS Fiduciary Net Position is greater than the JRS TPL the result is a Net Pension Asset (NPA) and not a NPL. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Asset (NPA) of \$9.0 million. The NPA remaining as of June 30, 2014 is \$32.6 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL or NPA can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$51.6 million. A 1.00% decrease in the discount rate increases the TPL to \$56.6 million (9.6%) and decreases the NPA to \$27.6 million (15.2%). A 1.00% increase in the discount rate decreases the TPL to \$47.3 million (8.3%) and increases the NPA to \$36.9 million (13.1%).

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, 2014, the statutory contribution rates are sufficient to amortize the unfunded actuarial liability. During the fiscal year ended June 30, 2014, the JRS' assets gained 17.03% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion

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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 12.92%. This return was above the

assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$3.6 million.

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 statutory beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five 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

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

Retire on or 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.

HPORS Summary of Benefits (continued)

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, 2014 HPORS had one participating employer, the same as fiscal year 2013. The participating employer consists of:

HPORS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2014</u>	<u>June 30, 2013</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 2014 is 10.05% of the member’s total compensation if hired on or after July 1, 1997 or for members electing GABA, and 10.0% 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 and ending July 1, 2016, all HPORS member contributions, regardless of hire date, will increase 1.0% annually.

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 38.33% of the total HPORS-covered payroll during fiscal year 2014. The first 28.15%, an increase of 2% from 26.15% in fiscal year

2013, 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 99).

HPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
GABA	229	219
Non-GABA	<u>0</u>	<u>0</u>
Total	229	219

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

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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.

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 retirement benefit or disability benefit, the recipient’s age, and whether the recipient is employed in a position covered by a retirement system under Title 19. The average annual supplemental payment for non-GABA retirees was \$2,843 in September 2014.

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provision are the same as were described in the June 30, 2013 Actuarial Valuation Report for HPORS, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.23% of active member payroll.

The discount rate as of June 30, 2014 is 7.75% which is the assumed long-term expected rate of return on HPORS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of \$8.8 million. The NPL remaining as of June 30, 2014 is \$57.1 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$183.1 million. A 1.00% decrease in the discount rate increases the TPL to \$208.3 million (13.8%) and increases the NPL to \$82.3 million (44.1%). A 1.00% increase in the discount rate decreases the TPL to \$162.6 million (11.2%) and decreases the NPL to \$36.6 million (36.0%).

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, 2014, the HPORS amortizes in 30.3 years. During the fiscal year ended June 30, 2014, the HPORS'

assets gained 17.10% 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 13.13%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$5.6 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.

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

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At June 30, 2014 SRS had 57 participating employers, the same as fiscal year 2013. The participating employers consist of:

SRS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</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 2014 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 2014 was 10.115%. (Reference Schedule of Contribution Rates on page 99).

Effective July 1, 2013, employer contributions are required to be paid on working retiree compensation. Member contributions are not required for working retirees.

SRS Active Membership by Employer Type		
<u>Employer Type</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Dept of Justice	61	59
Counties	<u>1,246</u>	<u>1,217</u>
Total	1,307	1,276

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.

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provision are the same as were described in the June 30, 2013 Actuarial Valuation Report for SRS, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.17% of active member payroll.

The discount rate as of June 30, 2014 is 7.75%, which is the assumed long-term expected rate of return on SRS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013.

The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013, except for the adjustment in discount rate from 7.75% to 6.68%. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in demographic assumptions. There was an increase in the discount rate resulting in a decrease in the liability. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, as well as an increase in the discount rate, resulting in a decrease in the Net Pension Liability (NPL) of \$65.2 million. The NPL remaining as of June 30, 2014 is \$41.6 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$326.3 million. A 1.00% decrease in the discount rate increases the TPL to \$372.2 million (14.1%) and increases the NPL to \$87.6 million (110.5%). A 1.00% increase in the discount rate decreases the TPL to \$288.3

million (11.6%) and decreases the NPL to \$3.7 million (91.2%).

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, 2014, the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability. During the fiscal year ending June 30, 2014, the SRS' assets gained 17.08% 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 12.96%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$12.2 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.

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, 2014 GWPORS had seven participating employers, the same as fiscal year 2013. The participating employers consist of:

GWPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</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 2014 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 2014. (Reference Schedule of Contribution Rates on page 99).

GWPORS Active Membership by Employer		
<u>Employer</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Dept of Corrections	698	718
Dept FW&P	101	103
Dept of Livestock	38	33
Dept of Transport.	75	78
Universities	<u>43</u>	<u>39</u>
Total	955	971

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.

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provision are the same as were described in the June 30, 2013 Actuarial Valuation Report for GWPORS, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.17% of active member payroll.

The discount rate as of June 30, 2014 is 7.75%, which is the assumed long-term expected rate of return on GWPORS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

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The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of \$9.0 million. The NPL remaining as of June 30, 2014 is \$15.1 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the

discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$153.9 million. A 1.00% decrease in the discount rate increases the TPL to \$177.7 million (15.5%) and increases the NPL to \$39.0 million (157.7%). A 1.00% increase in the discount rate decreases the TPL to \$134.3 million (12.7%) and decreases the NPL to a negative \$4.4 million (129.4%).

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, 2014, the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability. During the fiscal year ending June 30, 2014, the GWPORS' assets gained 16.97% 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 12.62%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$5.5 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 statutory 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 at the top of the next page.

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.

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, 2014 MPORS had 32 participating employers, one more than fiscal year 2013. The participating employers consist of:

MPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Cities	<u>32</u>	<u>31</u>
Total	32	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 2014, member contributions as a percentage of salary are 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

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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.

Each employer contributed 14.41% of total MPORS-covered payroll to the retirement plan during fiscal year 2014.

The State contributed 29.37% of total compensation for all covered police officers in fiscal year 2014. 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 99).

MPORS Active Membership by Employee Type		
Employee Type	6/30/2014	6/30/2013
GABA	736	727
Non-GABA	7	7
Total	743	734

Deferred Retirement Option Plan (DROP): Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's

DROP period. During 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, 2014, there are 47 DROP participants. Since program inception, a total of 115 members have participated in the DROP. The balance of the DROP accounts is \$6.7 million.

DROP Participation		
	6/30/2014	6/30/2013
Participants		
Beginning of Year	38	37
Participants Added	14	8
Completed DROP	5	7
Participants		
End of Year	47	38
DROP Distributions	\$468,766	\$1,176,526

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provision are the same as were described in the June 30, 2013 Actuarial Valuation Report for MPORS, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.20% of active member payroll.

The discount rate as of June 30, 2014 is 7.75%, which is the assumed long-term expected rate of return on MPORS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of \$21.9 million. The NPL remaining as of June 30, 2014 is \$157.1 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$476.3 million. A 1.00% decrease in the discount rate increases the TPL to \$545.7 million (14.6%) and increases the NPL to \$226.6 million (44.2%). A 1.00% increase in the discount rate decreases the TPL to \$421.2 million (11.6%) and decreases the NPL to \$102.0 million (35.1%).

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, 2014, the MPORS amortizes in 19.6 years. During the fiscal year ended June 30, 2014, the MPORS' assets gained 16.53% 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 12.46%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$12.5 million.

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,

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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.

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, 2014 FURS had 25 participating employers, same as fiscal year 2013. The participating employers consist of:

FURS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Rural Fire Districts	<u>8</u>	<u>8</u>
Total	25	25

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 2014 were 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 2014 were 14.36% of the total FURS-covered payroll.

The State contributed 32.61% of total compensation for all covered firefighters in fiscal year 2014. 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 99).

Effective July 1, 2013, employer and state contributions are required to be paid on working retiree compensation. Member

contributions are not required for working retirees.

FURS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
GABA	611	605
Non-GABA	<u>5</u>	<u>5</u>
Total	616	610

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.

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provision are the same as were described

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in the June 30, 2013 Actuarial Valuation Report for FURS, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense rate is assumed to be 0.19% of active member payroll.

The discount rate as of June 30, 2014 is 7.75%, which is the assumed long-term expected rate of return on FURS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date. There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of \$27.3 million. The NPL remaining as of June 30, 2014 is \$97.6 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$419.2 million. A 1.00% decrease in the discount rate increases the TPL to \$478.4 million (14.1%) and increases the NPL to \$156.8 million (60.7%). A 1.00% increase in the discount rate decreases the TPL to \$370.8 million (11.5%) and decreases the NPL to \$49.3 million (49.5%).

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, 2014, the FURS amortizes in 11.3 years. During the fiscal year ended June 30, 2014, the FURS' assets gained 16.53% 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 12.54%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$12.5 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 eligible 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.

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 99).

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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.

GASB Statement No. 67 Reporting: The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2013 Actuarial Valuation Report for VFCA, except that it has been assumed that the rate of investment return is net only of investment expenses, rather than net of both investment and administrative expenses. The administrative expense is assumed to be \$61,000.

The discount rate as of June 30, 2014 is 7.75%, which is the assumed long-term expected rate of return on VFCA investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as a valuation date of June 30, 2013. The TPL at June 30, 2013 is the same as was reported for actuarial valuation purposes as of June 30, 2013, except that for active members the TPL is based upon a normal cost that increases with the inflation rate rather than being level dollar. The TPL at the end of the measurement year, June 30, 2014, is measured as of a valuation date of June 30, 2013 and projected to June 30, 2014. In future years, both the beginning and end of year TPL will be measured as of a valuation date one year prior to and projected to the appropriate date.

There were no significant events during the projection period.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are both based on the same actuarial valuation, there are no differences between expected and actual experience reported this year. Total contributions and investment income exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Liability (NPL) of \$3.4 million. The NPL remaining as of June 30, 2014 is \$5.1 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2014, the TPL using the current discount rate of 7.75% is \$38.4 million. A 1.00% decrease in the discount rate increases the TPL to \$42.1 million (9.8%) and increases the NPL to \$8.9 million (74.1%). A 1.00% increase in the discount rate decreases the TPL to \$35.2 million (8.4%) and decreases the NPL to \$1.9 million (63.0%).

Actuarial Status: The annual required contribution decreased from \$1,116,227 at the June 30, 2013 valuation to \$890,358 at the June 30, 2014 valuation. The actuarial contribution is determined as the normal cost, administrative expense, and a 20-year open amortization of the unfunded actuarial liability. As of June 30, 2014, the VFCA amortizes in 5.1 years. During the year ended June 30, 2014, the VFCA's assets gained 16.23% 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 12.34%. This return was above the assumed rate of return

of 7.75% and resulted in an actuarial gain on investments of \$1.3 million.

Public Employees’ Retirement System-DCRP (PERS-DCRP)_____

Plan Description: The PERS-Defined Contribution Retirement Plan (DCRP) is a multiple employer plan established July 1, 2002 and governed by Title 19, chapters 2 & 3, MCA. This plan is available to eligible employees of the State, Montana University System, local governments, and school districts. All new 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 2014 was 7.9% of the member’s compensation. Contributions are deducted from each member’s salary and remitted by participating employers. The entire amount of the member’s contribution is credited to the individual account and maintained by the record keeper.

The 7.9% member contributions is temporary and 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 is no change to the member contributions on January 1, 2015.

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Each state agency and university system employer contributed 8.17% of PERS-covered payroll during fiscal year 2014. Participating local government employers contribute 8.07% of PERS-covered payroll during fiscal year 2014. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 7.8% of PERS-covered payroll during fiscal year 2014. The State contributed the remaining 0.37%. (Reference Schedule of Contribution Rates on page 99).

The employer rate of 8.17% 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, 0.3% to the long term disability plan and 1.0% to the defined benefit plan unfunded liability.

Following the 2013 Legislative Session, PERS employer contributions were 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, 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. There is no change to the employer contributions on January 1, 2015. (Reference Schedule of Contribution Rates on page 99).

PERS-DCRP Active Membership by Employer Type		
Employer Type	6/30/2014	6/30/2013
State Agencies	1,022	957
Counties	360	332
Cities	272	274
Universities	114	123
High Schools	3	3
School Districts	247	237
Other Agencies	170	161
Total	2,188	2,087

Plan Membership Elections: Included in the financial statements are employer contribution transfers of \$6,833 and member contribution transfers of \$12,883. 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 2015.

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 2014.

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 2014. The DC Disability OPEB is reported on the financial statements under the column heading *PERS-DCRP Disability OPEB*.

FINANCIAL SECTION

At June 30, 2014 PERS-DCRP had 264 reporting employers, one more than in fiscal year 2013. The participating employers consist of:

PERS-DCRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
State Agencies	31	31
Counties	44	44
Cities and Towns	51	49
Universities	5	5
School Districts	91	92
High Schools	2	2
Other Agencies	<u>40</u>	<u>40</u>
Total	264	263

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, to fund an employee education program and to reduce the defined benefit plan's unfunded liability. The investment options offered are selected by the PERB in compliance with their Investment Policy Statement, the advice of an independent investment consultant, 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, 2014 are as follows.

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

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Mid-Sized Company Stock Funds

Munder Mid-Cap Core Growth A
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

Target Date Funds

T. Rowe Price Retirement 2005 through 2055

Fixed Investment Options

Montana Fixed Fund

Montana Stable Value Fixed Fund (Fixed Investment): The Montana Stable Value Fixed Fund option of the PERS-DCRP, are administered through outside vendors Pacific Investment Management Company (PIMCO), custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the Montana Stable Value Fixed Fund option they are guaranteed a fixed rate of return. The Montana Stable Value Fixed Fund 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 sets a fixed quarterly rate of return based on the investment manager's portfolio market value yield and duration.

All money invested in the Montana Stable Value Fixed Fund 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, PIMCO, and Transamerica.

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 Financial (Great-West), withholds the basis point fee from each plan participant's account and, after paying Great-West fees, submits the remainder to the PERB. 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 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 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 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 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.

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

for the exclusive benefit of participants and their beneficiaries. The record keeper for the plan is Great-West Financial (Great-West). Participants elect to defer a portion of their salary, within Internal Revenue Code limits. The deferred salary is not available to employees until separation from service, retirement, death, or upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

A brief summary of eligibility and benefits follows.

Deferred Compensation Plan Summary

Contribution

Voluntary, pre-tax deferral or designated Roth contribution

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.

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Deferred Compensation Plan Summary (continued)

Vesting

Participants are fully vested in their accounts immediately.

Benefit

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

At June 30, 2014 the Deferred Compensation Plan had 36 participating employers, an increase of five from fiscal year 2013. The participating employers consist of:

DEFERRED COMPENSATION EMPLOYERS		
<u>Employers</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
State of Montana*	1	1
Counties	4	3
Colleges and Universities	5	5
School Districts	6	5
Cities	10	7
Other	<u>10</u>	<u>10</u>
Total	36	31

*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 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. Options range from aggressive to conservative. The mutual funds

cover all standard asset classes and categories. The investment options as of June 30, 2014 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

Vanguard Small Cap Growth Index
Vanguard Small Cap Index Signal

Mid Cap Company Stock Funds

Neuberger Berman Genesis-Trust
Munder Mid-Cap Core Growth A
Columbia Mid-Cap Value Fund Z

Large Cap Stock Funds

Vanguard 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.

Montana Stable Value Fixed Fund (Fixed Investment):

The Montana Stable Value Fixed Fund option of the Deferred Compensation Plan, are administered through outside vendors Pacific Investment Management Company (PIMCO), custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the Montana Stable Value Fixed Fund option they are guaranteed a fixed rate of return. The Montana Stable Value Fixed Fund 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 sets a fixed quarterly rate of return based on the investment manager's portfolio yield and duration.

All money invested in the Montana Stable Value Fixed Fund of the PERS-DCRP and Deferred Compensation Plan is 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

FINANCIAL SECTION

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, PIMCO, and Transamerica.

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 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 Financial (Great-West), withholds the basis point fee from each plan participant's account and, after paying Great-West fees, submits the remainder to the PERB. 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.

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FY 2014 Schedule of Contribution Rates			
System	Member	Employer	State
PERS-DBRP*	7.9% [19-3-315(1)(a)(i), MCA]	8.17% State & University 8.07% Local Governments 7.8% 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*	7.9% [19-3-315(1)(a)(i), MCA]	8.17% State & University 8.07% Local Governments 7.8% 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 Disability OPEB		0.3% [19-3-2117, MCA]	
JRS	7.0% [19-5-402, MCA]	25.81% [19-5-404, MCA]	
HPORS*	10.0% - hired prior to 7/01/97 & not electing GABA 10.05% - hired after 6/30/97 & members electing GABA [19-6-402, MCA]	28.15% [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 contribution rates increase on July 1, 2014 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 Changes in Multiple-Employer Plans

Net Pension Liability

as of June 30, 2014

Last 10 Fiscal Years¹

	PERS-DBRP	SRS
Total pension liability		
Service cost (Beginning of year)	\$ 137,452,701	\$ 15,117,708
Interest (includes interest on service cost)	456,406,491	23,976,049
Changes of benefit terms		
Differences between expected and actual experience		
Changes of assumptions ²		(49,542,278)
Benefit payments, including refunds of member contributions	(307,741,308)	(13,943,335)
Net change in total pension liability	\$ 286,117,884	\$ (24,391,856)
Total pension liability - beginning	5,902,662,931	350,664,155
Total pension liability - ending (a)	\$ 6,188,780,815	\$ 326,272,299
Plan fiduciary net position		
Contributions - employer ³	\$ 95,820,397	\$ 6,689,311
Contributions - non-employer	34,561,721	
Contributions - member ³	92,160,048	6,447,179
Net investment income	732,253,062	41,789,437
Benefit payments, including refunds of member contributions	(307,741,308)	(13,943,335)
Administrative expense	(3,522,346)	(203,493)
Net change in plan fiduciary net position	\$ 643,531,574	\$ 40,779,099
Plan fiduciary net position - beginning	\$ 4,299,238,343	243,876,180
Plan fiduciary net position - ending (b) ^{4 and 5}	\$ 4,942,769,917	\$ 284,655,279
Net pension liability - ending (a-b)	\$ 1,246,010,898	\$ 41,617,020

¹This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

²The Changes of assumptions for SRS is the adjustment in the discount rate from 7.75% to 6.68% at June 30, 2013.

³The Contributions - employer consists of the Employer, Membership Fees, and Retirement Incentive Program less the State contribution for GABA of \$425,886 on the financial statements. The Contributions - member consists of the Plan Member and Interest Reserve Buyback on the financial statements.

⁴The difference of \$2,905,249 in the PERS-DBRP ending fiduciary net position on the financial statements and the ending fiduciary net position reported in the GASB 67 schedules is composed of the \$2,768,460 balance of the PERS-DBRP Education Fund at June 30, 2014, which is not used in the actuarial valuation or in the GASB 67 reporting; \$152,238 in the OPEB Implicit Rate Subsidy LT adjustment; and a \$15,449 administrative expense adjustment. The adjustments were completed after fiscal year end.

⁵The difference in the ending fiduciary net position on the financial statements and the ending fiduciary net position reported in the GASB 67 schedules for the SRS, GWPORS, MPORS, FURS, and VFCA is the OPEB Implicit Rate LT adjustment completed after fiscal year end.

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GWPORS	MPORS	FURS	VFCA
\$ 7,849,828	\$ 11,794,994	\$ 10,608,895	\$ 237,639
11,258,354	35,011,854	30,847,306	2,843,095
(5,229,489)	(20,527,874)	(19,052,130)	(2,294,676)
<u>\$ 13,878,693</u>	<u>\$ 26,278,974</u>	<u>\$ 22,404,071</u>	<u>\$ 786,058</u>
139,985,218	450,043,289	396,769,177	37,573,382
<u>\$ 153,863,911</u>	<u>\$ 476,322,263</u>	<u>\$ 419,173,248</u>	<u>\$ 38,359,440</u>
\$ 3,762,217	\$ 6,459,488	\$ 5,767,277	
	13,048,938	13,007,210	\$ 1,818,237
4,461,889	4,133,021	4,697,333	
20,069,398	45,230,427	45,464,858	4,815,491
(5,229,489)	(20,527,874)	(19,052,130)	(2,294,676)
(161,663)	(166,807)	(153,622)	(136,079)
<u>\$ 22,902,352</u>	<u>\$ 48,177,193</u>	<u>\$ 49,730,926</u>	<u>\$ 4,202,973</u>
115,840,754	271,009,167	271,825,743	29,067,228
<u>\$ 138,743,106</u>	<u>\$ 319,186,360</u>	<u>\$ 321,556,669</u>	<u>\$ 33,270,201</u>
<u>\$ 15,120,805</u>	<u>\$ 157,135,903</u>	<u>\$ 97,616,579</u>	<u>\$ 5,089,239</u>

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Changes in Single-Employer Plans

Net Pension Liability

as of June 30, 2014

Last 10 Fiscal Years¹

	JRS	HPORS
Total pension liability		
Service Cost (Beginning of year)	\$ 1,593,854	\$ 3,464,399
Interest (includes interest on service cost)	3,824,389	13,517,924
Changes of benefit terms		
Differences between expected and actual experience		
Changes of assumptions		
Benefit payments, including refunds of member contributions	(3,022,512)	(9,443,007)
Net change in total pension liability	\$ 2,395,731	\$ 7,539,316
Total pension liability--beginning	49,236,164	175,593,829
Total pension liability--ending (a)	\$ 51,631,895	\$ 183,133,145
Plan fiduciary net position		
Contributions - employer	\$ 1,651,483	\$ 5,473,577
Contributions - non-employer		261,930
Contributions - member ²	481,461	1,458,042
Net investment income	12,420,597	18,678,284
Benefit payments, including refunds of member contributions	(3,022,512)	(9,443,007)
Administrative expense	(100,567)	(109,140)
Net change in plan fiduciary net position	\$ 11,430,462	\$ 16,319,686
Plan fiduciary net position - beginning	\$ 72,792,380	109,690,706
Plan fiduciary net position - ending (b) ³	\$ 84,222,842	\$ 126,010,392
Net pension liability - ending (a-b)	\$ (32,590,947)	\$ 57,122,753

¹This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

²The HPORS Contributions - member consists of Plan Member and Interest Reserve Buyback on the financial statements.

³The financial statement Plan Fiduciary Net Position is different from the GASB Statement No. 67 reported Plan Fiduciary Net Position. The difference for JRS and HPORS is due to the OPEB Implicit Rate LT adjustment completed after fiscal year end.

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FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Net Pension Liability for Multiple-Employer Plans

as of June 30, 2014

Last 10 Fiscal Years¹

	PERS-DBRP	SRS
Total Pension Liability	\$ 6,188,780,815	\$ 326,272,299
Plan Fiduciary Net Position ^{2 and 3}	4,942,769,917	284,655,279
Multiple-Employers' Net Pension Liability (Asset)	\$ 1,246,010,898	\$ 41,617,020
Plan fiduciary net position as a percentage of the total pension liability	79.87%	87.24%
Covered Employee Payroll	\$ 1,129,109,402	\$ 64,672,635
Net pension liability as a percentage of covered employee payroll	110.35%	64.35%

¹This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

²The difference of \$2,905,249 in the PERS-DBRP ending fiduciary net position on the financial statements and the ending fiduciary net position reported in the GASB 67 schedules is composed of \$152,238 in the OPEB Implicit Rate Subsidy LT adjustment; a \$15,449 administrative expense adjustment; and the \$2,768,460 balance of the PERS-DBRP Education Fund at June 30, 2014 which is not used in the actuarial valuation or in the GASB 67 reporting. The adjustments were completed after the actuarial valuations and GASB 67 reports were performed for fiscal year ending June 30, 2014.

³The difference in the ending fiduciary net position on the financial statements and the ending fiduciary net position reported in the GASB 67 schedules for the SRS, GWPORS, MPORS, FURS, and VFCA is the OPEB Implicit Rate adjustment completed after the actuarial valuation and GASB 67 reports were performed for fiscal year ending June 30, 2014.

FINANCIAL SECTION

GWPORS	MPORS	FURS	VFCA
\$ 153,863,911	\$ 476,322,263	\$ 419,173,248	\$ 38,359,440
138,743,106	319,186,360	321,556,669	33,270,201
\$ 15,120,805	\$ 157,135,903	\$ 97,616,579	\$ 5,089,239
90.17%	67.01%	76.71%	86.73%
\$ 41,636,566	\$ 44,426,617	\$ 39,891,869	N/A
36.32%	353.70%	244.70%	N/A

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Net Pension Liability for Single-Employer Plans

as of June 30, 2014

Last 10 Fiscal Years¹

	<u>JRS</u>	<u>HPORS</u>
Total Pension Liability	\$ 51,631,895	\$ 183,133,145
Plan Fiduciary Net Position ²	84,222,842	126,010,392
Single-Employers' Net Pension Liability (Asset)	<u>\$ (32,590,947)</u>	<u>\$ 57,122,753</u>
Plan fiduciary net position as a percentage of the total pension liability	163.12%	68.81%
Covered Employee Payroll	\$ 6,354,763	\$ 14,149,269
Net pension liability as a percentage of covered employee payroll	-512.86%	403.72%

¹*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

²*The difference in the ending fiduciary net position on the financial statements and the ending fiduciary net position reported in the GASB 67 schedules is the OPEB Implicit Rate adjustment completed after the actuarial valuation and GASB 67 reports were performed for fiscal year ending June 30, 2014*

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FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans

as of June 30, 2014

(in thousands)

Last 10 Fiscal Years¹

	<u>PERS-DBRP</u>	<u>SRS</u>
Actuarially Determined Contribution	\$ 138,768	\$ 9,779
Contributions in Relation to the Actuarially Determined Contribution:		
Employer Contributions	95,820	6,689
Non-Employer Contributions (State)	34,562	
Total Contributions	\$ 130,382	\$ 6,689
Contribution Deficiency / (Excess)	\$8,386	\$ 3,090
Covered Employee Payroll	\$ 1,129,109	\$ 64,673
Contributions as a Percentage of Covered Employee Payroll	11.55%	10.34%

¹ This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FINANCIAL SECTION

GWPORS	MPORS	FURS	VFCA
\$ 4,976	\$ 17,922	\$ 13,699	\$ 1,116
			1,818
3,762	6,459	5,767	
	13,049	13,007	
\$ 3,762	\$ 19,508	\$ 18,774	
\$ 1,214	\$ (1,586)	\$ (5,075)	\$ (702)
\$ 41,637	\$ 44,427	\$ 39,892	N/A
9.04%	43.91%	47.06%	N/A

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information Schedule of Employer and Non-Employer (State) Contributions for Single-Employer Plans as of June 30, 2014

(in thousands)

Last 10 Fiscal Years¹

	JRS	HPORS
Actuarially Determined Contribution		\$ 6,121
Contributions in Relation to the Actuarially Determined Contribution:		
Employer Contributions	\$ 1,651	5,474
Non-Employer Contributions (State)		262
Total Contributions	\$ 1,651	\$ 5,736
Contribution Deficiency / (Excess)	\$ (1,651)	\$ 385
Covered Employee Payroll	\$ 6,355	\$ 14,149
Contributions as a Percentage of Covered Employee Payroll	25.98%	40.54%

¹This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation date: June 30, 2013

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	3.00%
Salary increases	4.00% plus merit/seniority increases where applicable
Investment rate of return ²	7.75%, net of investment and administrative expenses
Mortality (Healthy)	RP-2000 Combined Mortality projected to 2015

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FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Investment Returns for Multiple-Employer Plans

as of June 30, 2014

Last 10 Fiscal Years¹

	<u>PERS-DBRP</u>	<u>SRS</u>	<u>GWPORS</u>
Annual money-weighted rate of return, net of investment expense	17.18%	17.15%	17.12%

	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Annual money-weighted rate of return, net of investment expense	17.16%	17.15%	17.23%

¹This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Investment Returns for Single-Employer Plans

as of June 30, 2014

Last 10 Fiscal Years¹

	JRS	HPORS
Annual money-weighted rate of return, net of investment expense	17.17%	17.19%

¹*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

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, 2014	June 30, 2014	June 30, 2014
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	29.3		30.3
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 (net of investment expense)	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%
Administrative Expenses as a Percentage of Payroll ³	0.27%	0.15%	0.23%
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 or 1.5% if hired on or after July 1, 2013, after 3 years
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

¹The amortization period for the unfunded actuarial liability in the SRS and GWPORS does not amortize.

²Assets 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.

³The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

FINANCIAL SECTION

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2014
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	19.6	11.3	5.1 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%	
0.17%	0.17%	0.20%	0.19%	\$61,000
3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr	N/A
N/A	N/A	50% newly confirmed officer	50% newly confirmed officer	N/A

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Funding Progress for PERS-DCRP Disability OPEB

(in thousands)

System	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AL)	Unfunded AL (UAL)	Funded Ratio %	Covered Payroll	UAL as a Percentage of Covered Payroll
PERS-DCRP DISABILITY OPEB	6/30/2013	\$ 2,184	\$ 2,715	\$ 531	80.5%	\$ 90,128	1%

The actuarial valuation for the PERS-DCRP Disability OPEB is performed on a biennial basis with the most recent actuarial valuation being as of June 30, 2013. The next valuation will be completed for fiscal year ending June 30, 2015.

This schedule is intended to show two years' previous information. This schedule shows only information for the most recent completed fiscal year which is fiscal year June 30, 2013. With this being the first year of reporting the plan as an OPEB plan, the previous two years' information is not available. Additional years will be displayed as they become available.

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	Annual Required Contribution Rate	Annual Required State Contribution	State Percentage Contributed
PERS-DCRP						
DISABILITY OPEB	2013	\$ 315,446	91.42%	0.35%	\$ 532,014	100.00

Refer to the "Notes to the Required Supplementary Information" (Page 118).

The PERS-DCRP Disability OPEB actuarial valuation is performed on a biennial basis with the first year being June 30, 2013.

The next valuation will be completed for fiscal year ending June 30, 2015.

This schedule is intended to show information for 6 years. Additional years will be displayed as they become available.

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to Required Supplementary Information for PERS-DCRP Disability OPEB

Valuation Date	June 30, 2013
Actuarial cost method	Entry age funding method
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Market Value
<i>Actuarial assumptions:</i>	
Investment rate of return*	3.50% (net of expenses)
General wage growth*	4.00% (3.00% inflation plus 1.00% real wage growth)
Merit Salary Increases	0.00% - 6.00%
*Includes inflation at	3.00%

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FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information Schedule of Funding Progress for OPEB

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2009		\$ 686,393	\$ 686,393	0.00%	\$1,438,749	47.71%
1/1/2011 ¹		\$ 733,935	\$ 733,935	0.00%	\$1,644,229	44.64%
1/1/2013		\$ 969,127	\$ 969,217	0.00%	\$1,991,739	48.66%

At June 30, 2014, the most recent actuarial valuation available was completed by the State of Montana January 1, 2013 for the calendar year ending December 31, 2013. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2015 for the calendar year ending December 31, 2015. 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, 2014. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana

¹The 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, 2013
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

Schedule of Administrative Expenses

Year Ended June 30, 2014

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457) Plan
Personal Services				
Salaries	\$ 1,928,025	\$ 166,272	\$ 224,713	\$ 164,913
Board Members' Per Diem	6,191		830	679
Employee Benefits	610,000	59,007	76,033	53,457
Total Personal Services	2,544,216	225,279	301,576	219,049
Other Services				
Consulting & Professional Services	717,627	903	104,378	96,925
Legal Fees and Court Costs	39,826		412	66
Audit Fees	49,018		5,978	4,782
Medical Services	7,902			
Records Storage	4,392		536	429
Computer Processing	245,961		27,815	5,991
Printing and Photocopy Charges	23,244	3,803	4,070	1,264
Warrant Writing Services	42,323		5,161	4,129
Other	144,982	1,425	17,625	12,424
Total Other Services	1,275,275	6,131	165,975	126,010
Communications				
Recruitment Costs	1,362	105	175	110
Postage and Mailing	85,513	4,512	5,453	1,584
Telephone	36,928	3,582	4,822	2,878
Total Communications	123,803	8,199	10,450	4,572
Other Expenses				
Supplies and Materials	89,652	7,230	11,872	7,942
Travel	30,872	4,678	7,149	5,855
Rent	216,213	19,629	28,074	16,851
Repairs and Maintenance	2,702	246	351	211
Compensated Absences	50,541	879	7,511	8,405
OPEB Expenses	76,062	7,803	9,580	6,458
Miscellaneous	110,427	9,365	15,598	10,669
Total Other Expenses	576,469	49,830	80,135	56,391
Total Administrative Expenses	\$ 4,519,763	\$ 289,439	\$ 558,136	\$ 406,022

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2014

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$26,863,258
JRS	Board of Investments	455,790
HPORS	Board of Investments	685,330
SRS	Board of Investments	1,534,248
GWPORS	Board of Investments	737,647
MPORS	Board of Investments	1,659,938
FURS	Board of Investments	1,669,063
VFCA	Board of Investments	176,463
DC	CICI Utility	50
	PIMCO	66,055
	State Street Bank	4,118
	Transamerica	26,863
457	CICI Utility	50
	PIMCO	623,968
	State Street Bank	39,426
	Transamerica	457,480
Total Investment Expense		<u>\$34,999,747</u>

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Professional/Consultant Fees

Year Ended June 30, 2014

<u>Individual or Firm</u>	<u>Nature of Service</u>	<u>Amount Paid</u>
Consultant Fees		
Amdec, LTD	Computer Programming Services	\$ 145,008
A 2 Z Personnel	Temporary Employment Services	56,038
Beki Glyde Brandborg	Facilitator	7,400
Cheiron, Inc	Actuarial Consultant	138,815
Comserv, Inc.	Death Validation Services	1,411
Ecofile	Imaging Services	13,915
Government Finance Officers Assoc	CAFR Review	1,015
Ice Miller	Tax Consultants	17,728
Julie Benson-Rosston	Facilitator	5,500
Provaliant Retirement, LLC	Project Management	107,816
Recall Secure Destruction Services	Secure Shredding Services	544
Sagitec Solutions, LLC	Pension Systems Design	162,948
Seisint, Inc.	Risk Data Management Services	478
Venterra Corporation	Data Services	158,218
Wilshire Associates Inc.	Mutual Funds Performance Review	103,000
Consultant Fees Subtotal		919,834
Other Professional Fees		
Dean Gregg, PHD	Medical Consultant	1,170
Department of Justice	Legal Services	1,396
Legislative Audit Division	Independent Auditors	58,779
Robert J Bateen, PHD	Medical Consultant	115
Timothy D Schofield, MD PLLC	Medical Consultant	6,617
Other Professional Fees Subtotal		68,077
Total Professional/Consultant Fees		\$ 987,911

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FINANCIAL SECTION

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, 2014

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 109,847,041	\$ 2,793,453	\$ 112,640,494
Securities Lending Collateral	207,292,003	2,056	207,294,059
Receivables			
Interest	5,366,402	268	5,366,670
Accounts Receivable	1,649,012		1,649,012
Due from Other Funds	443,412	12,137	455,549
Due from Primary Government	3,601,869		3,601,869
Notes Receivable	20,714		20,714
Total Receivables	11,081,409	12,405	11,093,814
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,933,145,416		1,933,145,416
Retirement Fund Bond Pool (RFBP)	1,069,517,475		1,069,517,475
Montana International Pool (MTIP)	877,318,009		877,318,009
Montana Private Equity Pool (MPEP)	517,872,903		517,872,903
Montana Real Estate Pool (MTRP)	426,527,659		426,527,659
Structured Investment Vehicles (SIV)	1,148,255	30,397	1,178,652
Total Investments	4,825,529,717	30,397	4,825,560,114
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	48,585		48,585
Intangible Assets, at cost, net of Amortization Expense	613,261		613,261
Total Capital Assets	661,846		661,846
Total Assets	5,154,412,016	2,838,311	5,157,250,327
Liabilities			
Securities Lending Liability	207,292,003	2,056	207,294,059
Accounts Payable	1,028,565	13,531	1,042,096
Unearned Revenue	106,676		106,676
Due to Other Funds	376,005		376,005
Due to Primary Government	2,069,366		2,069,366
Compensated Absences	279,298	14,813	294,111
OPEB Implicit Rate Subsidy LT	353,397	39,451	392,848
Total Liabilities	211,505,310	69,851	211,575,161
Net Position Restricted for Pension Benefits	\$ 4,942,906,706	\$ 2,768,460	\$ 4,945,675,166

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, 2014

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 95,737,273	\$ 447,715	\$ 96,184,988
Plan Member	92,041,676		92,041,676
Membership Fees	19		19
Interest Reserve Buyback	118,372		118,372
Retirement Incentive Program	61,276		61,276
Miscellaneous Revenue	33,675,313		33,675,313
State Contributions	886,408		886,408
<i>Total Contributions</i>	222,520,337	447,715	222,968,052
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	553,236,306		553,236,306
Interest	192,320,785	3,890	192,324,675
Dividends	12,926,748		12,926,748
Investment Expense	(26,863,258)		(26,863,258)
<i>Net Investment Income</i>	731,620,581	3,890	731,624,471
Securities Lending Income			
Securities Lending Income	1,016,583	5	1,016,588
Securities Lending Rebate and Fees	(158,504)		(158,504)
<i>Net Securities Lending Income</i>	858,079	5	858,084
Total Net Investment Income	732,478,660	3,895	732,482,555
Total Additions	954,998,997	451,610	955,450,607
Deductions			
Benefits	296,183,076		296,183,076
Refunds/Distributions	10,069,997		10,069,997
Refunds to Other Plans	286,922		286,922
Transfers to DCRP	1,027,622		1,027,622
Transfers to ORP	173,691		173,691
OPEB Expenses	69,091	7,803	76,894
Administrative Expenses	3,422,413	281,636	3,704,049
Total Deductions	311,232,812	289,439	311,522,251
Net Increase (Decrease)	643,766,185	162,171	643,928,356
Net Position Restricted for Pension Benefits			
Beginning of Year	4,299,238,343	2,594,324	4,301,832,667
Prior Period Adjustment	(97,822)	11,965	(85,857)
End of Year	\$ 4,942,906,706	\$ 2,768,460	\$ 4,945,675,166

FINANCIAL SECTION

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, 2014

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY*	TOTAL
Assets				
Cash and Short-term Investments	\$1,201,037	\$183,342		\$1,384,379
Securities Lending Collateral	770	134		904
Receivables				
Interest	103	17		120
Accounts Receivables	17,821			17,821
Due from Other Funds	353,935	1,169		355,104
<i>Total Receivables</i>	371,859	1,186		373,045
Investments, at fair value				
Defined Contributions Fixed Investments	10,014,868			10,014,868
Defined Contributions Variable Investments	117,713,137			117,713,137
Structured Investment Vehicles (SIV)	11,380	1,985		13,365
<i>Total Investments</i>	127,739,385	1,985		127,741,370
Property and Equipment, at cost, net of Accumulated Depreciation (Note A2)	6,599			6,599
Intangible Assets, at cost, net of Amortization Expense (Note A2)	146,513			146,513
Total Assets	129,466,163	186,647		129,652,810
Liabilities				
Securities Lending Liability	770	134		904
Accounts Payable	152,317	2,339		154,656
Compensated Absences	35,745	2,729		38,474
OPEB Implicit Rate Subsidy LT	40,422	4,019		44,441
Total Liabilities	229,254	9,221		238,475
Net Position Restricted for Pension Benefits	\$129,236,909	\$177,426		\$129,414,335

*Beginning this fiscal year 2014, the PERS-DC Disability Trust Fund is being presented in the Fiduciary Net Position and Statement of Changes in Fiduciary Net Position as a defined benefit OPEB plan, *PERS-DCRP Disability OPEB*. In prior years, the PERS-DC Disability was recorded as a separate fund of the PERS-DCRP. This is a correction in reporting in previously issued financial statements.

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, 2014

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY*	TOTAL
Additions				
Contributions				
Employer	\$ 4,360,332	\$ 49,449		\$ 4,409,781
Plan Member	8,534,159			8,534,159
Miscellaneous Revenue	40,268			40,268
Forfeiture of Nonvested Member	251,907			251,907
<i>Total Contributions</i>	13,186,666	49,449		13,236,115
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	15,238,624			15,238,624
Interest	3,225,079	263		3,225,342
Investment Expense	(97,085)			(97,085)
<i>Net Investment Income</i>	18,366,618	263		18,366,881
Securities Lending Income				
Securities Lending Income	2			2
Securities Lending Rebate and Fees				
<i>Net Securities Lending Income</i>	2			2
Total Net Investment Income	18,366,620	263		18,366,883
Total Additions	31,553,286	49,712		31,602,998
Deductions				
Benefits	4,737,591			4,737,591
Distributions				
OPEB Expensee	8,317	1,263		9,580
Administrative Expenses	499,429	49,127		548,556
Miscellaneous Expenses	173,791			173,791
Total Deductions	5,419,128	50,390		5,469,518
Net Increase (Decrease)	26,134,158	(678)		26,133,480
Net Position Restricted for Pension Benefits				
Beginning of Year	103,122,288	176,166	2,184,488	105,482,942
Prior Period Adjustment	(19,536)	1,937	(2,184,488)	(2,202,087)
End of Year	\$ 129,236,910	\$ 177,425		\$ 129,414,335

*Beginning this fiscal year 2014, the PERS-DC Disability Trust Fund is being presented in the Fiduciary Net Position and Statement of Changes in Fiduciary Net Position as a defined benefit OPEB plan, *PERS-DCRP Disability OPEB*. In prior years, the PERS-DC Disability was recorded as a separate fund of the PERS-DCRP. This is a correction in reporting in previously issued financial statements.

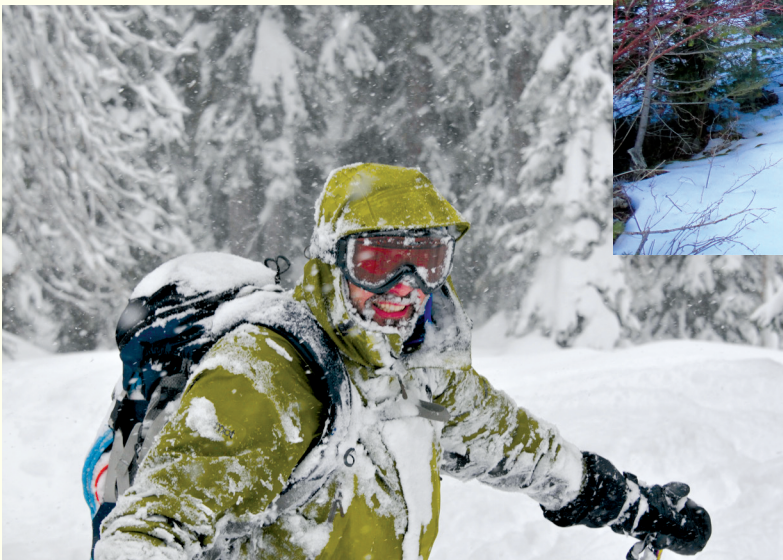
FINANCIAL SECTION

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*Photos Courtesy of
Montana Office of Tourism*



Montana is famous for its wide variety of outdoor winter activities ranging from downhill skiing, snow-shoeing, snowmobiling and even dog sledding.



*Photos Courtesy of
Bill Hallinan*

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**MONTANA
BOARD OF INVESTMENTS**

Department of Commerce

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

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



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

PERS Annual Report Investment Letter
For the fiscal year ended 6/30/14

The fiscal year 2014 return of 17.16% represented the fifth consecutive year of positive returns. This comes at a time when the Federal Reserve has begun the unwinding of its controversial expansionary asset purchase program known as quantitative easing which has contributed to the recent above average stock returns. All asset classes have performed well this year with U.S. equities posting the strongest returns for the third year in a row. The annualized three year plan return remains high at 10.7%, while the five year return has jumped to an impressive 13.27% due to this year's strong return and the dropping off of the negative return in fiscal year 2009. The trailing ten year and since inception returns are within long-term expectations at 6.95% and 7.93% respectively. Relative to our public fund peer universe as reported by our custodial bank, State Street, the one, two, and five year returns ranked in the second quartile while the three and four year returns ranked in the first quartile.

The U.S. economy has continued to grow this calendar year, albeit in a choppy pattern with a decline of 2.1% in the first quarter due to the effects an unusually severe winter, followed by a strong bounce back in the second quarter. Though still high by historical standards, the unemployment rate has continued its downward trend, going from its high of 10% in October 2009 to 6.1% this August. The improvements in the U.S. economy and labor markets have not been matched in other parts of the world. In the European Union, high unemployment exceeding 10%, very low inflation, and tensions with Russia over the crisis in Ukraine have stalled growth and caused equity markets to lag, prompting discussions of quantitative easing programs similar to those pursued in the U.S. and Japan. In China, evidence of overinvestment and inflating home prices has led to concerns over the ability to sustain its high growth rate.

The above average return this fiscal year was supported by good performance in all asset classes with fixed income being the only asset not to produce double digit returns. The domestic stock return of 25.14% marks its second best year in the previous fifteen fiscal years and while the international stock return of 21.65% was impressive this year, it marks the seventh consecutive year that international stocks have underperformed domestic stocks. Emerging market stocks lagged developed country stocks throughout calendar 2013 through March, 2014, and were a large contributor to the weaker performance of international stocks. The bond pool return of 5.21% was

INVESTMENT SECTION

an improvement over last year's 1.61%, as interest rates fell in the first and second quarter of this year causing price appreciation in the underlying bonds. Private equity posted its fifth straight year of double digit returns with a fiscal year return of 16.48%. This brings the five year annualized return to 15.9% and the ten year to an impressive 11.4%. The real estate pool continues to yield steady returns with this year's return of 11.65%. The five year annualized return for the real estate pool is now 5.4%, up from a five year return of negative 3.4% last fiscal year, due to the dropping off of the very weak fiscal year 2009 return.

Similar to last year, the bull market in public equities led to an increase in their allocation. U.S. stocks crept up by 0.9% to a 39.2% allocation despite sales made for rebalancing purposes, while international stocks increased by 1.2% to a 17.8% weight given their strong positive return and incremental purchases. Overall equity exposure did not change materially, however, as the private equity allocation decreased by 2% to 10.5% bringing the total equity exposure to 67.5%. The decline in private equity reflected a secondary sale from our portfolio and heavy cash distributions from underlying fund investments. Changes in the allocations to fixed income, real estate, and cash were negligible and ended at 21.7%, 8.7%, and 2.1% respectively at the end of this fiscal year. The fixed income weight was slightly below its range, despite ongoing purchases over the past year, mostly because of the relative strength of equity assets that acted to dilute the weight in bonds. Allocation ranges were reviewed and slightly amended last November. In summary, the changes were minor and did not materially change the mid-points of any asset class range. The liquidity posture and overall risk biases of the portfolio were not changed. It remains equity-centric in character, reflecting the long term return advantage of this asset class, balanced by asset classes providing diversification benefits, specifically fixed income and real estate.

The asset allocation changes mentioned above were made after an extensive analysis of the cash flows affecting the pension plans. While the PERS plan experiences net cash needed, meaning benefit outflows exceed contribution and portfolio income inflows, the amount remains quite manageable. The increase in contribution rates and allocation of coal severance tax revenues brought by house bill 454 reduced the net cash needed status meaningfully in fiscal year 2014 as compared to fiscal 2013. These additional contributions slightly reduce the liquidity demands of the plan and allow for an allocation mix designed to provide the long term return need of the plan while balancing the tradeoffs of implied risk and lower liquidity of some assets. In addition, while it cannot be assured over any one or two year period, asset growth over the long term due to positive returns has more than offset the net cash needed of the plan, easily covering the drawdowns even before considering the cash income of the plan.

The Federal Reserve is set to end its monthly purchases of Treasury and mortgage-backed securities this October after five years of using this extraordinary strategy in an effort to help improve the economy. Stocks have hit record highs under this program and its ending comes at a time when there still exist elements of weakness in the labor market. The next major decision for the Fed will be when to begin raising the federal funds target rate and ending its current zero interest rate policy. Market consensus now suggests the timing of such a move will fall around mid-2015, and in the meantime the parsing of Fed communications will remain intense given the importance of this event to global financial markets.

INVESTMENT SECTION

In contrast to the expected change from expansionary to contractionary monetary policies in the U.S., the European Central Bank (ECB) is considering using similar unconventional monetary policies as the Federal Reserve has used to stimulate its economy. The ECB has introduced negative deposit rates for banks storing cash with them, effectively charging them for refusing to take on the risk of making loans, and are planning to launch an asset backed security purchase program or quantitative easing.

As of mid-September the fiscal year-to-date plan return has been a modest 0.7%. Gains in domestic equity holdings have been largely offset by declines in international stocks while fixed income returns have been mostly flat. Most of the year-to-date return has come from positive performance from the private equity and real estate holdings.

With the recently dynamic landscape of monetary policies in both the U.S. and in Europe, financial markets have been and will likely continue to be particularly sensitive to the actions and expectations of the world's major central banks. In addition, recent geopolitical risks brought on by the tensions in Ukraine and the Middle East could be a further source of market volatility due to the uncertainty such situations create. Given these uncertainties and the strong recovery in stocks during the bull market, our portfolio performance outlook is more muted now. Nevertheless, our long term outlook remains positive for the economy and the majority of asset classes held in the portfolio given the prospect for an ongoing low inflationary period of positive growth.

Respectfully submitted,

/s/ Clifford A. Sheets

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

INVESTMENT SECTION

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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 goals influencing the investment activity for the PERB are 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 2014 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, 2014

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.14%	0.14%	0.15%	0.14%
<i>Libor 1 Month</i>	<i>0.17%</i>				
Equities ¹		24.03%	24.03%	24.03%	24.03%
<i>S&P 1500 Comp Index</i>	<i>24.70%</i>				
<i>International Equities²</i>	<i>21.99%</i>				
Fixed Income ³		5.21%	5.21%	5.21%	5.21%
<i>BC Aggregate Bond Index</i>	<i>4.37%</i>				
Private Equity ⁴		16.48%	16.48%	16.48%	16.48%
<i>S&P 1500 + 4%⁵</i>	<i>28.70%</i>				
Real Estate ⁶		11.65%	11.65%	11.65%	11.65%
<i>NFI-ODCE⁷</i>	<i>12.74%</i>				
Total Plan		17.16%	17.16%	17.17%	17.14%
Index Composite⁸		18.15%	18.14%	18.16%	18.13%
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.14%	0.14%	0.15%	0.14%
<i>Libor 1 Month</i>	<i>0.17%</i>				
Equities ¹		24.03%	24.04%	24.04%	24.05%
<i>S&P 1500 Comp Index</i>	<i>24.70%</i>				
<i>International Equities²</i>	<i>21.99%</i>				
Fixed Income ³		5.21%	5.21%	5.21%	5.20%
<i>BC Aggregate Bond Index</i>	<i>4.37%</i>				
Private Equity ⁴		16.48%	16.48%	16.48%	16.49%
<i>S&P 1500 + 4%⁵</i>	<i>28.70%</i>				
Real Estate ⁶		11.65%	11.65%	11.65%	11.65%
<i>NFI-ODCE⁷</i>	<i>12.74%</i>				
Total Plan		17.12%	17.20%	17.19%	17.19%
Index Composite⁸		18.11%	18.14%	18.13%	18.14%

¹ Return is a dollar weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

² Montana International Equity blended benchmark.

³ Retirement Fund Bond Pool.

⁴ Montana Private Equity Pool.

⁵ The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

⁶ Montana Real Estate Pool.

⁷ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

⁸ 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, 2014

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.23%	0.23%	0.23%	0.23%
<i>Libor 1 Month</i>	<i>0.21%</i>				
Equities ¹		12.78%	12.79%	12.78%	12.79%
<i>S&P 1500 Comp Index</i>	<i>16.48%</i>				
<i>International Equities²</i>	<i>5.80%</i>				
Fixed Income ³		4.93%	4.93%	4.93%	4.93%
<i>BC Aggregate Bond Index</i>	<i>3.66%</i>				
Private Equity ⁴		13.34%	13.34%	13.34%	13.34%
<i>S&P 1500 + 4%⁵</i>	<i>20.48%</i>				
Real Estate ⁶		10.54%	10.54%	10.54%	10.54%
<i>NFI-ODCE⁷</i>	<i>11.99%</i>				
Total Plan		10.70%	10.68%	10.69%	10.67%
Index Composite⁸		11.31%	11.29%	11.31%	11.29%
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.23%	0.23%	0.23%	0.23%
<i>Libor 1 Month</i>	<i>0.21%</i>				
Equities ¹		12.79%	12.78%	12.79%	12.79%
<i>S&P 1500 Comp Index</i>	<i>16.48%</i>				
<i>International Equities²</i>	<i>5.80%</i>				
Fixed Income ³		4.93%	4.93%	4.93%	4.93%
<i>BC Aggregate Bond Index</i>	<i>3.66%</i>				
Private Equity ⁴		13.34%	13.34%	13.34%	13.34%
<i>S&P 1500 + 4%⁵</i>	<i>20.48%</i>				
Real Estate ⁶		10.54%	10.54%	10.54%	10.55%
<i>NFI-ODCE⁷</i>	<i>11.99%</i>				
Total Plan		10.66%	10.69%	10.69%	10.71%
Index Composite⁸		11.29%	11.28%	11.28%	11.31%

¹ Return is a dollar weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

² Montana International Equity blended benchmark.

³ Retirement Fund Bond Pool.

⁴ Montana Private Equity Pool.

⁵ The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

⁶ Montana Real Estate Pool.

⁷ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

⁸ 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, 2014

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.27%	0.27%	0.27%	0.27%
<i>Libor 1 Month</i>	<i>0.23%</i>				
Equities ¹		16.52%	16.53%	16.52%	16.52%
<i>S&P 1500 Comp Index</i>	<i>19.18%</i>				
<i>International Equities²</i>	<i>11.35%</i>				
Fixed Income ³		7.06%	7.10%	7.10%	7.10%
<i>BC Aggregate Bond Index</i>	<i>4.85%</i>				
Private Equity ⁴		15.90%	15.90%	15.91%	15.90%
<i>S&P 1500 + 4%⁵</i>	<i>23.18%</i>				
Real Estate ⁶		5.63%	5.38%	5.38%	5.38%
<i>NFI-ODCE⁷</i>	<i>6.31%</i>				
Total Plan		13.27%	13.24%	13.29%	13.22%
Index Composite⁸		13.99%	13.95%	14.00%	13.93%
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.27%	0.27%	0.27%	0.27%
<i>Libor 1 Month</i>	<i>0.23%</i>				
Equities ¹		16.53%	16.51%	16.51%	16.51%
<i>S&P 1500 Comp Index</i>	<i>19.18%</i>				
<i>International Equities²</i>	<i>11.35%</i>				
Fixed Income ³		7.10%	7.10%	7.10%	7.10%
<i>BC Aggregate Bond Index</i>	<i>4.85%</i>				
Private Equity ⁴		15.90%	15.91%	15.91%	15.92%
<i>S&P 1500 + 4%⁵</i>	<i>23.18%</i>				
Real Estate ⁶		5.38%	5.38%	5.38%	5.38%
<i>NFI-ODCE⁷</i>	<i>6.31%</i>				
Total Plan		13.20%	13.24%	13.23%	13.21%
Index Composite⁸		13.91%	13.93%	13.92%	13.90%

¹ Return is a dollar weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

² Montana International Equity blended benchmark.

³ Retirement Fund Bond Pool.

⁴ Montana Private Equity Pool.

⁵ The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

⁶ Montana Real Estate Pool.

⁷ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

⁸ 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, 2014

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		1.94%	1.91%	1.93%	1.91%
<i>Libor 1 Month</i>	1.88%				
Equities ¹		7.11%	7.11%	7.11%	7.11%
<i>S&P 1500 Comp Index</i>	8.09%				
<i>International Equities²</i>	7.47%				
Fixed Income ³		5.95%	5.94%	5.95%	5.94%
<i>BC Aggregate Bond Index</i>	4.93%				
Private Equity ⁴		11.39%	11.39%	11.39%	11.39%
<i>S&P 1500 + 4%⁵</i>	12.09%				
Real Estate ⁶		2.10%			
<i>NFI-ODCE⁷</i>	6.18%				
Total Plan		6.95%	6.94%	6.95%	6.92%
Index Composite⁸		7.06%	7.04%	7.06%	7.04%
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		1.90%	2.32%	1.95%	1.99%
<i>Libor 1 Month</i>	1.88%				
Equities ¹		7.13%	7.10%	7.11%	7.13%
<i>S&P 1500 Comp Index</i>	8.09%				
<i>International Equities²</i>	7.47%				
Fixed Income ³		5.93%	5.94%	5.94%	5.95%
<i>BC Aggregate Bond Index</i>	4.93%				
Private Equity ⁵		11.38%	11.39%	11.39%	11.39%
<i>S&P 1500 + 4%⁵</i>	12.09%				
Real Estate ⁶					
<i>NFI-ODCE⁷</i>	6.18%				
Total Plan		6.86%	6.88%	6.91%	6.90%
Index Composite⁸		6.98%	6.97%	6.99%	6.99%

¹ Return is a dollar weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

² Montana International Equity blended benchmark.

³ Retirement Fund Bond Pool.

⁴ Montana Private Equity Pool.

⁵ The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

⁶ Montana Real Estate Pool.

⁷ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

⁸ 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

Asset allocation is the main determinant of investment returns, and will therefore impact the BOI's success in meeting long-term investment objectives. The asset allocation table below represents a diversified mix of asset classes designed to meet the long-term return needs of the plans while balancing

this objective with risk and liquidity considerations. The actual asset mix as of fiscal year end 2014 is listed in the following table along with the approved allocation ranges for the short term investment pool (STIP), fixed income investments, total equity investments, and real estate investments.

FY2014 ASSET ALLOCATION					
	Allocation Range	Actual Investment		Allocation Range	Actual Investment
PERS-DBRP			GWORS		
STIP	1% to 5%	2.10%	STIP	1% to 5%	2.57%
Fixed	22% to 30%	21.70%	Fixed	22% to 30%	21.58%
Equity	58% to 72%	67.52%	Equity	58% to 72%	67.21%
Real Estate	6% to 10%	8.68%	Real Estate	6% to 10%	8.64%
JRS			MPORS		
STIP	1% to 5%	2.31%	STIP	1% to 5%	1.97%
Fixed	22% to 30%	21.65%	Fixed	22% to 30%	21.73%
Equity	58% to 72%	67.37%	Equity	58% to 72%	67.60%
Real Estate	6% to 10%	8.67%	Real Estate	6% to 10%	8.70%
HPORS			FURS		
STIP	1% to 5%	2.06%	STIP	1% to 5%	2.05%
Fixed	22% to 30%	21.72%	Fixed	22% to 30%	21.72%
Equity	58% to 72%	67.55%	Equity	58% to 72%	67.55%
Real Estate	6% to 10%	8.67%	Real Estate	6% to 10%	8.68%
SRS			VFCA		
STIP	1% to 5%	2.46%	STIP	1% to 5%	7.00%
Fixed	22% to 30%	21.62%	Fixed	22% to 30%	20.61%
Equity	58% to 72%	67.26%	Equity	58% to 72%	64.09%
Real Estate	6% to 10%	8.66%	Real Estate	6% to 10%	8.30%

PERS-DCRP Disability OPEB

After FY2014, a plan was initiated to further diversity the assets of the PERS-DCRP Disability OPEB into longer term asset classes with potentially higher returns over time.

MPERA and BOI have begun work to further diversity of the PERS-DCRP Disability OPEB assets with this objective and actions will be taken as soon as administratively possible.

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 2014 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	\$ 206,705.30	\$ 6,587,093.10	\$ 11,325,554.10	\$ 2,319,043.90	\$ 5,216,560.08	\$ 1,208,301.58	\$ 26,863,258.06
JRS	3,696.42	111,701.91	191,982.02	39,367.64	88,559.50	20,482.59	455,790.08
HPORS	5,103.23	168,047.14	288,995.21	59,190.94	133,167.81	30,825.95	685,330.28
SRS	12,847.03	376,134.15	645,782.98	132,684.05	297,841.07	68,959.05	1,534,248.33
GWPORS	6,364.78	180,861.83	310,032.66	63,991.83	143,279.93	33,116.11	737,647.14
MPORS	12,733.56	406,967.04	697,846.87	143,715.62	323,961.99	74,713.54	1,659,938.62
FURS	13,013.76	409,210.68	701,638.94	144,609.47	325,485.69	75,104.35	1,669,062.89
VFCA	1,499.11	43,280.94	74,743.38	15,102.95	33,936.09	7,900.26	176,462.73
Totals	<u>\$ 261,963.19</u>	<u>\$ 8,283,296.79</u>	<u>\$ 14,236,576.16</u>	<u>\$ 2,917,706.40</u>	<u>\$ 6,562,792.16</u>	<u>\$ 1,519,403.43</u>	<u>\$ 33,781,738.13</u>

INVESTMENT SECTION

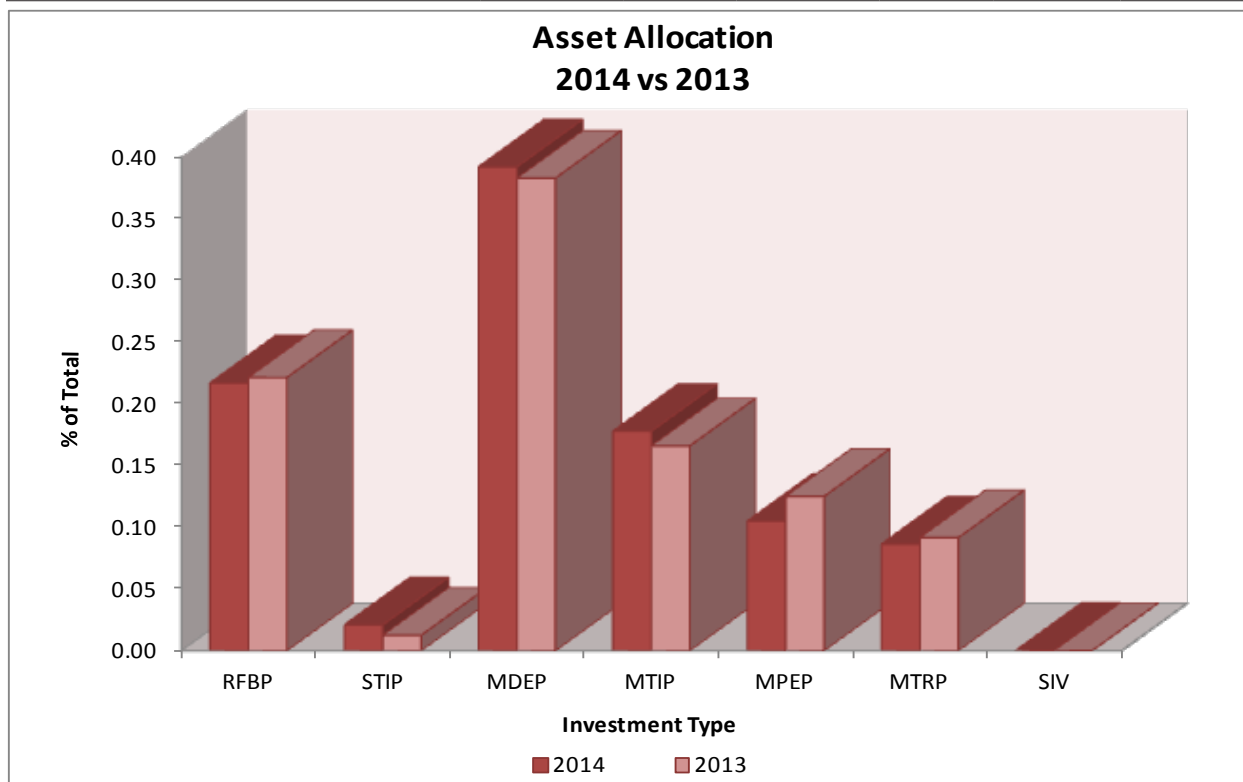
PERS-DBRP

Asset Mix (fair value)

as of June 30, 2014 and 2013

(in thousands)

Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 1,069,517	21.70%	\$ 950,298	22.14%	\$ 119,219	12.55%
STIP ¹	103,602	2.10%	54,005	1.26%	49,597	91.84%
Total Fixed Income	\$ 1,173,119	23.80%	\$ 1,004,303	23.40%	\$ 168,816	16.81%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 1,933,145	39.22%	\$ 1,643,009	38.30%	\$ 290,136	17.66%
Montana International Equity Pool (MTIP)	877,318	17.79%	712,587	16.60%	164,731	23.12%
Montana Private Equity Pool (MPEP)	517,873	10.51%	536,542	12.51%	(18,669)	-3.48%
Total Equities	\$ 3,328,336	67.52%	\$ 2,892,138	67.41%	\$ 436,198	15.08%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 426,528	8.65%	\$ 393,155	9.16%	\$ 33,373	8.49%
Structured Investment Vehicles (SIV) ¹	1,148	0.03%	710	0.03%	438	61.69%
Total Alternative Investments	\$ 427,676	8.68%	\$ 393,865	9.19%	\$ 33,811	8.58%
Total	\$ 4,929,131	100.00%	\$ 4,290,306	100.00%	\$ 638,825	14.89%



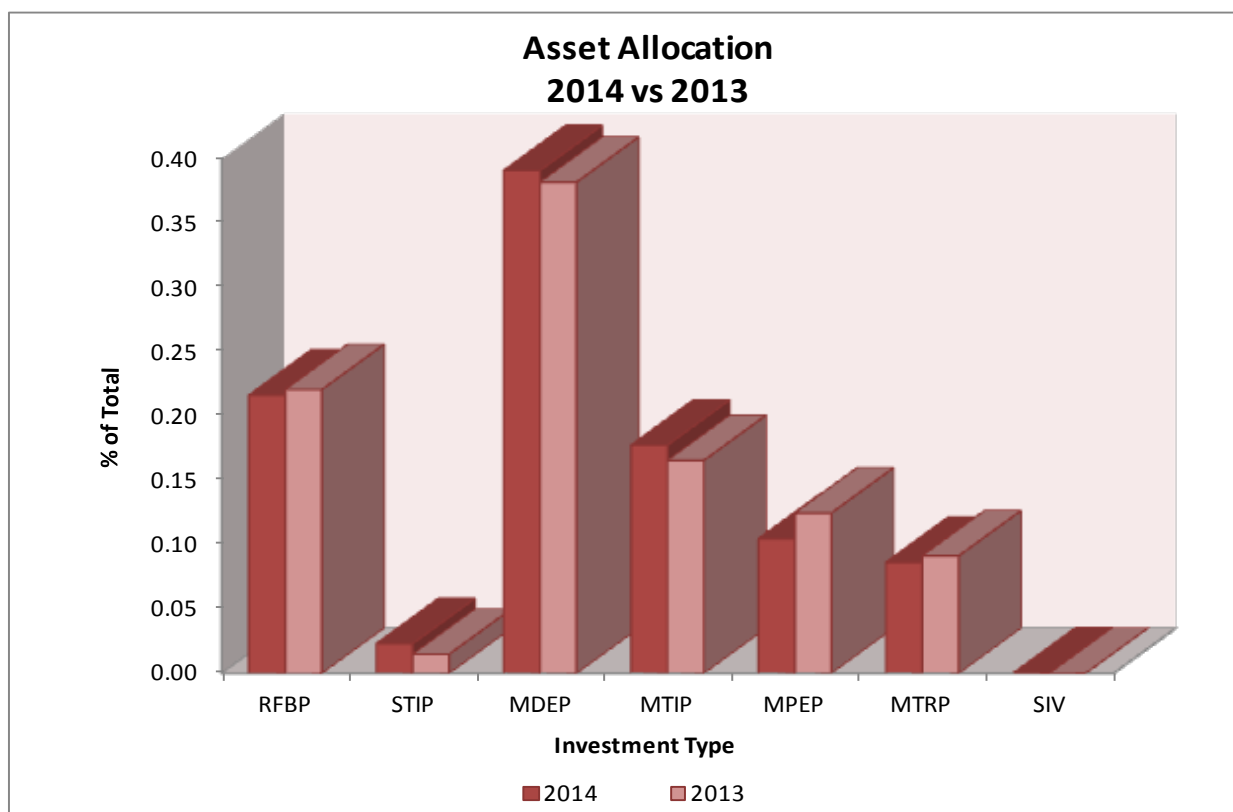
¹These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

JRS

**Asset Mix (fair value)
as of June 30, 2014 and 2013**

(in thousands)

Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 18,164	21.65%	\$ 16,034	22.08%	\$ 2,130	13.28%
STIP	1,940	2.31%	1,085	1.49%	855	78.80%
Total Fixed Income	\$ 20,104	23.96%	\$ 17,119	23.57%	\$ 2,985	17.44%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 32,822	39.13%	\$ 27,759	38.22%	\$ 5,063	18.24%
Montana International Equity Pool (MTIP)	14,901	17.76%	12,036	16.57%	2,865	23.80%
Montana Private Equity Pool (MPEP)	8,796	10.48%	9,064	12.48%	(268)	-2.96%
Total Equities	\$ 56,519	67.37%	\$ 48,859	67.27%	\$ 7,660	15.68%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 7,251	8.64%	\$ 6,641	9.14%	\$ 610	9.19%
Structured Investment Vehicles (SIV)	22	0.03%	14	0.02%	8	57.14%
Total Alternative Investments	\$ 7,273	8.67%	\$ 6,655	9.16%	\$ 618	9.29%
Total	\$ 83,896	100.00%	\$ 72,633	100.00%	\$ 11,263	15.51%



INVESTMENT SECTION

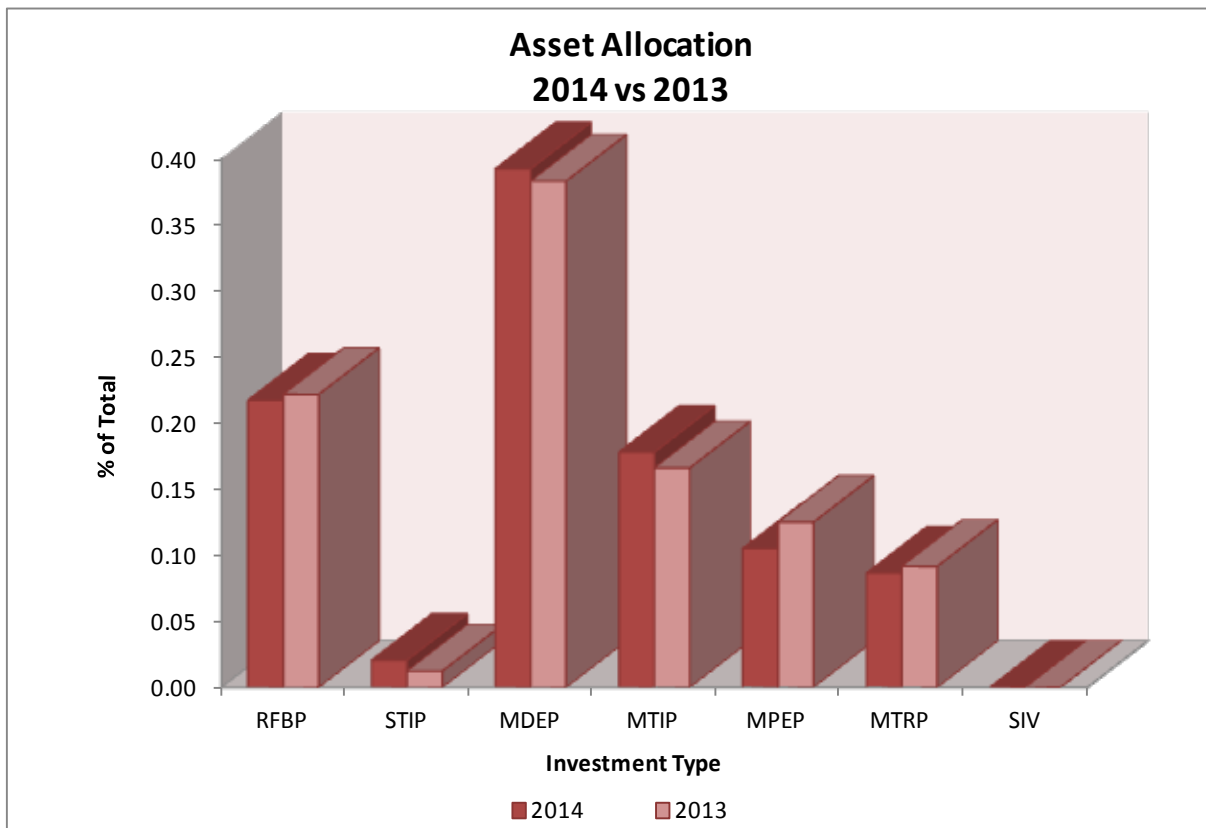
HPORS

Asset Mix (fair value)

as of June 30, 2014 and 2013

(in thousands)

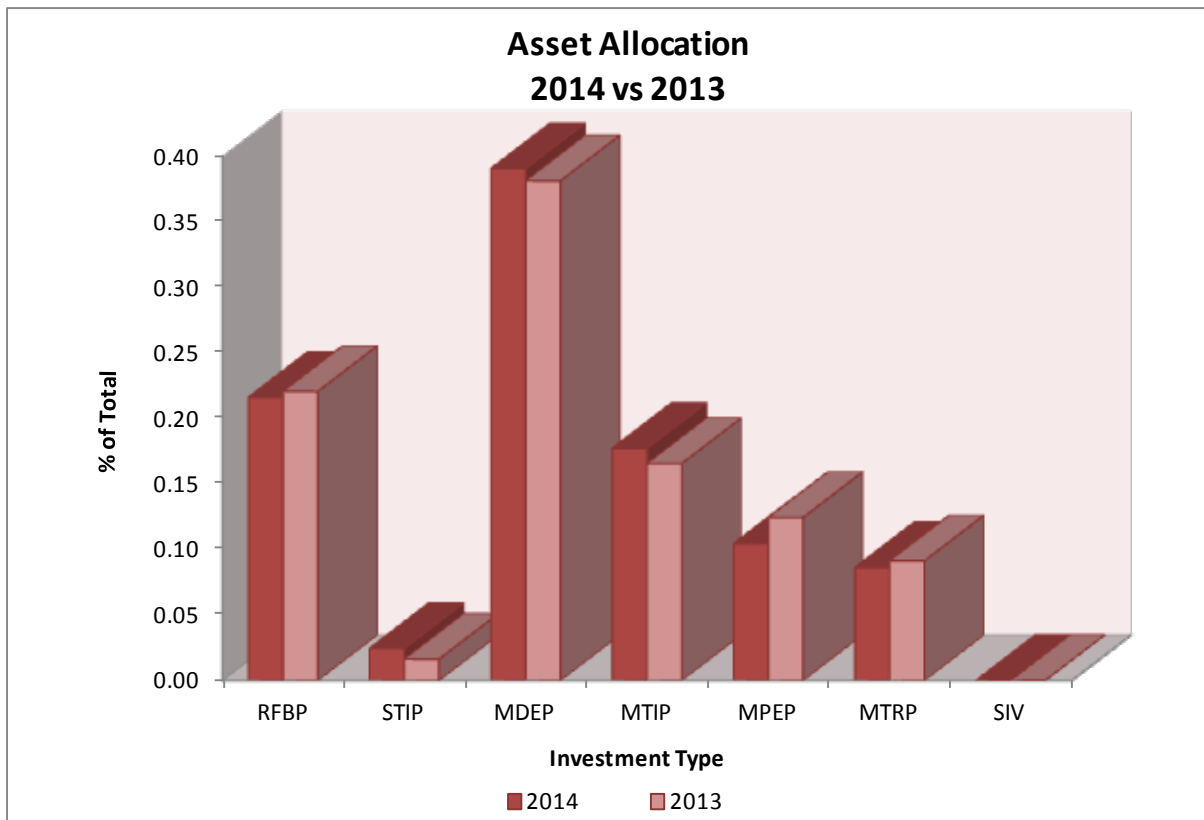
Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 27,240	21.72%	\$ 24,239	22.16%	\$ 3,001	12.38%
STIP	2,585	2.06%	1,355	1.24%	1,230	90.77%
Total Fixed Income	\$ 29,825	23.78%	\$ 25,594	23.40%	\$ 4,231	16.53%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 49,217	39.24%	\$ 41,883	38.31%	\$ 7,334	17.51%
Montana International Equity Pool (MTIP)	22,336	17.80%	18,165	16.61%	4,171	22.96%
Montana Private Equity Pool (MPEP)	13,184	10.51%	13,673	12.50%	(489)	-3.58%
Total Equities	\$ 84,737	67.55%	\$ 73,721	67.42%	\$ 11,016	14.94%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 10,862	8.65%	\$ 10,031	9.16%	\$ 831	8.28%
Structured Investment Vehicles (SIV)	29	0.02%	18	0.02%	11	61.11%
Total Real Estate	\$ 10,891	8.67%	\$ 10,049	9.18%	\$ 842	8.38%
Total	\$ 125,453	100.00%	\$ 109,364	100.00%	\$ 16,089	14.71%



SRS

**Asset Mix (fair value)
as of June 30, 2014 and 2013**
(in thousands)

Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 61,417	21.62%	\$ 53,724	22.06%	\$ 7,693	14.32%
STIP	6,984	2.46%	3,986	1.64%	2,998	75.21%
Total Fixed Income	\$ 68,401	24.08%	\$ 57,710	23.70%	\$ 10,691	18.53%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 110,982	39.08%	\$ 92,868	38.14%	\$ 18,114	19.51%
Montana International Equity Pool (MTIP)	50,346	17.73%	40,321	16.56%	10,025	24.86%
Montana Private Equity Pool (MPEP)	29,720	10.45%	30,325	12.44%	(605)	-2.00%
Total Equities	\$ 191,048	67.26%	\$ 163,514	67.14%	\$ 27,534	16.84%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 24,475	8.63%	\$ 22,245	9.14%	\$ 2,230	10.02%
Structured Investment Vehicles (SIV)	77	0.03%	52	0.02%	25	48.08%
Total Alternative Investments	\$ 24,552	8.66%	\$ 22,297	9.16%	\$ 2,255	10.11%
Total	\$ 284,001	100.00%	\$ 243,521	100.00%	\$ 40,480	16.62%



INVESTMENT SECTION

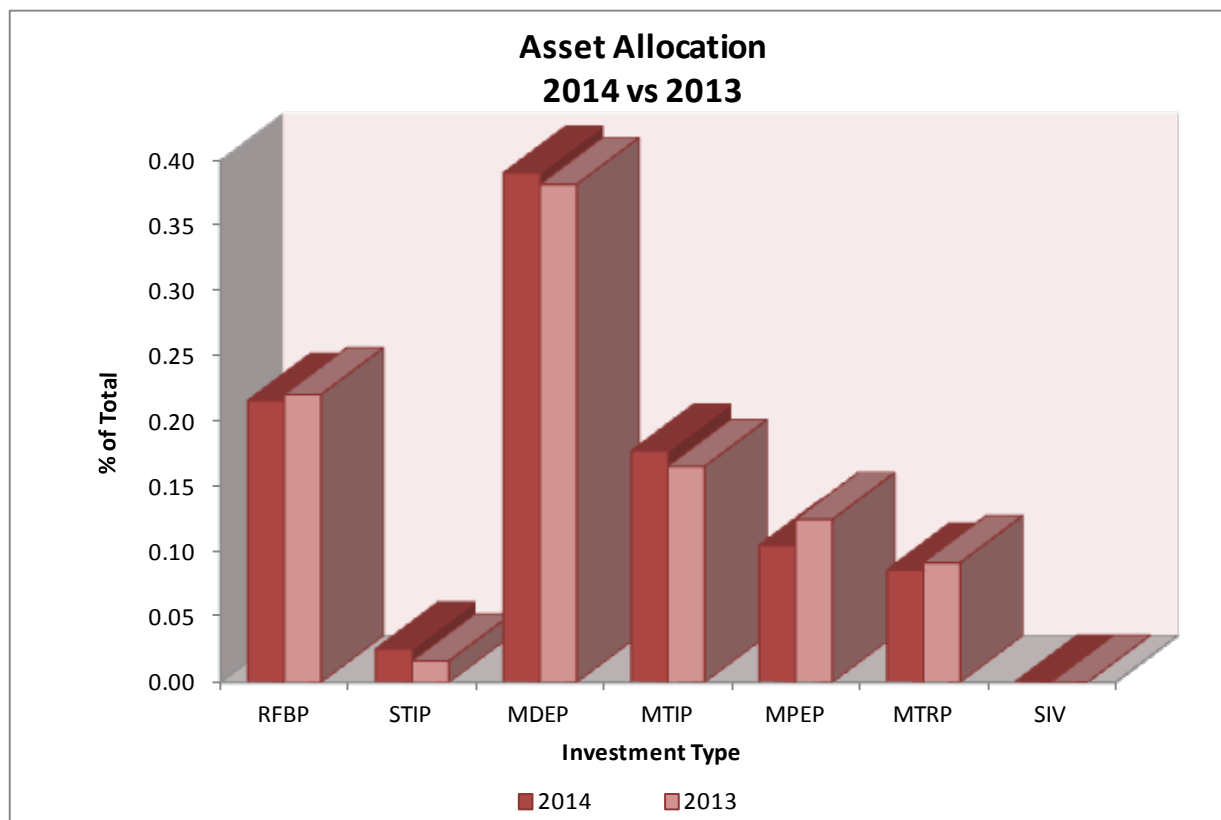
GWPORS

Asset Mix (fair value)

as of June 30, 2014 and 2013

(in thousands)

Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 29,848	21.58%	\$ 25,466	22.04%	\$ 4,382	17.21%
STIP	3,546	2.57%	1,896	1.64%	1,650	87.03%
Total Fixed Income	\$ 33,394	24.15%	\$ 27,362	23.68%	\$ 6,032	22.05%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 53,925	39.01%	\$ 44,058	38.12%	\$ 9,867	22.40%
Montana International Equity Pool (MTIP)	24,482	17.71%	19,106	16.53%	5,376	28.14%
Montana Private Equity Pool (MPEP)	14,481	10.49%	14,411	12.48%	70	0.49%
Total Equities	\$ 92,888	67.21%	\$ 77,575	67.13%	\$ 15,313	19.74%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 11,906	8.61%	\$ 10,600	9.17%	\$ 1,306	12.32%
Structured Investment Vehicles (SIV)	39	0.03%	25	0.02%	14	56.00%
Total Alternative Investments	\$ 11,945	8.64%	\$ 10,625	9.19%	\$ 1,320	12.42%
Total	\$ 138,227	100.00%	\$ 115,562	100.00%	\$ 22,665	19.61%

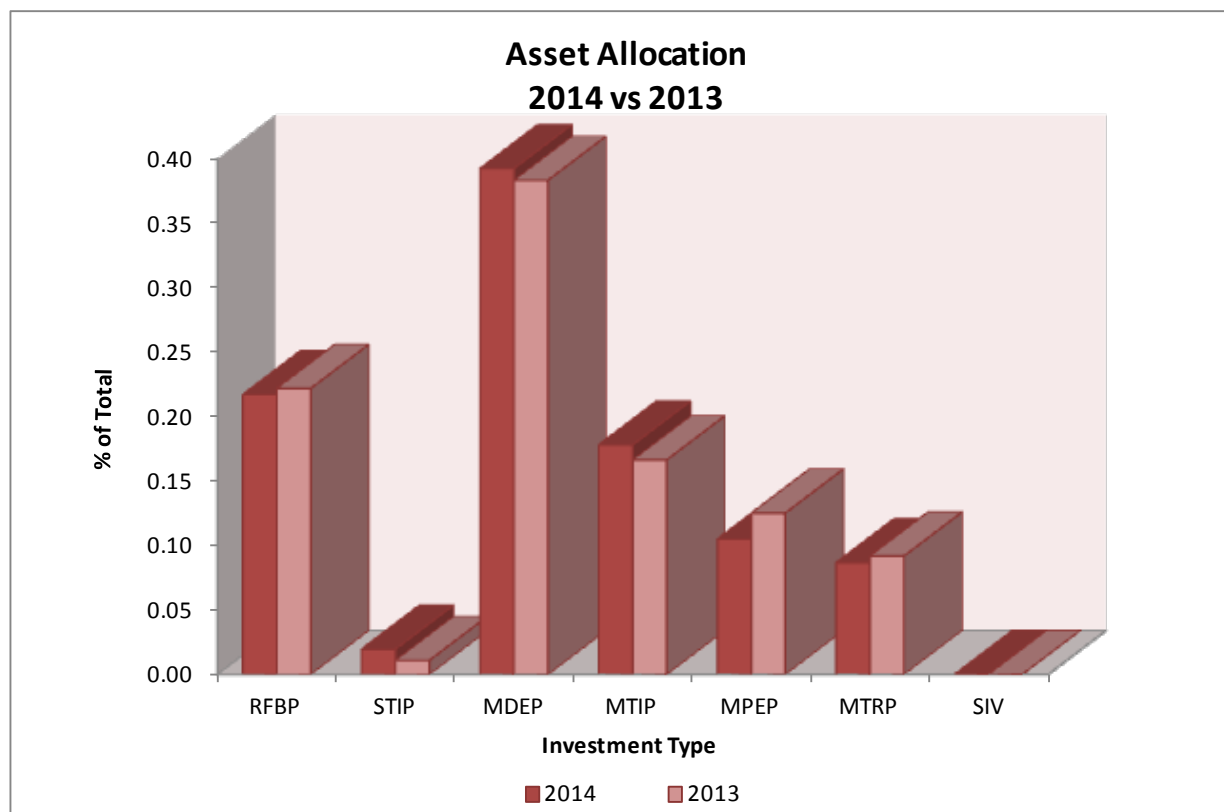


MPORS

Asset Mix (fair value) as of June 30, 2014 and 2013

(in thousands)

Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 66,377	21.73%	\$ 57,237	22.19%	\$ 9,140	15.97%
STIP	6,007	1.97%	2,819	1.09%	3,188	113.09%
Total Fixed Income	\$ 72,384	23.70%	\$ 60,056	23.28%	\$ 12,328	20.53%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 119,961	39.27%	\$ 98,916	38.35%	\$ 21,045	21.28%
Montana International Equity Pool (MTIP)	54,440	17.82%	42,936	16.65%	11,504	26.79%
Montana Private Equity Pool (MPEP)	32,111	10.51%	32,305	12.52%	(194)	-0.60%
Total Equities	\$ 206,512	67.60%	\$ 174,157	67.52%	\$ 32,355	18.58%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 26,516	8.68%	\$ 23,681	9.19%	\$ 2,835	11.97%
Structured Investment Vehicles (SIV)	67	0.02%	37	0.01%	30	81.08%
Total Alternative Investments	\$ 26,583	8.70%	\$ 23,718	9.20%	\$ 2,865	12.08%
Total	\$ 305,479	100.00%	\$ 257,931	100.00%	\$ 47,548	18.43%



INVESTMENT SECTION

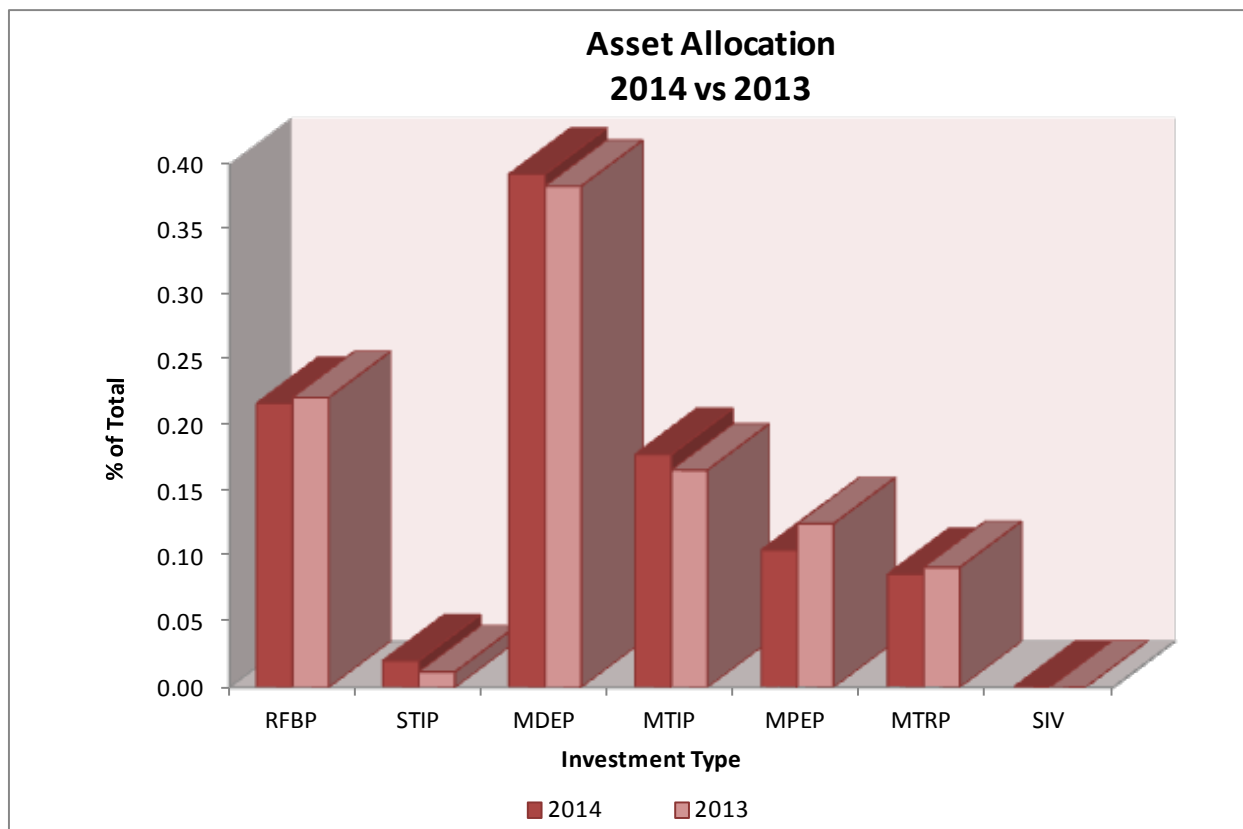
FURS

Asset Mix (fair value)

as of June 30, 2014 and 2013

(in thousands)

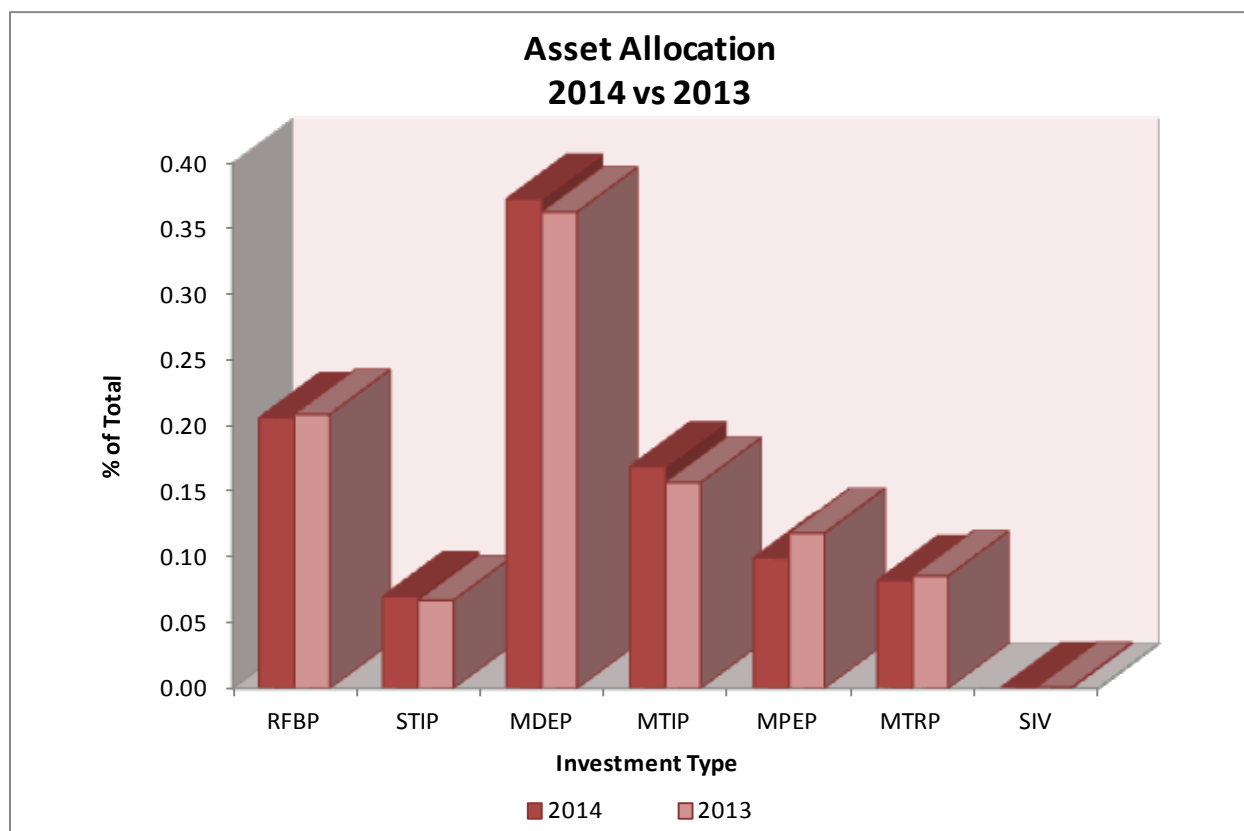
Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 66,856	21.72%	\$ 57,369	22.16%	\$ 9,487	16.54%
STIP	6,327	2.05%	3,077	1.19%	3,250	105.62%
Total Fixed Income	\$ 73,183	23.77%	\$ 60,446	23.35%	\$ 12,737	21.07%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 120,837	39.24%	\$ 99,213	38.32%	\$ 21,624	21.80%
Montana International Equity Pool (MTIP)	54,855	17.81%	43,017	16.61%	11,838	27.52%
Montana Private Equity Pool (MPEP)	32,332	10.50%	32,423	12.52%	(91)	-0.28%
Total Equities	\$ 208,024	67.55%	\$ 174,653	67.45%	\$ 33,371	19.11%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 26,667	8.66%	\$ 23,771	9.18%	\$ 2,896	12.18%
Structured Investment Vehicles (SIV)	70	0.02%	40	0.02%	30	75.00%
Total Alternative Investments	\$ 26,737	8.68%	\$ 23,811	9.20%	\$ 2,926	12.29%
Total	\$ 307,944	100.00%	\$ 258,910	100.00%	\$ 49,034	18.94%



VFCA

**Asset Mix (fair value)
as of June 30, 2014 and 2013**
(in thousands)

Investment Type	2014 Fair Value	% of Total	2013 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 6,834	20.61%	\$ 6,092	20.86%	\$ 742	12.18%
STIP	2,322	7.00%	1,949	6.71%	373	19.14%
Total Fixed Income	\$ 9,156	27.61%	\$ 8,041	27.57%	\$ 1,115	13.87%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 12,354	37.25%	\$ 10,544	36.27%	\$ 1,810	17.17%
Montana International Equity Pool (MTIP)	5,603	16.90%	4,559	15.68%	1,044	22.90%
Montana Private Equity Pool (MPEP)	3,297	9.94%	3,436	11.82%	(139)	-4.05%
Total Equities	\$ 21,254	64.09%	\$ 18,539	63.77%	\$ 2,715	14.64%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 2,726	8.22%	\$ 2,491	8.57%	\$ 235	9.43%
Structured Investment Vehicles (SIV)	26	0.08%	26	0.09%	-	0.00%
Total Alternative Investments	\$ 2,752	8.30%	\$ 2,517	8.66%	\$ 235	9.34%
Total	\$ 33,162	100.00%	\$ 29,097	100.00%	\$ 4,065	13.97%



INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value) as of June 30, 2014

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
3,309,727	Blackrock Equity Index Fund	\$ 2,155,870,910
13,413,226	JP Morgan Investments	342,046,731
7,118,119	T Rowe Price	337,789,835
7,344,619	Timesquare	142,711,566
9,663,693	Artisan	139,089,966
2,780,612	Intech	120,625,258
3,692,915	Analytics Investments	120,175,458
40,730	Dimensional Fund Advisors Inc	88,621,109
2,128,589	Blackrock Midcap Equity Ind Fund	86,729,368
8,995,626	Vaughan Nelson	83,373,990

PERS' 8,153,858 shares represent 50.40% of the total MDEP portfolio at market.

JRS' 138,441 shares represent 0.86% of the total MDEP portfolio at market.

HPORS' 207,595 shares represent 1.28% of the total MDEP portfolio at market.

SRS' 468,115 shares represent 2.89% of the total MDEP portfolio at market.

GWPORS' 227,450 shares represent 1.41% of the total MDEP portfolio at market.

MPORS' 505,986 shares represent 3.13% of the total MDEP portfolio at market.

FURS' 509,681 shares represent 3.15% of the total MDEP portfolio at market.

VFCA's 52,109 shares represent 0.32% of the total MDEP portfolio at market.

Shares/Par	RFBP Portfolio By Manager	Fair Value
1,545,832,386	Core Internal Bond Portfolio	\$ 1,606,405,535
232,161,569	Reams Asset Management	236,429,110
107,717,149	Neuberger Berman	114,260,744
131,516,948	Aberdeen Asset Management	110,438,683
59,806,599	Post Advisory Group	63,835,385
11,384,216	Montana Residential Mortgages	10,572,791
554,844	Short Term Investment Pool	554,844

PERS' 944,698,430 shares represent 49.92% of the total RFBP portfolio at market.

JRS' 16,044,406 shares represent 0.85% of the total RFBP portfolio at market.

HPORS' 24,061,152 shares represent 1.27% of the total RFBP portfolio at market.

SRS' 54,249,211 shares represent 2.87% of the total RFBP portfolio at market.

GWPORS' 26,364,269 shares represent 1.39% of the total RFBP portfolio at market.

MPORS' 58,630,387 shares represent 3.10% of the total RFBP portfolio at market.

FURS' 59,053,826 shares represent 3.12% of the total RFBP portfolio at market.

VFCA's 6,036,187 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, 2014**

Shares/Par	MTIP Portfolio By Manager	Fair Value
41,236,448	Blackrock ACWI EX US Superfund	\$ 1,026,453,503
13,185,447	Hansberger	121,358,959
11,492,733	Martin Currie	120,799,955
8,436,700	Bernstein	118,607,743
22,259,946	Acadian	112,979,031
4,236,795	DFA International Small Co	86,515,358
998,231	Blackrock MSCI EM Mkt Fr FD B	45,333,257
12,524,426	Templeton	41,963,166
5,837,933	American Century	30,625,672
2,534,559	Blackrock ACWI EX US Small Cap	29,692,886

PERS' 4,845,476 shares represent 50.20% of the total MTIP portfolio at market.

JRS' 82,300 shares represent 0.85% of the total MTIP portfolio at market.

HPORS' 123,364 shares represent 1.28% of the total MTIP portfolio at market.

SRS' 278,063 shares represent 2.88% of the total MTIP portfolio at market.

GWPORS' 135,214 shares represent 1.40% of the total MTIP portfolio at market.

MPORS' 300,677 shares represent 3.12% of the total MTIP portfolio at market.

FURS' 302,967 shares represent 3.14% of the total MTIP portfolio at market.

VFCA's 30,946 shares represent 0.32% of the total MTIP portfolio at market.

Shares/Par	MPEP Portfolio By Manager	Fair Value
129,009,488	Adams Street	\$ 123,391,875
63,256,439	Lexington	73,810,309
41,440,176	Portfolio Advisors	59,736,303
36,088,169	Harbour Vest	53,755,452
31,308,933	Centerbridge	39,908,422
25,970,964	Welsh Carson	31,907,954
27,180,072	Siguler Guff	30,910,502
97,340	State Street	28,932,437
23,734,571	CCMP	28,304,134
20,335,804	NB Coinvest	26,041,198

PERS' 1,851,922 shares represent 50.21% of the total MPEP portfolio at market.

JRS' 31,454 shares represent 0.85% of the total MPEP portfolio at market.

HPORS' 47,146 shares represent 1.28% of the total MPEP portfolio at market.

SRS' 106,280 shares represent 2.88% of the total MPEP portfolio at market.

GWPORS' 51,786 shares represent 1.40% of the total MPEP portfolio at market.

MPORS' 114,831 shares represent 3.11% of the total MPEP portfolio at market.

FURS' 115,620 shares represent 3.13% of the total MPEP portfolio at market.

VFCA's 11,791 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, 2014

Shares/Par	MTRP Portfolio By Manager	Fair Value
60,446	JP Morgan	\$ 134,616,221
7,373	UBS Realty Investors LLC	67,589,670
50,247,428	Angelo Gordon	52,037,900
47,272,699	DRA Advisors	50,062,273
41,903,135	Molpus Woodlands	47,382,221
87,934	TIAA CREF	42,706,973
309	Invesco Real Estate	41,872,336
22,295,930	CIM Fund	35,096,469
31,859,678	ABR Chesapeake	32,496,042
34,609,398	TA Associates Realty	31,501,482

PERS' 4,622,540 shares represent 50.71% of the total MTRP portfolio at market.

JRS' 78,588 shares represent 0.86% of the total MTRP portfolio at market.

HPORS' 117,717 shares represent 1.29% of the total MTRP portfolio at market.

SRS' 265,252 shares represent 2.91% of the total MTRP portfolio at market.

GWPORS' 129,028 shares represent 1.42% of the total MTRP portfolio at market.

MPORS' 287,373 shares represent 3.15% of the total MTRP portfolio at market.

FURS' 289,007 shares represent 3.17% of the total MTRP portfolio at market.

VFCA's 29,547 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

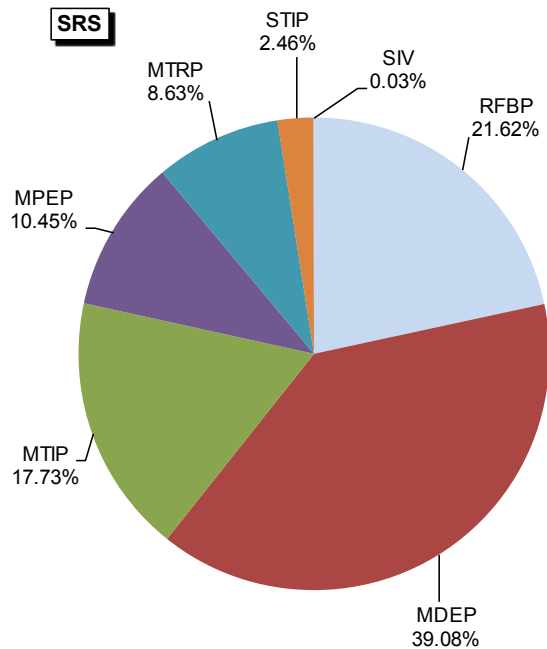
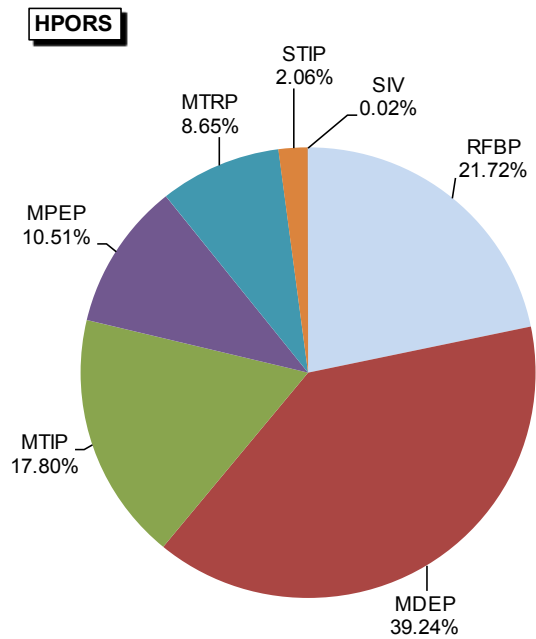
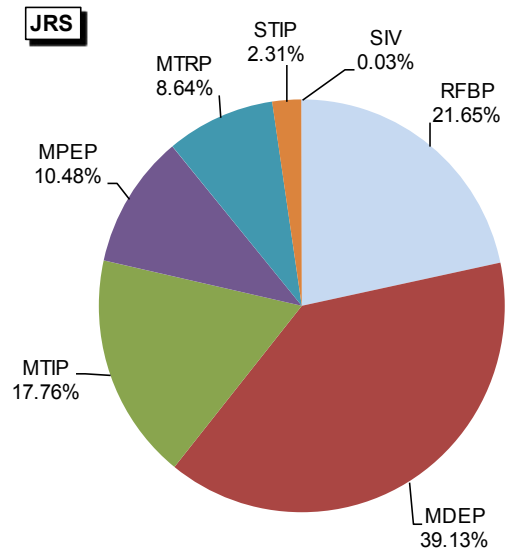
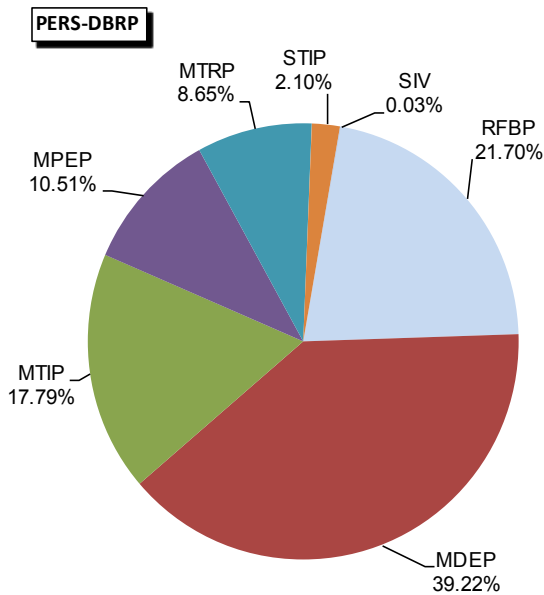
as of June 30, 2014

(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	\$ 1,069,517	21.70%	\$ 18,164	21.65%	\$ 27,240	21.72%	\$ 61,417	21.62%	
<i>Equities</i>									
Montana Domestic Equity Pool	1,933,145	39.22%	32,822	39.13%	49,217	39.24%	110,982	39.08%	
Montana International Equity Pool	877,318	17.79%	14,901	17.76%	22,336	17.80%	50,346	17.73%	
Montana Private Equity Pool	517,873	10.51%	8,796	10.48%	13,184	10.51%	29,720	10.45%	
<i>Alternative Investments</i>									
Montana Real Estate Pool	426,528	8.65%	7,251	8.64%	10,862	8.65%	24,475	8.63%	
Structured Investment Vehicles ¹	1,148	0.03%	22	0.03%	29	0.02%	77	0.03%	
<i>Short Term Investments</i>									
Short Term Investment Pool ¹	103,602	2.10%	1,940	2.31%	2,585	2.06%	6,984	2.46%	
Total	\$ 4,929,131	100.00%	\$ 83,896	100.00%	\$ 125,453	100.00%	\$ 284,001	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 Domestic Equity Pool - MDEP
Montana Real Estate Pool - MTRP	Montana International Equity Pool - MTIP
Montana Private Equity Pool - MPEP	Short Term Investment Pool - STIP
Structured Investment Vehicles - SIV	

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

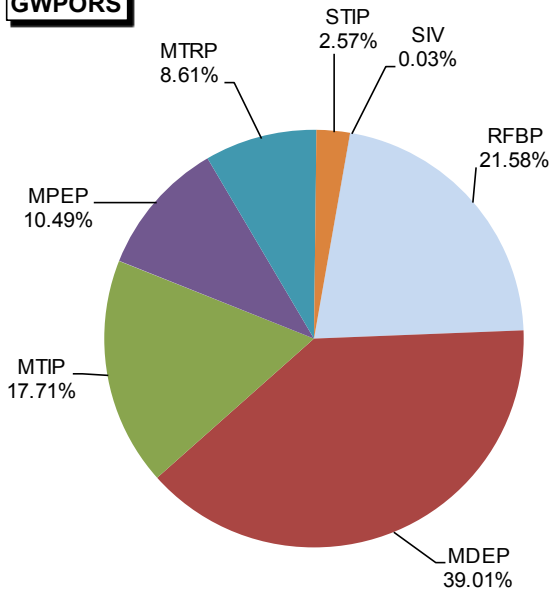
as of June 30, 2014

(in thousands)

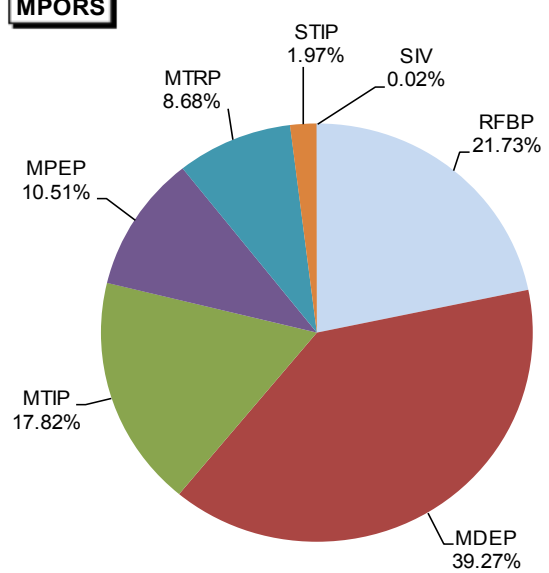
Type of Investment	GWPORS		MPORS		FURS		VFCA	
	% of Total		% of Total		% of Total		% of Total	
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 29,848	21.58%	\$ 66,377	21.73%	\$ 66,856	21.72%	\$ 6,834	20.61%
<i>Equities</i>								
Montana Domestic Equity Pool	53,925	39.01%	119,961	39.27%	120,837	39.24%	12,354	37.25%
Montana International Equity Pool	24,482	17.71%	54,440	17.82%	54,855	17.81%	5,603	16.90%
Montana Private Equity Pool	14,481	10.49%	32,111	10.51%	32,332	10.50%	3,297	9.94%
<i>Alternative Investments</i>								
Montana Real Estate Pool	11,906	8.61%	26,516	8.68%	26,667	8.66%	2,726	8.22%
Structured Investment Vehicles	39	0.03%	67	0.02%	70	0.02%	26	0.08%
<i>Short Term Investments</i>								
Short Term Investment Pool	3,546	2.57%	6,007	1.97%	6,327	2.05%	2,322	7.00%
Total	\$ 138,227	100.00%	\$ 305,479	100.00%	\$ 307,944	100.00%	\$ 33,162	100.00%

INVESTMENT SECTION

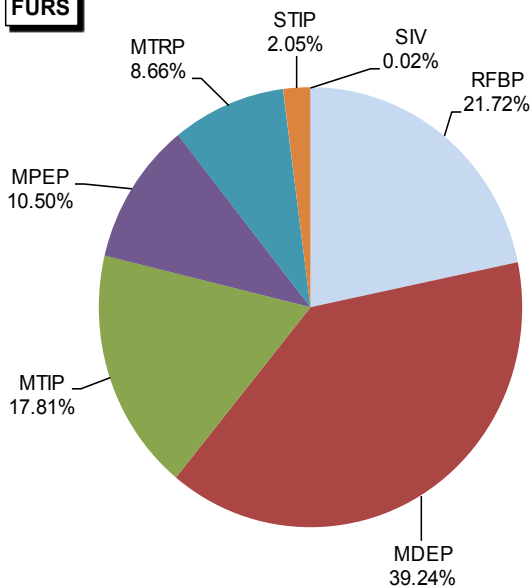
GWPORS



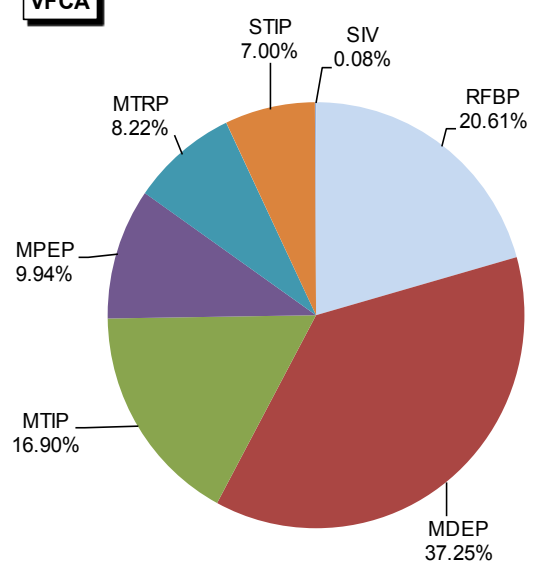
MPORS



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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There are many biking opportunities in Montana, ranging from easy to challenging.

*Photos Courtesy of
Montana Office of Tourism*



Floating the rivers is a popular summer pastime for people of all ages. There are many rivers in Montana with sections that make for excellent floating.

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



October 24, 2014

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, 2014 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) 29.3 years
- Highway Patrol Officers’ Retirement System (HPORS) 30.3 years
- Municipal Police Officers’ Retirement System (MPORS) 19.6 years
- Firefighters’ Unified Retirement System (FURS) 11.3 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 19.8, 23.9, 16.5, and 9.0 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 5.1 years using the Actuarial Value of Assets and over 3.4 years using Market Value of Assets. The Judges’ Retirement System (JRS) had an Actuarial Surplus as of June 30, 2014.

ACTUARIAL SECTION

Public Employees' Retirement Board
October 24, 2014
Page 2

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

	<u>2013</u>	<u>2014</u>
PERS	80%	74%
JRS	143%	155%
HPORS	60%	64%
SRS	77%	81%
GWPORS	80%	84%
MPORS	58%	63%
FURS	66%	72%
VFCA	75%	52%

Due to net investment gains over the period from June 30, 2011 through June 30, 2014, which are being recognized over four years, the Actuarial Value of Assets as of June 30, 2014 was less than the Market Value of Assets by about 6% to 7% for each of the Systems. If the Market Value of Assets had been used to determine the funded status, the funded status of each of the Systems would have been higher than using the Actuarial Value of Assets.

For PERS, the actuarial liability was increased from the prior year due to a preliminary injunction issued December 20, 2013 on the Guaranteed Annual Benefit Adjustment (GABA) provisions of House Bill 454 (HB 454). HB 454, which was enacted during the 2013 legislative session, made changes to the Public Employees' Retirement System (PERS) with respect to enhanced funding and reductions in levels of the GABA. The reversion back to the GABA provisions specified by the Code prior to the enactment of HB 454 increased the actuarial liability of PERS by \$810.7 million.

In addition for PERS, HB454 requires that the actuarial valuation determine whether certain temporary employer and member contributions can be discontinued at January 1, 2015. Based upon our valuation results as of June 30, 2014, temporary employer and member contributions cannot be discontinued at January 1, 2015.

At the request of the Board, we have also performed a valuation as of June 30, 2013 of the PERS Long Term Disability Plan under the Defined Contribution Plan. This valuation is the first valuation we have performed of this plan. Our findings indicate that the employer contributions are not sufficient to pay Normal Costs or to amortize the Unfunded Actuarial Liability. The funded ratio as of June 30, 2013 was 81%.



Public Employees' Retirement Board
October 24, 2014
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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.

The calculations in the following exhibits have been made on a basis consistent with our understanding of the Systems' funding requirements and goals. 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 actuarial 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, 2014, 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.



ACTUARIAL SECTION

Public Employees' Retirement Board
October 24, 2014
Page 4

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



Stephen T. McElhaney, FSA, FCA
Principal Consulting Actuary



Margaret Tempkin, FSA
Principal Consulting Actuary

Public Employees' Retirement Board

A Component Unit of the State of Montana

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

BACKGROUND

An actuarial valuation of the plans was completed for fiscal year 2014 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 2014 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 the Fiscal Year 2014 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 FY2014 valuation used the unchanged economic assumptions.

Assumptions related to the Guaranteed Annual Benefit Adjustment (GABA) for PERS have been removed, since the preliminary injunction on the GABA provisions of House Bill 454 (HB454) is currently in place.

Assumptions related to future member contribution rates for PERS have been updated based on revisions projections, which incorporate Plan experience over the year ending on the valuation date.

RECORDS AND DATA

The data used in the valuation consists of financial information and records of age,

ACTUARIAL SECTION

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 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 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 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 investment-related expenses.

The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

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 Employee and Annuitant 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 Employee and Annuitant 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%

ACTUARIAL SECTION

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 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 sixth 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, 2014, the market value of assets for **PERS-DBRP** was \$347 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 amortization period for the unfunded actuarial liability would be 19.8 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2014 is 74% and the amortization period for the unfunded actuarial liability is 29.3 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 Montana University System Retirement Program (MUS-RP). The calculations show that the amortization of the PCR unfunded actuarial liability is 2.0 years, which is within the acceptable range.

This is the first valuation of the **PERS-DCRP Disability OPEB Plan**. As of June 30, 2013 the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability. As of June 30, 2013 the Plan's assets gained 0.25% on a market value basis. This was below the assumed rate of return of 3.50%. Because this is the first valuation for this Plan, the actuarial value of assets is set equal to the market value of assets.

At June 30, 2014, the market value of assets for **JRS** was \$5.8 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 166% 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, 2014 is 155% and the amortization period for the unfunded actuarial liability is still zero years since the plan is overfunded.

At June 30, 2014, the market value of assets for **HPORS** was \$8.8 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 69% and the amortization period for the unfunded actuarial liability would be 23.9 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30,

2014 is 64% and the amortization period for the unfunded actuarial liability is 30.3 years.

At June 30, 2014, the market value of assets for **SRS** was \$19.7 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 87% 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, 2014 is 81% and the amortization period for the unfunded actuarial liability is infinite.

At June 30, 2014, the market value of assets for **GWPORS** was \$9.3 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 90% 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, 2014 is 84% and the amortization period is infinite.

At June 30, 2014, the market value of assets for **MPORS** was \$20.5 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 67% and the amortization period for the unfunded actuarial liability would be 16.5 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2014 is 63% and the amortization period is 19.6 years.

At June 30, 2014, the market value of assets for **FURS** was \$20.6 million greater than the actuarial value of assets. If the market value of

ACTUARIAL SECTION

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 9.0 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2014 is 72% and the amortization period for the unfunded actuarial liability is 11.3 years.

At June 30, 2014, the market value of assets for VFCA retirement system was \$2.0 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 88% and the amortization period for the unfunded actuarial liability would be 3.4 years with the annual required contribution being \$699 thousand. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2014 is 82% and the amortization period for the unfunded actuarial liability is 5.1 years. The total required contribution is \$890 thousand.

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ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Valuation Data

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll ¹ (c)	Average Annual Pay ² (c/a)	% Pay Increase
PERS-DBRP	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%
	June 30, 2014	28,229	541	1,129,109,402	39,998	2.90%
JRS	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%
	June 30, 2014	55	1	6,354,763	115,541	-0.58%
HPORS	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%
	June 30, 2014	229	1	14,149,269	61,787	0.35%
SRS	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%
	June 30, 2014	1,307	57	64,672,635	49,482	2.72%

¹Applicable only to the the PERS-DBRP, the annual covered payroll has been changed for 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, 2014.

ACTUARIAL SECTION

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
GWPORS	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%
	June 30, 2014	955	7	41,636,566	43,598	7.25%
MPORS ³	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%
	June 30, 2014	695	32	44,426,617	63,923	4.26%
FURS	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%
	June 30, 2014	616	25	39,891,869	64,760	4.06%
VFCA	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				
	June 30, 2014	1,935				

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.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Composition

as of June 30, 2014

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS ¹	FURS	VFCA ²	PERS-DCRP
Average Age	48.8	59.8	40.7	40.5	42.5	38.8	39.7	45.7	46.0
Average Service	9.8	9.9	10.4	7.4	7.7	8.9	10.8	9.7	6.8
Average Salary	\$ 40,431	\$ 118,093	\$ 61,772	\$ 50,577	\$ 43,396	\$ 59,624	\$ 65,160	N/A	\$ 44,284
Under Age 25									
Number Members	529		4	73	31	17	12	126	19
Average Salary	\$ 28,271		\$ 54,472	\$ 39,397	\$ 33,712	\$ 49,447	\$ 54,746	N/A	\$ 29,356
Ages 25-29									
Number Members	1,502		23	175	90	91	72	125	146
Average Salary	\$ 34,467		\$ 56,934	\$ 43,638	\$ 37,898	\$ 52,793	\$ 52,456	N/A	\$ 37,548
Ages 30-34									
Number Members	2,094		36	189	126	143	121	209	320
Average Salary	\$ 38,475		\$ 59,338	\$ 48,893	\$ 40,917	\$ 57,299	\$ 59,540	N/A	\$ 45,018
Ages 35-39									
Number Members	2,913	1	40	223	162	115	119	198	397
Average Salary	\$ 38,630	\$ 115,334	\$ 59,607	\$ 51,013	\$ 42,447	\$ 56,907	\$ 62,795	N/A	\$ 45,095
Ages 40-44									
Number Members	2,719	1	44	181	142	139	112	228	388
Average Salary	\$ 41,643	\$ 117,442	\$ 63,950	\$ 55,254	\$ 45,463	\$ 62,857	\$ 67,577	N/A	\$ 49,932
Ages 45-49									
Number Members	3,184	2	39	165	131	114	79	255	342
Average Salary	\$ 42,263	\$ 117,924	\$ 64,858	\$ 53,879	\$ 45,415	\$ 64,271	\$ 71,752	N/A	\$ 46,414
Ages 50-54									
Number Members	4,564	12	27	123	127	53	61	257	384
Average Salary	\$ 42,261	\$ 118,670	\$ 62,951	\$ 54,299	\$ 46,418	\$ 65,410	\$ 77,666	N/A	\$ 44,755
Ages 55-59									
Number Members	5,213	11	13	103	86	12	28	224	358
Average Salary	\$ 42,308	\$ 118,099	\$ 64,932	\$ 52,205	\$ 45,646	\$ 65,734	\$ 74,706	N/A	\$ 44,177
Ages 60-64									
Number Members	3,837	13	3	56	47	10	10	157	256
Average Salary	\$ 41,890	\$ 117,488	\$ 70,296	\$ 54,032	\$ 45,870	\$ 64,179	\$ 79,635	N/A	\$ 39,939
Ages 65-69									
Number Members	1,245	8		13	10	1	2	107	74
Average Salary	\$ 37,589	\$ 119,239		\$ 55,889	\$ 45,471	\$ 94,520	\$ 82,603	N/A	\$ 32,305
Age 70 & Over									
Number Members	429	7		6	3			49	18
Average Salary	\$ 29,756	\$ 117,442		\$ 46,011	\$ 39,725			N/A	\$ 24,649

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, 2014.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retiree Member Composition

as of June 30, 2014

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Total Count	19,473	64	299	478	193	666	565	1,332
Average Age	72.1	75.5	69.5	64.7	67.7	66.8	68.6	70.6
Average Age at Retirement	59.5	62.3	49.3	53.2	56.4	47.7	50.7	59.6
Average Service at Retirement	20.0	16.5	23.8	19.6	19.7	19.6	24.2	18.7
Average Annual Benefit	\$ 15,205	\$ 45,460	\$ 30,279	\$ 24,772	\$ 20,817	\$ 27,803	\$ 32,624	\$ 1,737
Under Age 45								
Number Members	39		1	3		4	2	
Average Annual Benefit	\$ 5,534		\$ 8,769	\$ 12,132		\$ 26,716	\$ 22,182	
Ages 45-49								
Number Members	28		11	10		23	8	
Average Annual Benefit	\$ 8,812		\$ 40,632	\$ 35,378		\$ 32,976	\$ 26,602	
Ages 50-54								
Number Members	198		29	41	7	69	41	
Average Annual Benefit	\$ 20,445		\$ 33,429	\$ 26,551	\$ 24,482	\$ 26,453	\$29,888	
Ages 55-59								
Number Members	873	1	18	78	35	86	71	99
Average Annual Benefit	\$ 21,783	\$ 33,504	\$ 28,105	\$ 25,714	\$ 23,575	\$ 27,492	\$ 36,490	\$ 2,152
Ages 60-64								
Number Members	3,034	7	32	129	36	119	90	256
Average Annual Benefit	\$ 19,330	\$ 52,264	\$ 32,924	\$ 27,334	\$ 18,496	\$ 28,683	\$ 38,180	\$ 1,837
Ages 65-69								
Number Members	4,575	16	55	97	48	126	108	293
Average Annual Benefit	\$ 17,307	\$ 41,024	\$ 34,267	\$ 24,405	\$ 17,989	\$ 31,344	\$ 39,381	\$ 1,701
Ages 70-74								
Number Members	3,704	9	45	51	25	72	78	266
Average Annual Benefit	\$ 14,608	\$ 54,289	\$ 30,922	\$ 26,265	\$ 19,354	\$ 27,858	\$ 33,931	\$ 1,691
Ages 75-79								
Number Members	2,705	6	45	36	15	62	73	203
Average Annual Benefit	\$ 12,950	\$ 59,502	\$ 28,828	\$ 18,469	\$ 25,919	\$ 24,186	\$ 26,056	\$ 1,639
Ages 80 & Over								
Number Members	4,317	25	63	33	27	105	94	215
Average Annual Benefit	\$ 10,564	\$ 40,323	\$ 23,735	\$ 13,568	\$ 22,931	\$ 24,672	\$ 22,568	\$ 1,628

The information in this schedule is provided by the PERB's actuary, Cheiron.
The last actuarial valuation was performed as of June 30, 2014.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Beneficiary Member Composition

as of June 30, 2014

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	415	3	15	20	8	29	20	
Average Age	64	74	46	61	56	65	69	
Average Service at Retirement	19	11	10	16	11	12	16	
Average Annual Benefit	\$ 10,894	\$ 37,276	\$ 15,154	\$ 18,512	\$ 7,723	\$ 23,596	\$ 22,786	
Under Age 45								
Number Members	50		8	4	2	2	2	
Average Annual Benefit	\$ 7,613		\$ 11,757	\$ 10,074	\$ 9,296	\$ 21,211	\$ 24,290	
Ages 45-49								
Number Members	22		1		1	2	1	
Average Annual Benefit	\$ 7,547		\$ 5,793		\$ 3,211	\$ 26,312	\$ 28,134	
Ages 50-54								
Number Members	23		1	2		1	2	
Average Annual Benefit	\$ 8,176		\$ 6,566	\$ 42,475		\$ 24,051	\$ 19,667	
Ages 55-59								
Number Members	36	1	1	3		6	1	
Average Annual Benefit	\$ 9,700	\$ 57,424	\$ 22,608	\$ 26,552		\$ 23,692	\$ 24,003	
Ages 60-64								
Number Members	60			3	2	2	1	
Average Annual Benefit	\$ 11,817			\$ 9,245	\$ 6,525	\$ 21,408	\$ 29,220	
Ages 65-69								
Number Members	70		2	4	2	5	3	
Average Annual Benefit	\$ 11,833		\$ 10,805	\$ 24,724	\$ 7,715	\$ 27,326	\$ 29,201	
Ages 70-74								
Number Members	48		2	1		3	1	
Average Annual Benefit	\$ 10,340		\$ 38,340	\$ 7,684		\$ 25,713	\$ 4,800	
Ages 75-79								
Number Members	45					2	5	
Average Annual Benefit	\$ 12,643					\$ 20,388	\$ 20,710	
Ages 80 & Over								
Number Members	61	2		3	1	6	4	
Average Annual Benefit	\$ 13,745	\$ 27,201		\$ 15,299	\$ 11,499	\$ 20,946	\$ 22,656	

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, 2014.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Disabled Member Composition

as of June 30, 2014

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	193		8	35	2	21	10	
Average Age	55.4		44.5	52.9	45.5	45.7	43.2	
Average Age at Disablement	48.1		35.6	44.6	43.5	38.7	39.1	
Average Service at Retirement	14.9		8.4	9.7	11.6	8.9	9.6	
Average Annual Benefit	\$ 10,393		\$ 24,887	\$ 22,913	\$ 13,206	\$ 25,478	\$ 29,622	
Under Age 45								
Number Members	3		4	2		9	5	
Average Annual Benefit	\$ 9,045		\$ 26,696	\$ 32,337		\$ 27,092	\$ 27,772	
Ages 45-49								
Number Members	15		4	7	2	8	4	
Average Annual Benefit	\$ 9,076		\$ 23,078	\$ 26,423	\$ 13,206	\$ 26,120	\$ 30,249	
Ages 50-54								
Number Members	54			9		4	1	
Average Annual Benefit	\$ 10,162			\$ 20,296		\$ 19,996	\$ 36,369	
Ages 55-59								
Number Members	99			16				
Average Annual Benefit	\$ 11,260			\$ 21,498				
Ages 60-64								
Number Members	22			1				
Average Annual Benefit	\$ 8,029			\$ 25,688				
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, 2014.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Converted Disabled Member Composition

as of June 30, 2014

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	549		16	29	14	66	53	
Average Age	70.7		62.3	67.4	65.1	65.8	68.9	
Average Age at Disablement	51.3		45.1	47.2	51.9	42.0	44.6	
Average Service at Retirement	13.9		12.7	10.2	14.2	12.1	16.5	
Average Annual Benefit	\$ 9,505		\$ 22,376	\$ 18,635	\$ 18,086	\$ 22,739	\$ 24,137	

Under Age 45

Number Members

Average Annual Benefit

Ages 45-49

Number Members

Average Annual Benefit

Ages 50-54

Number Members

Average Annual Benefit

Ages 55-59

Number Members

Average Annual Benefit

Ages 60-64

Number Members

Average Annual Benefit

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.

Converted disabilities include those members who are disabled, but have reached normal retirement age and are no longer recorded as disabled by MPERA.

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

The last actuarial valuation was performed as of June 30, 2014.

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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, 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%
June 30, 2014	1,226	15,851,006	596	4,376,529	20,081	296,183,076	16,230	4.21%
JRS								
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%
June 30, 2014	3	171,535	1	65,592	67	3,022,512	48,221	2.31%
HPORS								
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%
June 30, 2014	17	408,119	5	32,946	322	9,344,441	31,658	4.16%
SRS								
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%
June 30, 2014	35	643,063	5	26,764	533	12,732,103	25,446	2.07%

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, 2014.

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, 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%
June 30, 2014	26	283,359	3	21,306	203	3,979,269	22,265	1.49%
MPORS								
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%
June 30, 2014	19	462,040	13	109,127	716	19,449,550	28,842	4.50%
FURS								
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%
June 30, 2014	26	705,387	18	101,960	595	18,871,929	33,356	3.87%
VFCA								
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%
June 30, 2014	77	81,473	30	26,715	1,332	2,280,876	1,751	0.16%

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	06/30/09	\$ 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
	06/30/14	838,145	3,436,212	1,903,147	4,595,805	100	100	17
JRS	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
	06/30/14	4,623	32,776	13,201	78,463	100	100	311
HPORS	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
	06/30/14	11,507	126,478	45,416	117,226	100	84	0
SRS	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
	06/30/14	45,595	176,538	103,944	264,945	100	100	41

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, 2014.

ACTUARIAL SECTION

System	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3		1	2	3
		Active Member Accounts	Retirees and Beneficiaries	Active Members (ER Financed Portion)				
GWPORS	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
	06/30/14	32,779	50,062	71,753	129,429	100	100	65
MPORS	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
	06/30/14	36,950	276,306	161,052	298,722	100	95	0
FURS	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
	06/30/14	38,805	260,538	119,670	300,949	100	100	1
VFCA	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
	06/30/14		18,888	19,088	31,281	N/A	100	65

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

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Solvency Test

(in thousands)

System	Valuation Date ¹	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		Active Member Accounts	Disabled Members	Active Members (ER Financed Portion)		1	2	3
		1	2	3				
PERS-DCRP DISABILITY OPEB	06/30/13	N/A	\$ 294	\$ 2,421	\$ 2,184	100	100	78

¹For the PERS-OPEB DC Disability the actuarial valuation is done on a biennial basis with the first year being June 30, 2013. The next valuation will be completed for year ending June 30, 2015.

²This schedule is intended to show information for 6 years. Additional years will be displayed as they become available.

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ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Funding Progress

(in thousands)

System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Liability (AL) -Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll ² (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
PERS-DBRP	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
	06/30/14	4,595,805	6,177,505	1,581,700	74.40	1,129,109	140.08
JRS	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
	06/30/14	78,463	50,600	(27,863)	155.07	6,355	-438.47
HPORS	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
	06/30/14	117,226	183,400	66,174	63.92	14,149	467.69
SRS	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
	06/30/14	264,945	326,077	61,132	81.25	64,673	94.53

Analysis of the dollar amounts of plan net assets, actuarial liability, and unfunded actuarial liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial 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 114).

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

ACTUARIAL SECTION

System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Liability (AL) -Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
GWPORS	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
	06/30/14	129,429	154,595	25,166	83.72	41,637	60.44
MPORS	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
	06/30/14	298,722	474,308	175,586	62.98	44,427	395.23
FURS	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
	06/30/14	300,949	419,013	118,064	71.82	39,892	295.96
VFCA	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
	06/30/14	31,281	37,975	6,694	82.37	N/A	N/A

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

Trends in the unfunded actuarial liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial 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.

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	\$(223,502)	\$ (3,614)	\$ (5,631)	\$ (12,235)
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(11,773)	(131)	(414)	(471)
New Participant (Gain) or Loss	13,522	94	755	812
Other (Gain) or Loss	<u>(13,025)</u>	<u>(995)</u>	<u>(74)</u>	<u>(536)</u>
Total Actuarial (Gain) or Loss	\$(234,778)	\$ (4,646)	\$ (5,364)	\$ (12,430)
Plan Changes	810,722			
Total (Gain) or Loss				
Including Assumptions	<u>\$575,944</u>	<u>\$ (4,646)</u>	<u>\$ (5,364)</u>	<u>\$ (12,430)</u>
	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Investment (Gain) or Loss	\$ (5,532)	\$ (12,454)	\$ (12,459)	\$ (1,288)
Liability (Gain) or Losses:				
Salary (Gain) or Loss	681	(643)	(209)	
New Participant (Gain) or Loss	522	571	305	344
Rural Fire Districts (Gain) or Loss				
Other (Gain) or Loss	<u>(472)</u>	<u>(1,943)</u>	<u>(256)</u>	<u>(961)</u>
Total Actuarial (Gain) or Loss	\$ (4,801)	\$ (14,469)	\$ (12,619)	\$ (1,905)
Plan Changes				
Total (Gain) or Loss				
Including Assumptions	<u>\$ (4,801)</u>	<u>\$ (14,469)</u>	<u>\$ (12,619)</u>	<u>\$ (1,905)</u>

The last actuarial valuation was performed as of June 30, 2014.

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ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plans' Provisions as of June 30, 2014

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

All members contribute 7.9% of their compensation. This is a temporary 1% increase for members hired prior to July 1, 2011 and remains the same for members hired on or after July 1, 2011. Interest is credited to member accounts at the rates determined by the Board.

All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years and remain below 25 years following the termination of the 1% additional member contribution rate.

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

Employers contribute 8.17% of each member's compensation. This was increased from 6.9% to 7.035% on July 1, 2007, 7.17% on July 1, 2009, and to 8.17% on July 1, 2013. This is offset by 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 will terminate on January 1 following the actuary valuation results that project the amortization period to drop below 25 years and remain below 25 years following the termination of the additional employer contribution rates. The contribution going into the PERS Defined Benefit Plan is reduced by 0.04% of compensation paid into the Educational Fund. Effective July 1, 2013, contributions are also made to the system from the Coal Tax Fund.

Beginning July 1, 2013, employers who hire PERS retirees who work less than 960 hours in the calendar year, but do not become active members, contribute 7.9% of the working retiree's compensation.

SERVICE CREDIT

Service credit is used to determine the amount of a member's 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.

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.

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this 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 HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

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.

ACTUARIAL SECTION

PERS-DBRP (continued)

- 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) 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 under age 60 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.

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

ACTUARIAL SECTION

PERS-DBRP (continued)

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 (1) accumulated contributions plus (2) monthly compensation multiplied by the lesser of years of service credit or six, plus (3) 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.

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.

VESTING

Eligibility: Five years of membership service.

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

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. 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 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

The Post Retirement Benefit Increases follow the provision specified by the Code prior to the enactment of House Bill 454, given the preliminary injunction currently in place.

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) A maximum of 1.5% for each year PERS is funded at or above 90%
- (ii) The 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%.
- (iii) 0% whenever the amortization period for PERS is 40 years or more.

ACTUARIAL SECTION

PERS-DCRP Disability OPEB

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. 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 separate trust has been established for purposes of providing disability benefits to plan members.

CONTRIBUTIONS

Employers contribute 0.30% 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 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.

HIGHEST AVERAGE COMPENSATION (HAC)

For members hired prior to June 30, 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 (HAC) 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.

DISABILITY BENEFIT

Eligibility: Five years of membership service

Benefit: **For members hired on or before June 30, 2011:**

- (i) Less than 25 years of membership service: $1/56$ of HAC multiplied by service credit, or
- (ii) At least 25 years of membership service: 2% of HAC multiplied by service credit.
- (iii) Benefit is payable to the later of age 65 and five years.

For members hired on or after July 1, 2011:

- (i) If less than 10 years of membership service: 1.5% of HAC multiplied by years of service credit.
- (ii) If between 10 and 30 years of membership service: $1/56$ of HAC multiplied by years of service credit.
- (iii) If 30 years of membership service or more: 2% of HAC multiplied by years of service credit.
- (iv) Benefit is payable to age 65 for disabilities occurring prior to age 65, or no more than five years for disabilities occurring after age 65.

Members cannot receive distributions from their individual defined contribution account while receiving payments from the PERS-DCRP Disability OPEB. Participants may choose to receive a distribution from their individual account instead of applying for and receiving a disability benefit.

Survivor's Benefit

Disability benefits cease after the death of a member, and their beneficiary is entitled to death benefits only as provided from the member's vested defined contribution account balance.

Form of Payment

The normal form of payment is a life annuity. No other forms of payment are available.

Post Retirement Benefit Increases

None.

Changes Since Last Valuation

Not applicable.

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 a Guaranteed Annual Benefit Adjustment (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.

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this 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 HAC.

ACTUARIAL SECTION

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

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.

ACTUARIAL SECTION

Judges' Retirement System (continued)

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

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. 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 GABA will be made each year equal to 3%.

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

CHANGES SINCE LAST VALUATION

None.

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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 a Guaranteed Annual Benefit Adjustment (GABA), members contribute 10% of their compensation, an increase of 1% from 9% prior to July 1, 2013. Members covered by GABA contribute 10.05% of their compensation, an increase of 1% from 9.05% prior to July 1, 2013. 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 28.15% of each member’s compensation, an increase of 2% from 26.15% prior to July 1, 2013.

The State of Montana contributes 10.18% of each member’s compensation, paid from the General Fund.

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.

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with

this 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 HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

SERVICE RETIREMENT

Eligibility: 20 years of membership service.

Benefit: 2.6% 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: 2.6% 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.

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System (continued)

Benefit (continued): 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.

VESTING

Eligibility: For members hired prior to July 1, 2013: Five years of membership service.

For members hired on or after July 1, 2013: 10 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 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

ACTUARIAL SECTION

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 supplemental lump sum payment will be made each year based on the increase in the Consumer Price Index.

For retired members who became active members on or after July 1, 2013, and who have been retired at least 36 months, a GABA will be paid each year in January equal to 1.5%

CHANGES SINCE LAST VALUATION

None.

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 contribute 10.115% of each member’s compensation. The rate increased from 9.535% to 9.825% on July 1, 2007 and to 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.

Beginning July 1, 2013, employers of retirees who return to work in a position working less than 480 hours contribute 10.115% of the working retiree’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 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.

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this 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 HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

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.

ACTUARIAL SECTION

Sheriffs' Retirement System (continued)

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.

Benefit : For non-duty-related deaths before retirement:

- (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

None.

ACTUARIAL SECTION

Game Wardens' and Peace Officers' Retirement System

MEMBERSHIP

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

CONTRIBUTIONS

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

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

Employers contribute 9.0% of each member’s compensation.

SERVICE CREDIT

Service 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.

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this 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 HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

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.

ACTUARIAL SECTION

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

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

VESTING

Eligibility: Five years of membership service.

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

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated member contributions. 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

None.

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.

For members hired on or after July 1, 2013: Final Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this 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 FAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

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.

ACTUARIAL SECTION

Municipal Police Officers' Retirement System (continued)

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

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated member contributions. 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 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 benefit adjustment 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

None.

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 a Guaranteed Annual Benefit Adjustment (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.

Beginning July 1, 2013, employers of retirees who return to work contribute 14.36% of the working retiree’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.

ACTUARIAL SECTION

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this 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 HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

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 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.

ACTUARIAL SECTION

Firefighters' Unified Retirement System (continued)

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.

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 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 benefit adjustment is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter.

CHANGES SINCE LAST VALUATION

None.

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act

MEMBERSHIP

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

CONTRIBUTIONS

There are no member contributions.

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

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, \$225 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 a fire company's roster.

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).

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
Harald Millis*



Montana has very diverse lands and waters, and distinct seasons. It offers all kinds of activities for anyone who enjoys being outdoors.



*Photo Courtesy of
Debbie Vandenberg*

*Photo Courtesy of
Montana Office of Tourism*



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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, 2014 for the following five objectives: financial trends, revenue capacity, debt capacity, demographic and economic trends, and operations.

Financial trends are presented on pages 224 to 235. 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 224 to 231. The change in net assets is presented in chart format and includes graphs for the PERS-DBRP that highlight areas of interest. Actuarial liabilities are presented on pages 233 to 235 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 236 to 247. 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 248 to 251.

Debt capacity is presented on pages 252 to 257. 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 258 to 277. 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 264 depicts the location of benefit recipients. The map shows that the majority (88 percent) of benefit recipients remain in Montana. Beginning on page 268, the average monthly benefit is provided.

Operating information is presented on pages 278 to 291. 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	2005	2006	2007	2008	2009	2010
PERS-DBRP						
Additions						
Member Contributions ¹	\$ 66,986	\$ 66,145	\$ 69,150	\$ 72,874	\$ 76,003	\$ 78,671
Employer Contributions ²	60,454	88,573	67,195	72,270	75,949	80,326
State Contributions	421	443	446	378	357	537
Investment Income ³	244,976	293,679	629,559	(197,030)	(796,242)	387,861
Other						
<i>Total Additions to Net Position</i>	372,837	448,840	766,350	(51,508)	(643,933)	547,395
Deductions						
Benefits	142,789	153,886	166,188	180,815	196,402	212,186
Refunds	13,236	12,754	12,868	12,123	10,821	10,967
Administrative Expenses	2,569	2,886	2,681	2,832	2,948	3,257
Other ⁴	1,516	1,816	2,108	1,987	1,713	3,438
<i>Total Deductions to Net Position</i>	160,110	171,342	183,845	197,757	211,884	229,848
<i>Change in Net Position</i>	\$ 212,727	\$ 277,498	\$ 582,505	\$(249,265)	\$ (855,817)	\$ 317,547
PERS-DCRP DISABILITY OPEB⁵						
Additions						
Employer Contributions	\$ 119	\$ 150	\$ 185	\$ 212	\$ 245	\$ 265
Investment Income ³	5	15	30	32	16	4
<i>Total Additions to Net Position</i>	124	165	215	244	261	269
Deductions						
Benefits					7	14
<i>Total Deductions to Net Position</i>					7	14
<i>Change in Net Position</i>	\$ 124	\$ 165	\$ 215	\$ 244	\$ 254	\$ 255
JRS						
Additions						
Member Contributions ¹	\$ 412	\$ 333	\$ 339	\$ 385	\$ 584	\$ 595
Employer Contributions	1,162	1,229	1,249	1,315	1,347	1,468
Investment Income ³	3,640	4,344	9,435	(2,991)	(12,103)	6,013
<i>Total Additions to Net Position</i>	5,214	5,906	11,023	(1,291)	(10,172)	8,076
Deductions						
Benefits	1,624	1,743	1,772	1,829	1,972	2,118
Refunds						
Administrative Expenses	9	12	8	9	17	10
Other ⁴						24
<i>Total Deductions to Net Position</i>	1,633	1,755	1,780	1,838	1,989	2,152
<i>Change in Net Position</i>	\$ 3,581	\$ 4,151	\$ 9,243	\$ (3,129)	\$ (12,161)	\$ 5,924

Contributions were made in accordance with statutory requirements.

¹ Includes Interest Reserve Buybacks.

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

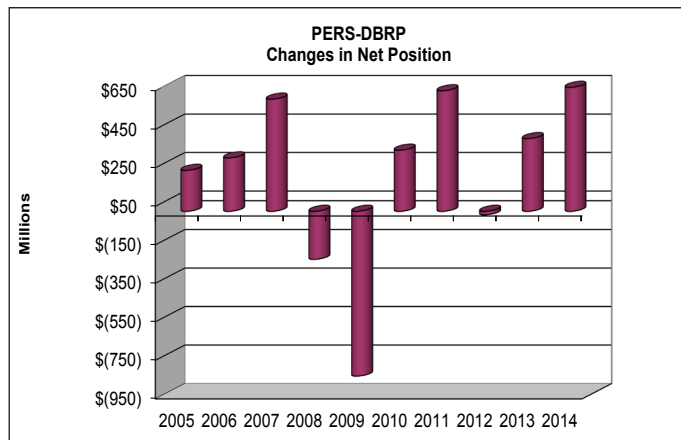
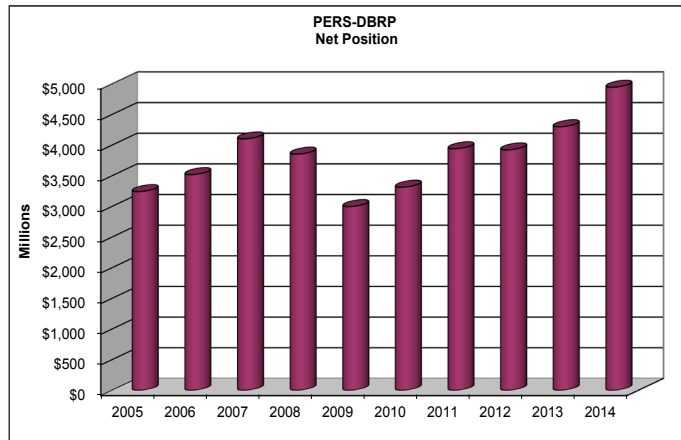
³ Includes Common Stock Dividends.

⁴ Includes Transfers to the DC, MUS-RP, Prior Year Adjustments and Refunds to Other Plans.

⁵ Effective FY2014, DCRP-Disability was changed to PERS-DCRP Disability OPEB and reported as a Defined Benefit Plan.

STATISTICAL SECTION

	2011	2012	2013	2014
\$	77,875	\$ 79,332	\$ 80,889	\$ 92,160
	79,173	80,049	81,836	129,921
	546	536	532	886
	715,398	91,355	505,052	732,483
	872,992	251,272	668,309	955,450
	231,223	252,762	274,021	296,183
	11,539	11,991	11,254	10,070
	3,327	3,386	3,843	3,781
	794	1,028	1,594	1,488
	246,883	269,167	290,712	311,522
\$	626,109	\$ (17,895)	\$ 377,597	\$ 643,928
\$	262	\$ 273	\$ 288	\$ 311
	5	5	5	3
	267	278	293	314
	19	27	29	29
	19	27	29	29
\$	248	\$ 251	\$ 264	\$ 285
\$	504	\$ 447	\$ 742	\$ 481
	1,477	1,598	1,621	1,652
	11,392	1,517	8,409	12,425
	13,373	3,562	10,772	14,558
	2,240	2,344	2,553	3,023
	39	118	185	100
	2,279	2,462	2,738	3,123
\$	11,094	\$ 1,100	\$ 8,034	\$ 11,435



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	2005	2006	2007	2008	2009	2010
HPORS						
Additions						
Member Contributions ¹	\$ 862	\$ 851	\$ 1,005	\$ 1,082	\$ 1,035	\$ 1,262
Employer Contributions ²	3,324	2,905	3,634	3,949	4,151	4,763
State Contributions ⁴	669	277	285	290	285	287
Investment Income ³	6,353	7,453	15,875	(4,929)	(19,978)	9,714
Total Additions to Net Position	11,208	11,486	20,799	392	(14,507)	16,026
Deductions						
Benefits	5,790	6,365	6,460	6,814	7,127	7,557
Refunds	181	89	139	61	26	56
Administrative Expenses	29	31	28	27	49	35
Other ⁵	49	1	139	14	17	37
Total Deductions to Net Position	6,049	6,486	6,766	6,916	7,219	7,685
Change in Net Position	\$ 5,159	\$ 5,000	\$ 14,033	\$ (6,524)	\$ (21,726)	\$ 8,341
SRS						
Additions						
Member Contributions ¹	\$ 2,988	\$ 3,721	\$ 4,921	\$ 4,815	\$ 5,207	\$ 5,336
Employer Contributions ²	2,813	3,524	4,386	4,834	5,193	5,637
Investment Income ³	11,381	13,566	29,732	(9,598)	(38,824)	19,470
Total Additions to Net Position	17,182	20,811	39,039	51	(28,424)	30,443
Deductions						
Benefits	5,527	6,152	6,769	7,243	7,858	8,277
Refunds	611	365	934	722	968	766
Administrative Expenses	57	78	77	80	115	97
Other ⁵	22	17	82	11	29	116
Total Deductions to Net Position	6,217	6,612	7,862	8,056	8,970	9,256
Change in Net Position	\$ 10,965	\$ 14,199	\$ 31,177	\$ (8,005)	\$ (37,394)	\$ 21,187
GWPORS						
Additions						
Member Contributions ¹	\$ 3,023	\$ 3,027	\$ 3,199	\$ 3,613	\$ 3,912	\$ 4,340
Employer Contributions	2,054	2,391	2,638	2,979	3,292	3,612
Investment Income ³	3,696	4,594	10,838	(3,653)	(15,133)	7,924
Total Additions to Net Position	8,773	10,012	16,675	2,939	(7,929)	15,876
Deductions						
Benefits	1,539	1,835	2,085	2,271	2,521	2,622
Refunds	607	477	702	643	840	879
Administrative Expenses	42	49	47	52	79	61
Other ⁵	6	13		30		59
Total Deductions to Net Position	2,194	2,374	2,834	2,996	3,440	3,621
Change in Net Position	\$ 6,579	\$ 7,638	\$ 13,841	\$ (57)	\$ (11,369)	\$ 12,255

Contributions were made in accordance with statutory requirements.

¹ Includes Interest Reserve Buybacks.

² Includes Retirement Incentive and Miscellaneous Revenue.

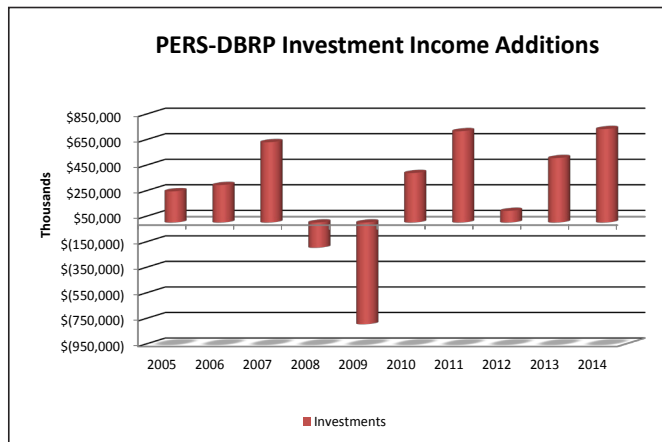
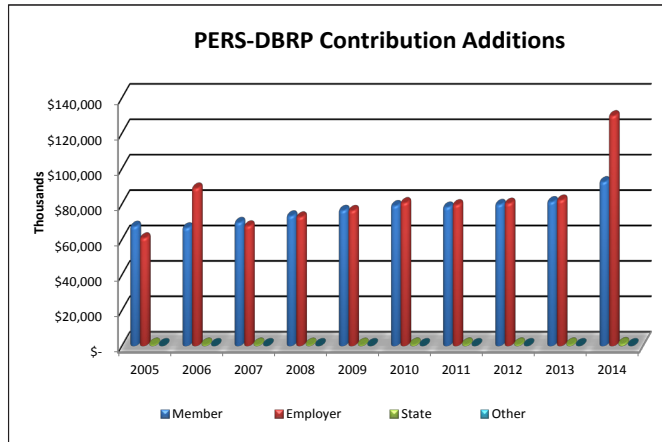
³ Includes Common Stock Dividends.

⁴ Includes Percent of Salary.

⁵ Includes Refunds to Other Plans and Prior Year Adjustments.

STATISTICAL SECTION

	2011	2012	2013	2014
\$	1,270	\$ 1,299	\$ 1,337	\$ 1,458
	4,543	4,966	4,903	5,474
	278	269	274	262
	17,912	2,321	12,826	18,684
	24,003	8,855	19,340	25,878
	7,866	8,223	8,709	9,344
	121	65	51	84
	56	122	181	109
		3		15
	8,043	8,413	8,941	9,552
\$	15,960	\$ 442	\$ 10,399	\$ 16,326
\$	5,831	\$ 5,694	\$ 5,838	\$ 6,447
	6,014	6,028	6,273	6,690
	37,539	5,109	28,154	41,802
	49,384	16,831	40,265	54,939
	9,237	10,379	11,583	12,732
	968	1,248	1,159	1,185
	121	207	287	203
		23	25	27
	10,326	11,857	13,054	14,147
\$	39,058	\$ 4,974	\$ 27,211	\$ 40,792
\$	4,198	\$ 4,148	\$ 4,210	\$ 4,462
	3,523	3,470	3,576	3,762
	16,335	2,388	13,106	20,075
	24,056	10,006	20,892	28,299
	2,863	3,203	3,575	3,979
	993	1,227	841	1,187
	88	173	247	161
		15	23	63
	3,944	4,618	4,686	5,390
\$	20,112	\$ 5,388	\$ 16,206	\$ 22,909



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	2005	2006	2007	2008	2009	2010
MPORS						
Additions						
Member Contributions ¹	\$ 2,425	\$ 2,549	\$ 2,709	\$ 2,974	\$ 3,186	\$ 4,141
Employer Contributions	3,791	4,035	4,283	5,156	5,056	6,860
State Contributions ²	7,705	8,182	8,677	9,452	10,186	10,932
Investment Income ³	11,707	14,091	31,080	(10,262)	(40,908)	19,972
Total Additions to Net Position	25,628	28,857	46,749	7,320	(22,480)	41,905
Deductions						
Benefits	11,363	12,032	12,691	13,707	15,008	15,728
Refunds	786	551	688	4,290	794	849
Administrative Expenses	65	68	70	78	98	80
Other ⁴	12	48	29	4	62	149
Total Deductions to Net Position	12,226	12,699	13,478	18,079	15,962	16,806
Change in Net Position	\$ 13,402	\$ 16,158	\$ 33,271	\$ (10,759)	\$ (38,442)	\$ 25,099
FURS						
Additions						
Member Contributions ¹	\$ 2,330	\$ 2,472	\$ 2,619	\$ 3,152	\$ 3,701	\$ 4,419
Employer Contributions	2,959	3,328	3,520	4,467	4,531	5,129
State Contributions ²	6,719	7,533	7,957	9,568	9,832	10,872
Investment Income ³	11,140	13,409	29,577	(9,733)	(39,421)	19,606
Total Additions to Net Position	23,148	26,742	43,673	7,454	(21,357)	40,026
Deductions						
Benefits	10,386	11,040	11,851	13,353	13,987	14,598
Refunds	101	45	241	116	69	86
Administrative Expenses	53	58	56	57	98	72
Other ⁴						85
Total Deductions to Net Position	10,540	11,143	12,148	13,526	14,154	14,841
Change in Net Position	\$ 12,608	\$ 15,599	\$ 31,525	\$ (6,072)	\$ (35,511)	\$ 25,185
VFCA						
Additions						
State Contributions	\$ 1,527	\$ 1,611	\$ 1,661	\$ 1,562	\$ 1,580	\$ 1,575
Investment Income ³	1,550	1,853	4,103	(1,275)	(5,304)	2,566
Total Additions to Net Position	3,077	3,464	5,764	287	(3,724)	4,141
Deductions						
Benefits	1,517	1,564	1,637	1,717	1,780	1,857
Insurance Payments	11	11	13	14	17	17
Administrative Expenses	47	48	50	46	59	58
Other ⁴						9
Total Deductions to Net Position	1,575	1,623	1,700	1,777	1,856	1,941
Change in Net Position	\$ 1,502	\$ 1,841	\$ 4,064	\$ (1,490)	\$ (5,580)	\$ 2,200

Contributions were made in accordance with statutory requirements.

¹ Includes Interest Reserve Buybacks.

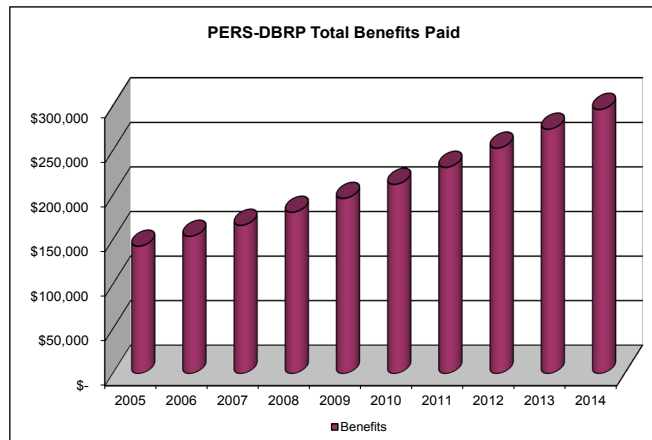
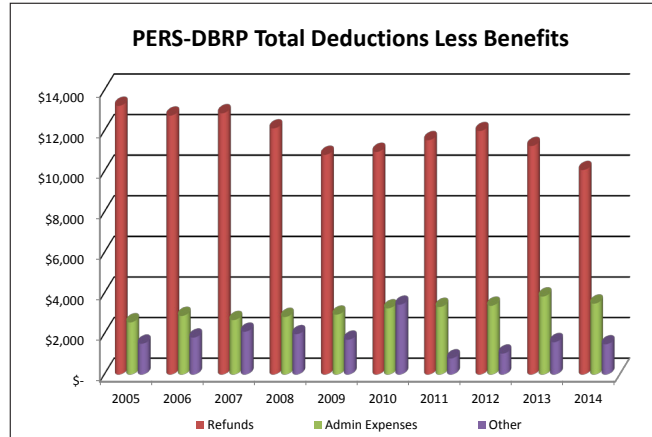
² Includes Percent of Salary.

³ Includes Common Stock Dividends.

⁴ Includes Refunds to Other Plans and Prior Year Adjustments.

STATISTICAL SECTION

	2011	2012	2013	2014
\$	3,580	\$ 6,055	\$ 4,029	\$ 4,133
	5,670	3,791	6,280	6,459
	11,594	12,274	12,573	13,049
	39,175	5,717	30,037	45,244
	60,019	27,837	52,919	68,885
	17,013	17,355	18,463	19,450
	1,000	707	1,833	1,018
	106	178	245	166
		3	5	60
	18,119	18,243	20,546	20,694
\$	41,900	\$ 9,594	\$ 32,373	\$ 48,191
\$	3,748	\$ 4,123	\$ 4,253	\$ 4,698
	5,009	5,281	5,499	5,767
	11,365	11,797	12,358	13,007
	38,751	5,726	30,035	45,478
	58,873	26,927	52,145	68,950
	15,605	16,519	17,670	18,872
	128	119	73	166
	92	163	229	153
				14
	15,825	16,801	17,972	19,205
\$	43,048	\$ 10,126	\$ 34,173	\$ 49,745
\$	1,596	\$ 1,635	\$ 1,711	\$ 1,818
	4,793	592	3,383	4,817
	6,389	2,227	5,094	6,635
	1,938	2,046	2,819	2,281
	15	13	15	14
	81	144	206	135
	2,034	2,203	3,040	2,430
\$	4,355	\$ 24	\$ 2,054	\$ 4,205



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	2005	2006	2007	2008	2009	2010
PERS-DCRP						
Additions						
Member Contributions	\$ 3,184	\$ 3,699	\$ 4,394	\$ 5,118	\$ 5,723	\$ 6,140
Employer Contributions	1,856	2,319	2,857	3,255	3,730	4,029
Investment Income ¹	1,768	2,098	5,415	(2,987)	(6,801)	6,122
Other ²	371	487	1,893	554	468	487
<i>Total Additions to Net Position</i>	7,179	8,603	14,559	5,940	3,120	16,778
Deductions						
Refunds	1,873	1,570	2,632	2,519	1,903	1,947
Administrative Expenses	231	227	253	246	411	416
Other ³	256	295	282	223	222	250
<i>Total Deductions to Net Position</i>	2,360	2,092	3,167	2,988	2,536	2,613
<i>Change in Net Position</i>	\$ 4,819	\$ 6,511	\$ 11,392	\$ 2,952	\$ 584	\$ 14,165
DEFERRED COMPENSATION PLAN						
Additions						
Member Contributions	\$ 15,501	\$ 16,990	\$ 17,712	\$ 19,107	\$ 19,661	\$ 18,607
Employer Contributions	55	52	74	70	65	61
Investment Income ⁴	15,267	3,618	37,102	3,287	(26,444)	37,203
Other ⁵	167	209	277	416	335	330
<i>Total Additions to Net Position</i>	30,990	20,869	55,165	22,880	(6,383)	56,201
Deductions						
Refunds	15,592	11,443	14,693	13,302	11,024	13,398
Administrative Expenses	289	204	225	241	318	277
Other ⁶	698	737	781	817	865	991
<i>Total Deductions to Net Position</i>	16,579	12,384	15,699	14,360	12,207	14,666
<i>Change in Net Position</i>	\$ 14,411	\$ 8,485	\$ 39,466	\$ 8,520	\$ (18,590)	\$ 41,535

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.

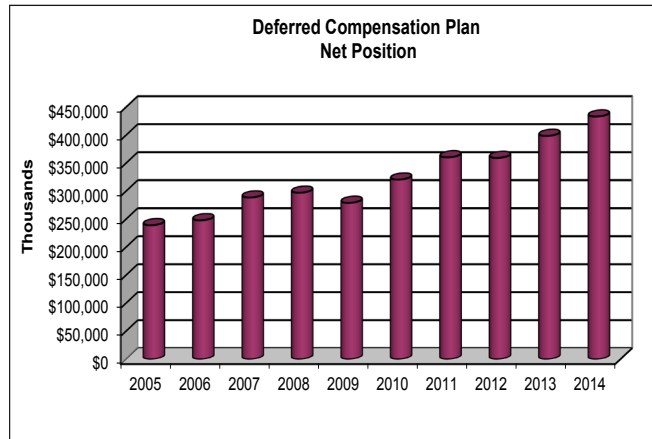
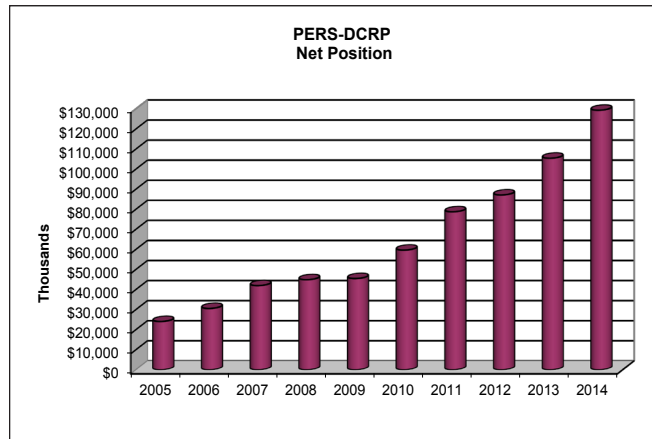
⁴ Fees paid to Great-West, Transamerica and State Street are included in the net investment sum for fiscal years after 2012.

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.

STATISTICAL SECTION

2011	2012	2013	2014
\$ 6,100	\$ 6,318	\$ 6,943	\$ 8,534
3,965	4,137	4,374	4,410
12,698	2,352	11,684	18,367
698	616	451	292
23,461	13,423	23,452	31,603
3,637	4,000	4,379	4,738
426	493	585	732
299	313	162	
4,362	4,806	5,126	5,470
\$ 19,099	\$ 8,617	\$ 18,326	\$ 26,133
\$ 19,072	\$ 19,381	\$ 20,297	\$ 24,255
64	65	79	81
36,906	13,913	21,219	35,165
424	628	257	191
56,466	33,987	41,852	59,692
15,416	15,637	19,644	24,250
288	357	445	864
1,007	1,186	581	
16,711	17,180	20,670	25,114
\$ 39,755	\$ 16,807	\$ 21,182	\$ 34,578



STATISTICAL SECTION

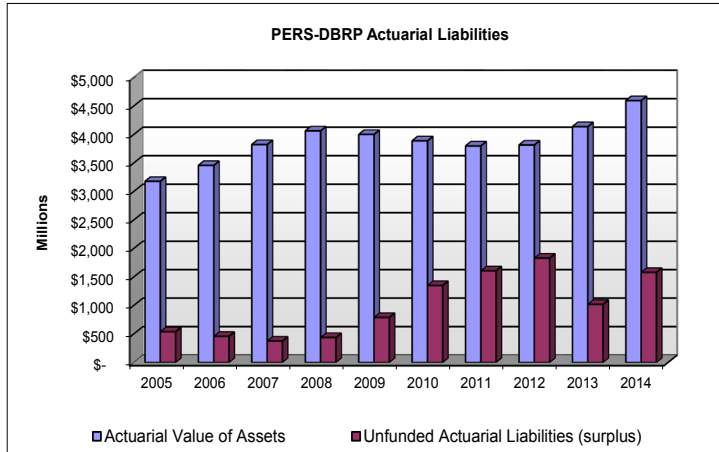
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Public Employees' Retirement Board

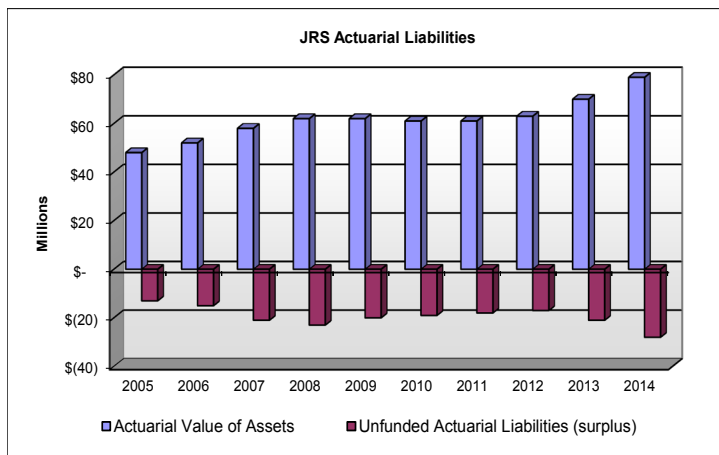
A Component Unit of the State of Montana

History of Actuarial Liabilities

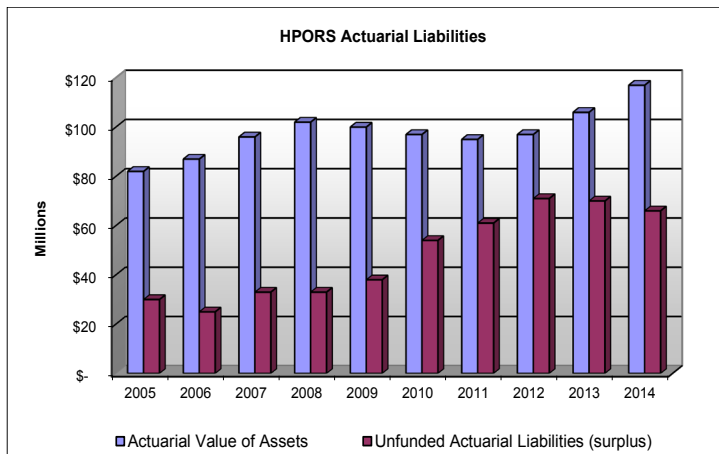
(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
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
2014	4,596	1,582



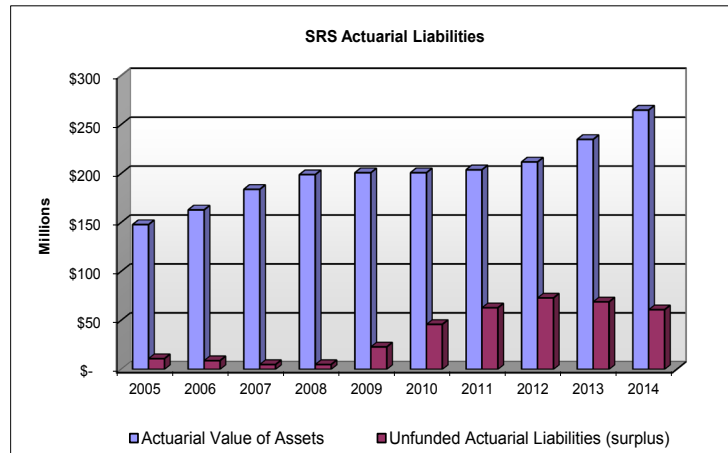
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2005	48	(13)
2006	52	(15)
2007	58	(21)
2008	62	(23)
2009	62	(20)
2010	61	(19)
2011	61	(18)
2012	63	(17)
2013	70	(21)
2014	79	(28)



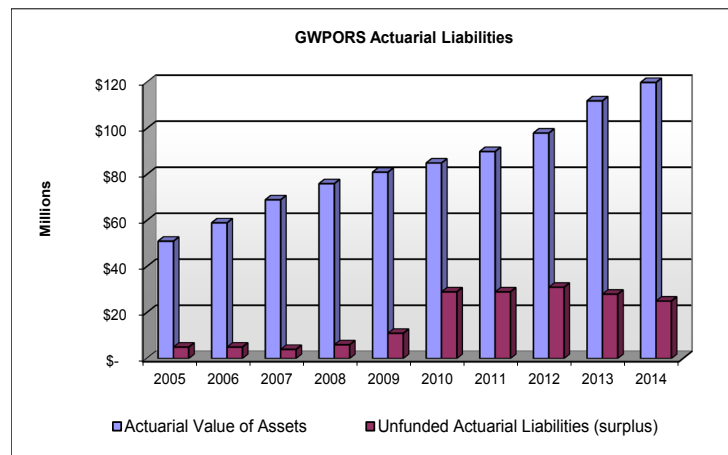
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2005	82	30
2006	87	25
2007	96	33
2008	102	33
2009	100	38
2010	97	54
2011	95	61
2012	97	71
2013	106	70
2014	117	66

STATISTICAL SECTION

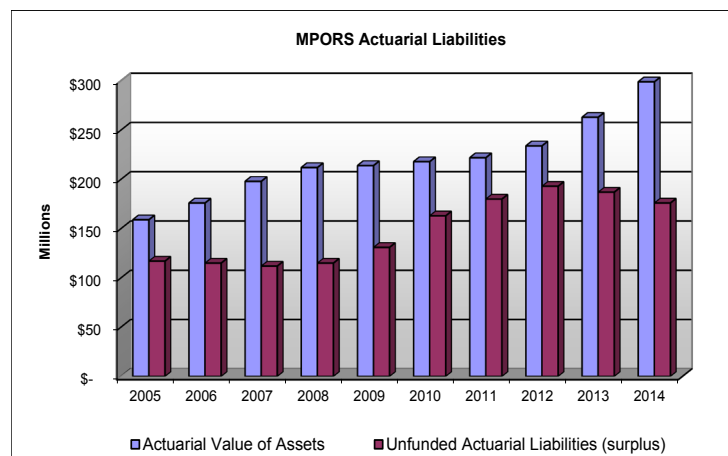
Public Employees' Retirement Board A Component Unit of the State of Montana History of Actuarial Liabilities (cont.) (in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
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
2014	265	61



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
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
2014	129	25



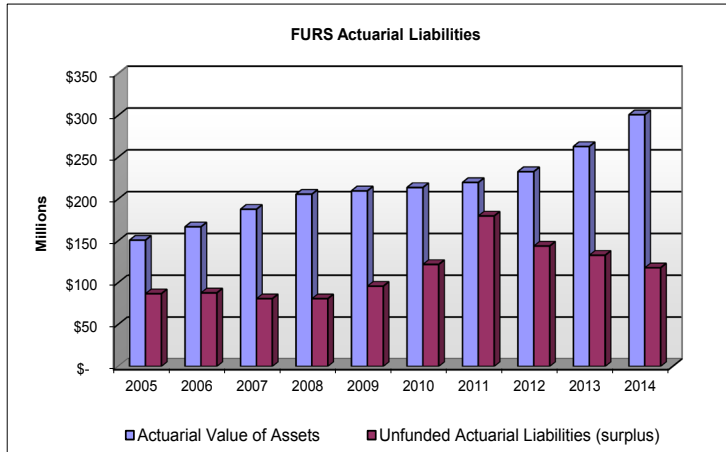
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2005	159	117
2006	176	115
2007	198	112
2008	212	115
2009	214	131
2010	218	163
2011	222	180
2012	234	193
2013	263	187
2014	299	176

Public Employees' Retirement Board

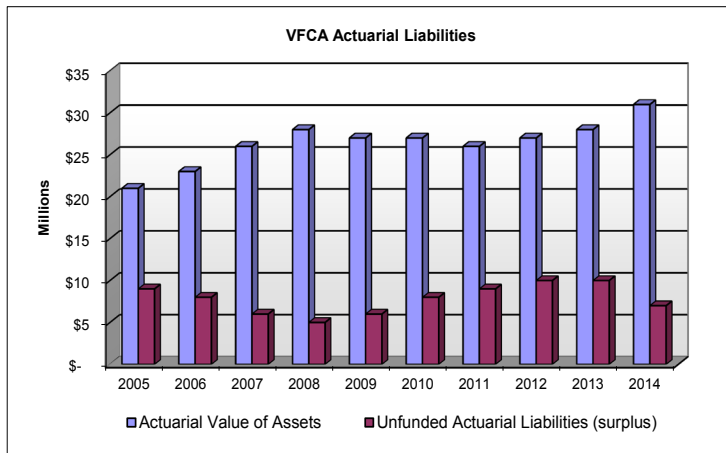
A Component Unit of the State of Montana

History of Actuarial Liabilities (cont.)

(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
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
2014	301	118



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
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
2014	31	7

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)

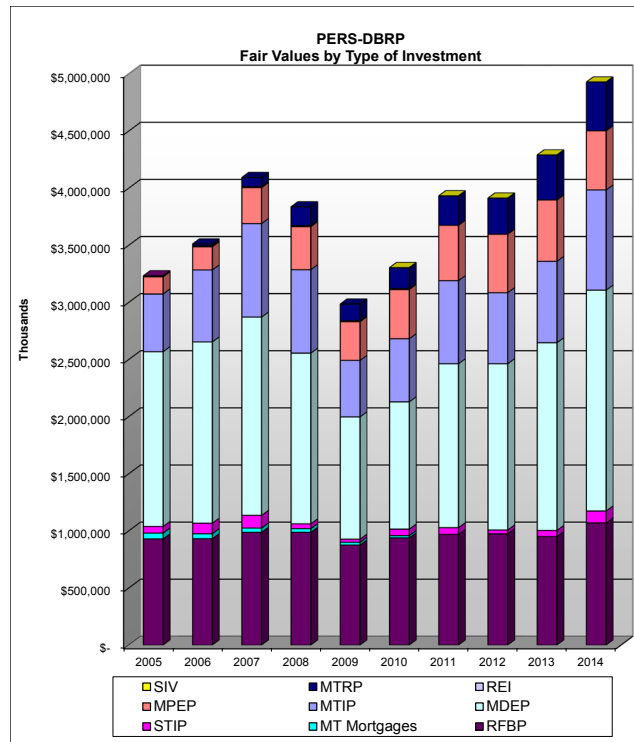
System	2005	2006	2007	2008	2009	2010
PERS-DBRP ¹						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 930,369	\$ 932,048	\$ 987,821	\$ 988,124	\$ 876,390	\$ 939,430
Montana Mortgages	50,658	43,097	36,861	31,837	24,055	19,185
Short Term Investment Pool (STIP)	58,112	92,362	111,318	41,820	27,140	56,727
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	1,529,418	1,586,747	1,735,718	1,494,306	1,070,435	1,114,072
Montana International Equity Pool (MTIP)	505,112	630,135	818,362	730,360	494,790	552,712
Montana Private Equity Pool (MPEP)	150,595	203,406	315,059	376,615	338,517	430,729
<i>Alternative Investments:</i>						
Real Estate Investments (REI)	8,525	8,636	8,816	8,931	8,937	8,963
Montana Real Estate Pool (MTRP)		15,200	79,459	164,667	145,478	178,787
Structured Investment Vehicles (SIV)				4,306	2,619	3,640
Total	\$ 3,232,789	\$ 3,511,631	\$ 4,093,414	\$ 3,840,966	\$ 2,988,361	\$ 3,304,245
PERS-DCRP DISABILITY OPEB ²						
<i>Fixed Income:</i>						
Short Term Investment Pool (STIP)						
<i>Alternative Investments:</i>						
Structured Investment Vehicles (SIV)						
Total						
JRS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 14,655	\$ 14,685	\$ 15,576	\$ 15,581	\$ 14,019	\$ 15,034
Short Term Investment Pool (STIP)	1,284	1,519	1,770	967	913	1,392
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	22,749	23,744	26,348	22,790	16,507	17,608
Montana International Equity Pool (MTIP)	7,507	9,365	12,162	10,973	7,551	8,732
Montana Private Equity Pool (MPEP)	2,229	3,047	4,744	5,733	5,224	6,725
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		225	1,206	2,515	2,247	2,820
Structured Investment Vehicles (SIV)				99	83	89
Total	\$ 48,424	\$ 52,585	\$ 61,806	\$ 58,658	\$ 46,544	\$ 52,400

¹Does not include the Defined Benefit Education.

²Effective FY2014, DCRP-Disability was changed to PERS-DCRP Disability OPEB and reported as a Defined Benefit Plan.

STATISTICAL SECTION

2011	2012	2013	2014
\$ 969,119	\$ 974,139	\$ 950,298	\$ 1,069,517
59,256	33,708	54,005	103,602
1,434,773	1,455,188	1,643,009	1,933,145
727,765	621,887	712,587	877,318
484,324	512,315	536,542	517,873
256,368	315,093	393,155	426,528
1,023	547	710	1,179
\$ 3,932,628	\$ 3,912,877	\$ 4,290,306	\$ 4,929,162
			\$ 2,427
			27
			\$ 2,454
\$ 15,497	\$ 16,031	\$ 16,034	\$ 18,164
1,312	848	1,085	1,940
23,098	23,933	27,759	32,822
11,733	10,224	12,036	14,901
7,788	8,428	9,064	8,796
4,046	5,168	6,641	7,251
23	14	14	22
\$ 63,497	\$ 64,646	\$ 72,633	\$ 83,896



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	2005	2006	2007	2008	2009	2010
HPORS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 25,244	\$ 24,889	\$ 25,897	\$ 25,614	\$ 22,471	\$ 24,091
Short Term Investment Pool (STIP)	1,978	2,134	2,785	1,014	774	1,461
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	39,376	40,232	43,439	37,406	26,680	27,848
Montana International Equity Pool (MTIP)	13,035	15,795	20,513	18,307	12,387	13,815
Montana Private Equity Pool (MPEP)	3,946	5,178	7,979	9,429	8,419	10,751
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		380	2,004	4,127	3,613	4,466
Structured Investment Vehicles (SIV)				104	70	94
Total	\$ 83,579	\$ 88,608	\$ 102,617	\$ 96,001	\$ 74,414	\$ 82,526
SRS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 45,890	\$ 45,822	\$ 49,551	\$ 50,063	\$ 45,693	\$ 49,172
Short Term Investment Pool (STIP)	3,441	5,182	5,526	3,300	2,370	4,473
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	71,278	74,633	84,481	73,074	53,630	58,159
Montana International Equity Pool (MTIP)	23,457	29,263	38,004	35,060	24,673	28,703
Montana Private Equity Pool (MPEP)	6,941	9,508	14,859	18,271	17,060	22,037
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		710	3,796	8,054	7,311	9,259
Structured Investment Vehicles (SIV)				340	215	287
Total	\$ 151,007	\$ 165,118	\$ 196,217	\$ 188,162	\$ 150,952	\$ 172,090
GWPORS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 15,471	\$ 15,806	\$ 18,332	\$ 19,243	\$ 18,518	\$ 20,691
Short Term Investment Pool (STIP)	3,292	2,782	2,536	1,761	1,514	2,548
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	23,111	26,705	31,082	28,272	21,722	24,643
Montana International Equity Pool (MTIP)	7,705	10,518	14,344	13,545	10,000	12,513
Montana Private Equity Pool (MPEP)	2,170	3,330	5,497	7,008	6,949	9,262
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		255	1,404	3,115	2,981	3,954
Structured Investment Vehicles (SIV)				181	137	164
Total	\$ 51,749	\$ 59,396	\$ 73,195	\$ 73,125	\$ 61,821	\$ 73,775

STATISTICAL SECTION

	2011	2012	2013	2014
	\$ 24,318	\$ 24,653	\$ 24,239	\$ 27,240
	1,521	847	1,355	2,585
	35,969	36,840	41,883	49,217
	18,258	15,732	18,165	22,336
	12,136	12,958	13,673	13,184
	6,313	7,963	10,031	10,862
	26	14	18	29
	\$ 98,541	\$ 99,007	\$ 109,364	\$ 125,453
	\$ 51,323	\$ 53,636	\$ 53,724	\$ 61,417
	4,719	2,715	3,986	6,984
	76,580	80,065	92,868	110,982
	38,871	34,234	40,321	50,346
	25,806	28,179	30,325	29,720
	13,434	17,308	22,245	24,475
	82	44	52	77
	\$ 210,815	\$ 216,181	\$ 243,521	\$ 284,001
	\$ 22,834	\$ 24,510	\$ 25,466	\$ 29,848
	2,257	1,476	1,896	3,546
	34,017	36,685	44,058	53,925
	17,252	15,697	19,106	24,482
	11,524	12,940	14,411	14,481
	6,003	8,036	10,600	11,906
	39	24	25	39
	\$ 93,926	\$ 99,368	\$ 115,562	\$ 138,227

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	2005	2006	2007	2008	2009	2010
MPORS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 47,395	\$ 46,944	\$ 51,176	\$ 51,238	\$ 45,995	\$ 51,742
Short Term Investment Pool (STIP)	2,246	4,338	4,404	85	920	2,305
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	72,390	76,683	87,099	75,279	54,681	59,532
Montana International Equity Pool (MTIP)	24,555	30,633	39,784	36,707	25,207	29,350
Montana Private Equity Pool (MPEP)	7,138	10,089	15,547	18,999	17,242	23,192
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		730	4,102	8,274	7,437	9,547
Structured Investment Vehicles (SIV)				9	83	148
Total	\$ 153,724	\$ 169,417	\$ 202,112	\$ 190,591	\$ 151,565	\$ 175,816
FURS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 44,975	\$ 44,650	\$ 48,813	\$ 49,419	\$ 45,160	\$ 50,657
Short Term Investment Pool (STIP)	2,641	4,241	4,488	1,573	1,268	2,649
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	68,911	73,144	82,766	72,476	53,532	58,543
Montana International Equity Pool (MTIP)	23,361	29,143	37,848	34,970	24,862	29,067
Montana Private Equity Pool (MPEP)	6,797	9,587	14,850	18,175	16,890	22,703
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		700	3,744	7,962	7,260	9,403
Structured Investment Vehicles (SIV)				162	115	170
Total	\$ 146,685	\$ 161,465	\$ 192,509	\$ 184,737	\$ 149,087	\$ 173,192
VFCA						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 6,170	\$ 6,233	\$ 6,542	\$ 6,609	\$ 5,742	\$ 6,379
Short Term Investment Pool (STIP)	512	1,870	2,194	1,404	1,571	1,385
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	9,096	9,872	11,043	9,645	6,836	7,245
Montana International Equity Pool (MTIP)	3,294	4,023	5,258	4,731	3,140	3,567
Montana Private Equity Pool (MPEP)	992	1,341	1,951	2,411	2,115	2,806
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)		95	504	1,047	898	1,124
Structured Investment Vehicles (SIV)				145	142	89
Total	\$ 20,064	\$ 23,434	\$ 27,492	\$ 25,992	\$ 20,444	\$ 22,595

STATISTICAL SECTION

2011	2012	2013	2014
\$ 53,729	\$ 56,431	\$ 57,237	\$ 66,377
2,593	1,472	2,819	6,007
79,542	84,109	98,916	119,961
40,334	35,975	42,936	54,440
26,844	29,657	32,305	32,111
13,981	18,220	23,681	26,516
45	24	37	67
\$ 217,068	\$ 225,888	\$ 257,931	\$ 305,479
\$ 53,467	\$ 56,219	\$ 57,369	\$ 66,856
2,766	1,632	3,077	6,327
78,947	83,940	99,213	120,837
40,044	35,869	43,017	54,855
26,635	29,561	32,423	32,332
13,869	18,175	23,771	26,667
48	26	40	70
\$ 215,776	\$ 225,422	\$ 258,910	\$ 307,944
\$ 6,415	\$ 6,373	\$ 6,092	\$ 6,834
1,655	1,704	1,949	2,322
9,376	9,516	10,544	12,354
4,753	4,066	4,559	5,603
3,145	3,348	3,436	3,297
1,637	2,057	2,491	2,726
29	28	26	26
\$ 27,010	\$ 27,092	\$ 29,097	\$ 33,162

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	2005	2006	2007	2008	2009	2010
PERS-DCRP ¹						
<i>Fixed Income:</i>						
Short Term Investment Pool (STIP) ²	\$ 421	\$ 874	\$ 1,381	\$ 2,015	\$ 2,464	\$ 2,774
<i>Alternative Investments:</i>						
Defined Contributions Fixed Annuity	1,546	1,832	1,805	3,128	4,820	6,725
Defined Contributions Variable Annuity	23,402	26,102	38,634	39,622	38,198	49,946
Structured Investment Vehicle (SIV)				188	205	167
Total	\$ 25,369	\$ 28,808	\$ 41,820	\$ 44,954	\$ 45,687	\$ 59,612
DEFERRED COMPENSATION PLAN						
<i>Fixed Income:</i>						
Short Term Investment Pool (STIP) ²	\$ 287	\$ 324	\$ 447	\$ 697	\$ 763	\$ 808
<i>Alternative Investments:</i>						
Deferred Comp Fixed Annuity	152,215	143,870	159,669	181,740	189,421	213,414
Deferred Comp Variable Annuity	86,916	104,061	128,873	115,151	89,388	106,893
Deferred Comp Life Insurance	12	12	12	12	12	12
Structured Investment Vehicle (SIV)				65	63	49
Total	\$ 239,430	\$ 248,267	\$ 289,001	\$ 297,665	\$ 279,648	\$ 321,176

¹ Effective FY2014, DCRP Disability was changed to PERS-DCRP Disability OPEB and reported as a Defined Benefit Plan.

² Effective FY2014, STIP will be included as an investment option for the DCRP and Deferred Compensation plans.

STATISTICAL SECTION

2011	2012	2013	2014
\$ 3,308	\$ 3,512	\$ 3,742	\$ 1,206
7,971	9,500	10,573	10,015
67,271	73,769	90,794	117,713
56	57	49	13
\$ 78,606	\$ 86,838	\$ 105,158	\$ 128,947
\$ 953	\$ 1,405	\$ 1,301	\$ 944
224,800	246,315	246,331	235,981
135,180	129,922	151,259	196,453
12	12	12	12
16	23	17	11
\$ 360,962	\$ 377,677	\$ 398,920	\$ 433,401

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	Local Government	State	School Districts	
	Hired <07/01/11	Hired >07/01/11	Employer	Employer		Employer	State
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
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
1998-2014	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			
	Non-GABA	GABA	Employer	State
2014	10.000%	10.050%	28.150%	10.180%
1998-2013	9.000%	9.050%	26.150%	10.180%
1992-1997	9.000%		26.100%	10.180%
1991	7.590%		26.100%	10.180%
1986-1990	7.590%		16.570%	10.180%
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
2010-2014	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
2003-2014	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		
2000-2014	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
1998-2014	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
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
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

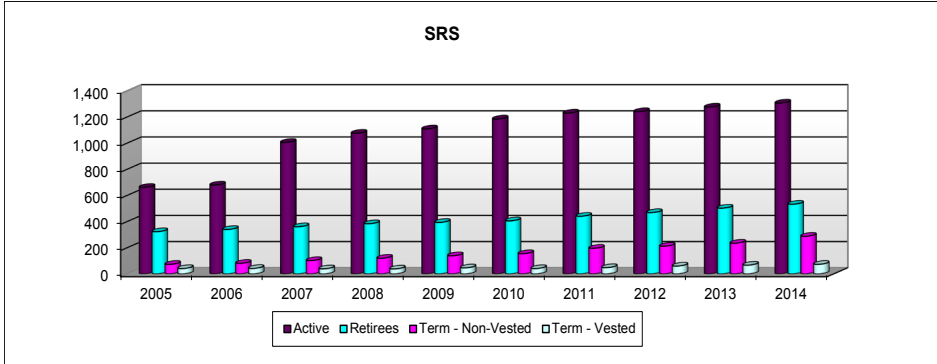
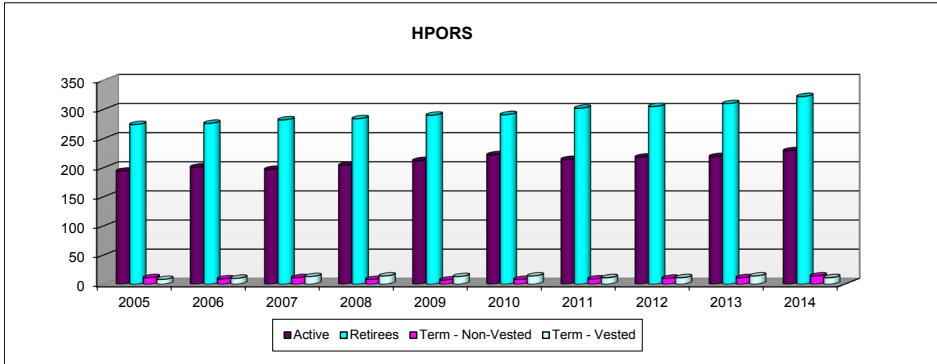
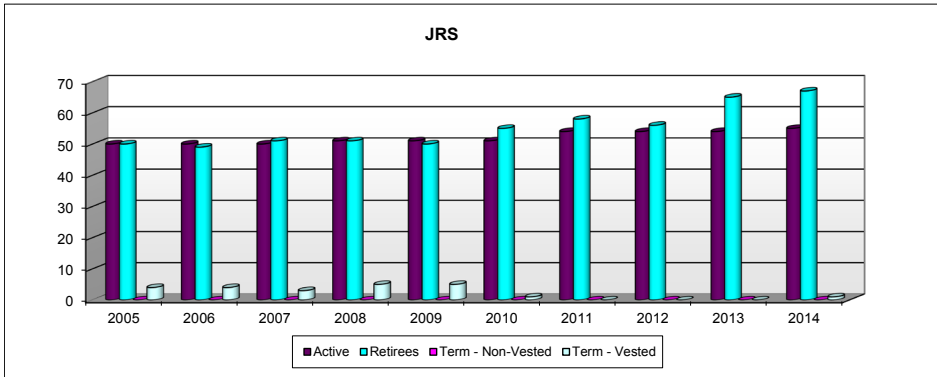
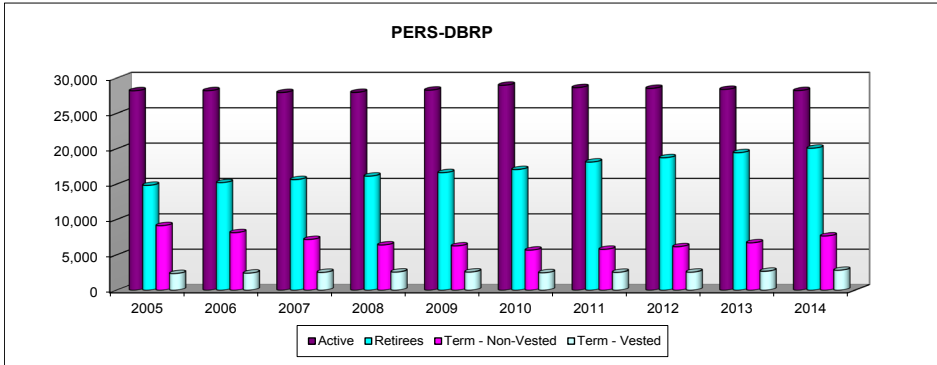
History of Membership in Retirement Plans, Last Ten Years

System	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
PERS-DBRP										
Active	28,213	27,962	27,977	28,293	28,983	28,834	28,659	28,548	28,401	28,229
Retirees/Beneficiaries	15,220	15,654	16,137	16,627	17,075	17,512	18,123	18,738	19,451	20,081
Term-Non-Vested	8,153	7,178	6,401	6,268	5,670	5,402	5,787	6,164	6,712	7,666
Term-Vested	2,418	2,530	2,576	2,579	2,476	2,471	2,535	2,560	2,686	2,825
Total	54,004	53,324	53,091	53,767	54,204	54,219	55,104	56,010	57,250	58,801
JRS										
Active	50	50	51	51	51	51	54	54	54	55
Retirees/Beneficiaries	49	51	51	50	55	55	58	56	65	67
Term-Non-Vested										
Term-Vested	4	3	5	5	1	1				1
Total	103	104	107	106	107	107	112	110	119	123
HPORS										
Active	201	197	204	212	222	230	214	218	219	229
Retirees/Beneficiaries	276	282	284	290	291	295	302	305	310	322
Term-Non-Vested	9	11	8	7	8	6	9	10	11	14
Term-Vested	10	13	14	13	14	13	11	11	14	11
Total	496	503	510	522	535	544	536	544	554	576
SRS										
Active	680	1,006	1,076	1,109	1,185	1,181	1,230	1,241	1,276	1,307
Retirees/Beneficiaries	340	361	384	394	406	415	441	469	503	533
Term-Non-Vested	81	102	120	139	155	157	196	212	235	288
Term-Vested	42	39	38	46	41	36	48	60	67	73
Total	1,143	1,508	1,618	1,688	1,787	1,789	1,915	1,982	2,081	2,201

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years



STATISTICAL SECTION

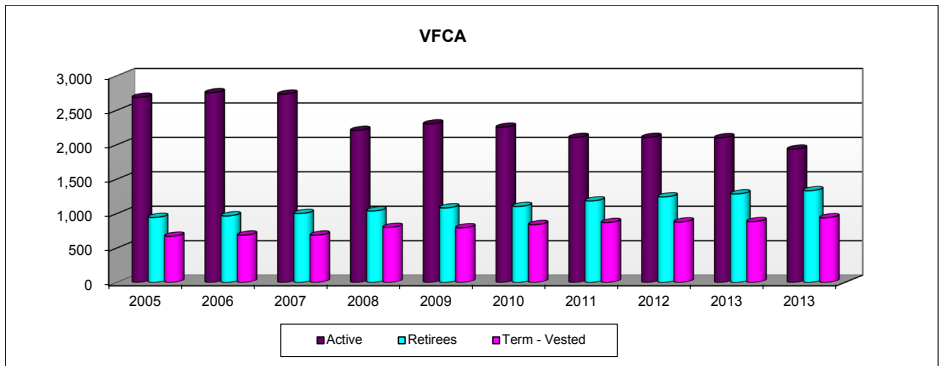
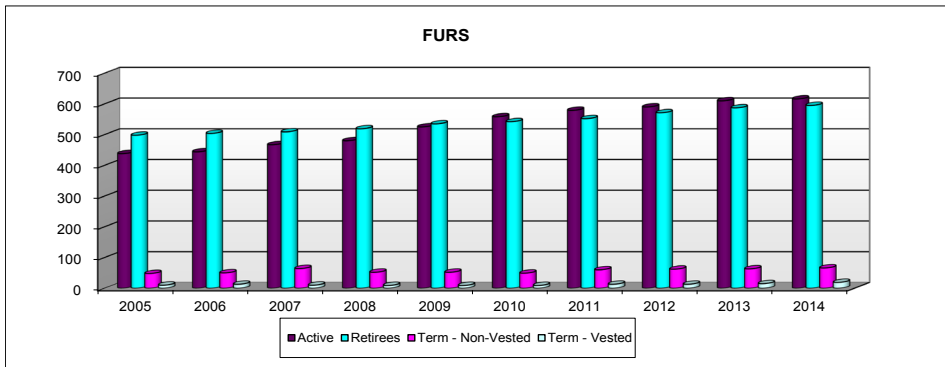
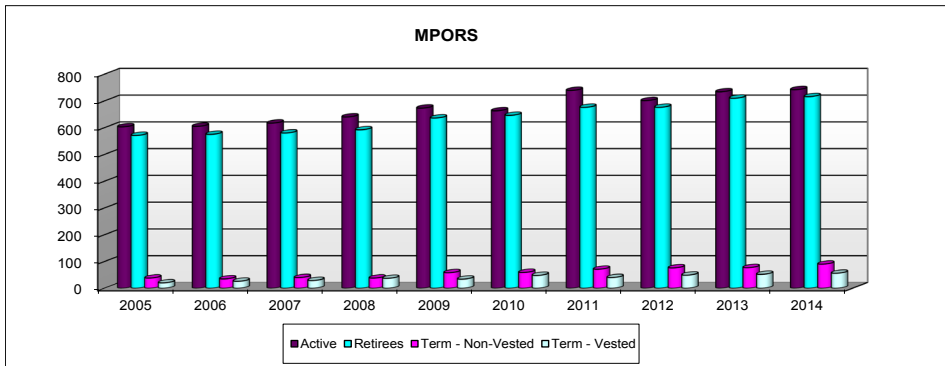
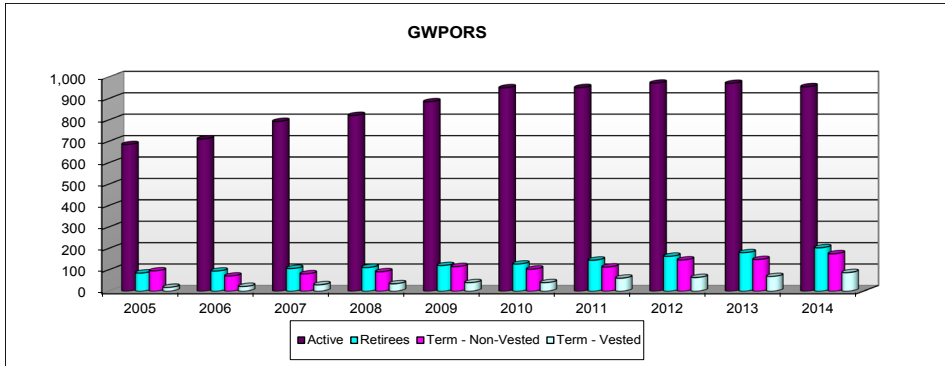
Public Employees' Retirement Board

A Component Unit of the State of Montana

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

System	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GWPORS										
Active	711	793	821	885	950	966	951	972	971	955
Retirees/Beneficiaries	94	106	111	120	127	136	145	163	180	203
Term-Non-Vested	71	81	91	115	103	100	113	146	148	175
Term-Vested	22	30	35	40	40	47	61	64	69	87
Total	898	1,010	1,058	1,160	1,220	1,249	1,270	1,345	1,368	1,420
MPORS										
Active	605	617	640	673	663	727	739	701	734	743
Retirees/Beneficiaries	575	580	592	636	646	670	676	676	710	716
Term-Non-Vested	35	40	38	58	59	65	71	76	77	90
Term-Vested	26	29	37	34	48	47	40	49	52	55
Total	1,241	1,266	1,307	1,401	1,416	1,509	1,526	1,502	1,573	1,604
FURS										
Active	444	467	480	525	558	570	579	590	610	616
Retirees/Beneficiaries	504	509	519	535	542	546	552	571	587	595
Term-Non-Vested	50	64	52	52	49	53	60	62	63	66
Term-Vested	13	10	9	9	9	13	13	13	15	19
Total	1,011	1,050	1,060	1,121	1,158	1,182	1,204	1,236	1,275	1,296
VFCA										
Active	2,754	2,733	2,207	2,301	2,253	2,315	2,105	2,106	2,101	1,935
Retirees/Beneficiaries	966	1,001	1,038	1,082	1,103	1,149	1,183	1,242	1,285	1,332
Term-Vested	687	687	800	793	840	827	870	879	884	939
Total	4,407	4,421	4,045	4,176	4,196	4,291	4,158	4,227	4,270	4,206

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

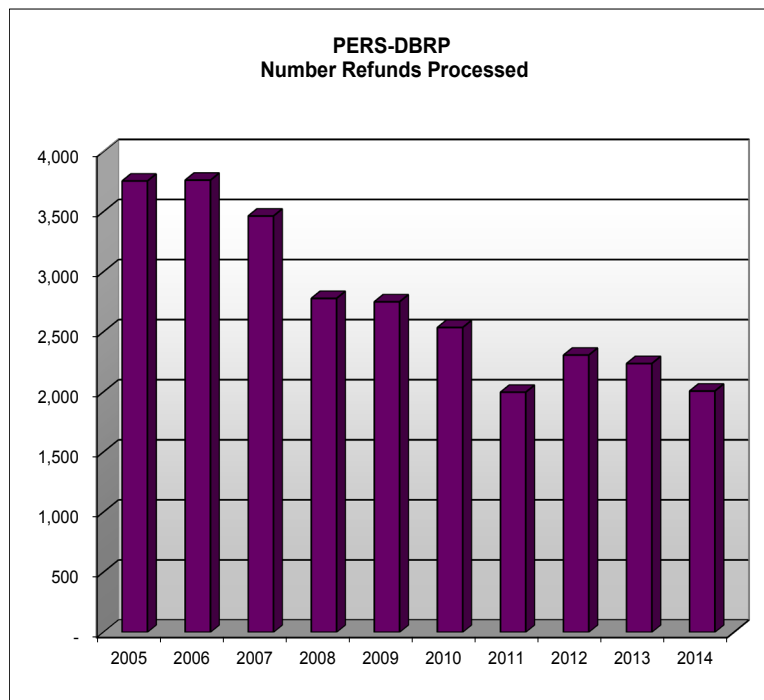
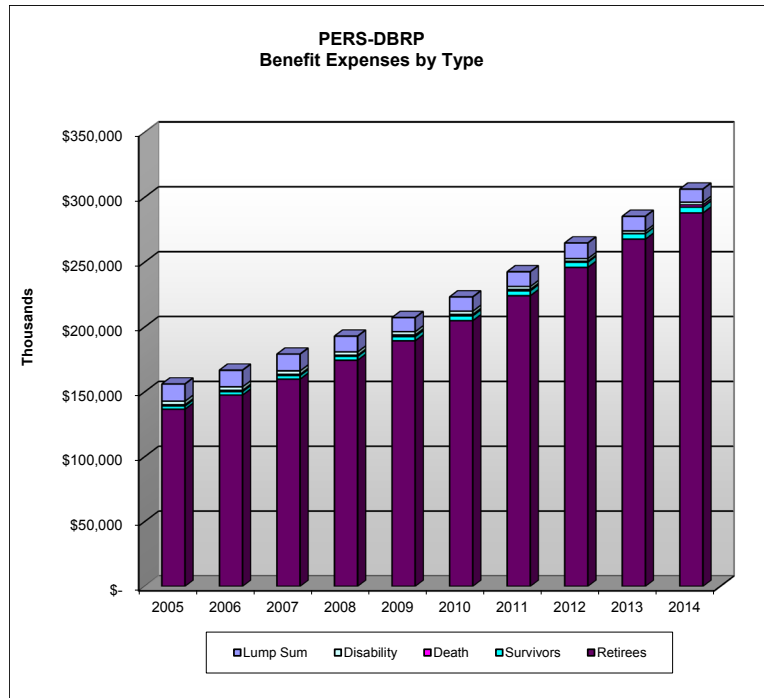
A Component Unit of the State of Montana

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

(in thousands)

System	2005	2006	2007	2008	2009	2010	2011
PERS-DBRP							
<i>Benefit Expenses</i>							
Retirees	\$ 136,632	\$ 147,502	\$ 159,790	\$ 174,357	\$ 189,360	\$ 204,885	\$ 224,108
Survivors	2,436	2,681	2,815	3,043	3,244	3,692	3,748
Disability	2,729	2,738	2,717	2,583	2,521	2,481	2,253
<i>Refunds</i>							
Death	992	965	866	832	1,277	1,128	1,114
Lump Sum	13,236	12,754	12,868	12,124	10,821	10,967	11,302
Total	\$ 156,025	\$ 166,640	\$ 179,056	\$ 192,939	\$ 207,223	\$ 223,153	\$ 242,525
Number of Lump Sum	3,756	3,763	3,465	2,779	2,751	2,537	1,998
JRS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,583	\$ 1,699	\$ 1,728	\$ 1,486	\$ 1,926	\$ 2,069	\$ 2,190
Survivors	41	44	44	335	46	49	50
Disability							
<i>Refunds</i>							
Death				8			
Lump Sum							
Total	\$ 1,624	\$ 1,743	\$ 1,772	\$ 1,829	\$ 1,972	\$ 2,118	\$ 2,240
Number of Lump Sum							
HPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 5,524	\$ 6,061	\$ 6,181	\$ 6,505	\$ 6,821	\$ 7,198	\$ 7,462
Survivors	144	149	155	176	191	216	233
Disability	121	155	124	132	115	143	162
<i>Refunds</i>							
Death							9
Lump Sum	181	89	139	61	26	58	121
Total	\$ 5,970	\$ 6,454	\$ 6,599	\$ 6,874	\$ 7,153	\$ 7,615	\$ 7,987
Number of Lump Sum	8	7	3	5	1	4	5
SRS							
<i>Benefit Expenses</i>							
Retirees	\$ 4,851	\$ 5,439	\$ 5,997	\$ 6,435	\$ 6,878	\$ 7,291	\$ 8,273
Survivors	148	153	187	215	272	293	292
Disability	528	560	585	593	670	693	665
<i>Refunds</i>							
Death			1		38		7
Lump Sum	612	365	934	722	968	766	938
Total	\$ 6,139	\$ 6,517	\$ 7,704	\$ 7,965	\$ 8,826	\$ 9,043	\$ 10,175
Number of Lump Sum	60	71	153	146	141	125	102

2012	2013	2014
\$ 245,959	\$ 267,690	\$ 287,895
3,968	4,240	4,512
2,065	1,922	2,048
770	169	1,728
11,991	11,254	10,070
\$ 264,753	\$ 285,275	\$ 306,253
2,307	2,237	1,809
\$ 2,291	\$ 2,478	\$ 2,911
53	75	112
\$ 2,344	\$ 2,553	\$ 3,023
\$ 7,794	\$ 8,270	\$ 8,894
239	248	238
188	191	212
2		
65	51	84
\$ 8,288	\$ 8,760	\$ 9,428
8	5	5
\$ 9,356	\$ 10,430	\$ 11,482
347	392	403
676	761	802
		45
1,248	1,159	1,185
\$ 11,627	\$ 12,742	\$ 13,917
144	137	107



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	2005	2006	2007	2008	2009	2010	2011
GWPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,509	\$ 1,760	\$ 2,022	\$ 2,208	\$ 2,427	\$ 2,566	\$ 2,801
Survivors	27	28	29	33	41	49	54
Disability	2	19	18	9		3	2
<i>Refunds</i>							
Death	1	27	16	21	53	4	6
Lump Sum	607	477	702	643	840	879	991
Total	\$ 2,146	\$ 2,311	\$ 2,787	\$ 2,914	\$ 3,361	\$ 3,501	\$ 3,854
Number of Lump Sum	146	85	125	113	110	143	114
MPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 10,646	\$ 11,256	\$ 11,861	\$ 12,827	\$ 13,960	\$ 14,652	\$ 5,835
Survivors	473	491	517	547	560	613	629
Disability	244	285	314	333	340	462	546
<i>Refunds</i>							
Death							3
DROP	510	234	502	3,777	148	407	449
Lump Sum	276	317	186	513	794	442	498
Total	\$ 12,149	\$ 12,583	\$ 3,380	\$ 17,997	\$ 15,802	\$ 16,576	\$ 17,960
Number of Lump Sum	29	27	23	34	42	39	36
Number of DROP	6	3	5	20	5	5	5
FURS							
<i>Benefit Expenses</i>							
Retirees	\$ 9,903	\$ 10,527	\$ 11,307	\$ 12,788	\$ 13,428	\$ 14,031	\$ 12,554
Survivors	398	408	412	442	433	427	479
Disability	85	105	131	124	126	140	2,560
<i>Refunds</i>							
Death			1				12
Lump Sum	101	46	241	116	70	86	128
Total	\$ 10,487	\$ 11,086	\$ 2,092	\$ 3,470	\$ 14,057	\$ 14,684	\$ 15,733
Number of Lump Sum	6	8	21	16	13	8	6
VFCA							
<i>Benefit Expenses</i>							
Retirees	\$ 1,494	\$ 1,561	\$ 1,635	\$ 1,710	\$ 1,779	\$ 1,848	\$ 1,938
Survivors	23	3	2	7	1	9	
Disability							
Total	\$ 1,517	\$ 1,564	\$ 1,637	\$ 1,717	\$ 1,780	\$ 1,857	\$ 1,938

STATISTICAL SECTION

2012	2013	2014
\$ 3,106	\$ 3,497	\$ 3,789
80	59	61
7	19	60
10		69
1,227	841	1,187
\$ 4,430	\$ 4,416	\$ 5,166
130	122	110
<hr/>		
\$ 16,195	\$ 17,269	\$ 18,245
654	656	675
504	538	530
1		
352	1,177	469
355	656	549
\$ 18,061	\$ 20,296	\$ 20,468
37	44	36
4	7	5
<hr/>		
\$ 15,884	\$ 16,965	\$ 18,106
466	478	490
169	227	252
		24
119	73	166
\$ 16,638	\$ 17,743	\$ 19,038
13	6	9
<hr/>		
\$ 2,046	\$ 2,819	\$ 2,281
<hr/>		
\$ 2,046	\$ 2,819	\$ 2,281

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	2005	2006	2007	2008	2009	2010	2010
PERS-DCRP							
Number of Retirements	1	2	3	6	3	35	8
Number of Deaths	3	2	3	1	1	2	
Number of Full Refunds	97	115	145	106	145	116	182
Amount Refunded	\$ 1,582	\$ 1,475	\$ 2,457	\$ 2,254	\$ 1,744	\$ 1,438	\$ 3,226
Number of Partial Refunds	9	10	10	10	3	13	75
Amount Refunded	\$ 198	\$ 96	\$ 153	\$ 243	\$ 128	\$ 198	\$ 393
Number of Forfeitures	73	103	118	134	121	94	124
Amount of Contributions Forfeited ¹	\$ 192	\$ 264	\$ 315	\$ 215	\$ 266	\$ 318	\$ 417

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

2012	2013	2014
4	35	26
1	5	8
158	179	147
\$ 3,077	\$ 3,759	\$ 3,616
35	60	57
\$ 323	\$ 436	\$ 967
98	75	72
\$ 415	\$ 398	\$ 252

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2014

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
PERS-DBRP	\$ 1 - 250	2,053	1,787	4	262
	251 - 500	3,559	3,067	36	456
	501 - 750	2,926	2,516	45	365
	751 - 1,000	2,269	1,933	35	301
	1,001 - 1,250	1,770	1,549	27	194
	1,251 - 1,500	1,295	1,143	12	140
	1,501 - 1,750	1,143	1,036	11	96
	1,751 - 2,000	986	901	5	80
	Over 2,000	4,080	3,906	5	169
	Total		20,081	17,838	180

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
PERS-DCRP Disability OPEB	\$ 1 - 250				
	251 - 500	1		1	
	501 - 750	2		2	
	751 - 1,000	1		1	
	1,001 - 1,250				
	1,251 - 1,500				
	1,501 - 1,750				
	1,751 - 2,000				
	Over 2,000				
	Total		4		4

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
JRS	\$ 1 - 250				
	251 - 500				
	501 - 750	1	1		
	751 - 1,000	1			1
	1,001 - 1,250	2	1		1
	1,251 - 1,500	6	3		3
	1,501 - 1,750				
	1,751 - 2,000	2			2
	Over 2,000	55	41		14
	Total		67	46	

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, 2014

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
PERS-DBRP									
	1,445	372	70	34	94	19	19	2,032	21
	2,411	760	152	47	135	46	8	3,544	15
	1,871	687	159	50	112	45	2	2,922	4
	1,425	517	172	33	86	36		2,266	3
	1,099	407	142	41	56	25		1,769	1
	763	346	118	27	30	11		1,293	2
	639	348	99	24	21	12		1,142	1
	556	264	120	11	24	11		986	
	2,244	1,035	557	97	122	25		4,080	
	12,453	4,736	1,589	364	680	230	29	20,034	47

	Option Selected ¹						GABA ³	NON-GABA
	1	2	3	4A	4B	5A		
DCRP-Disability								
PERS OPEB								
	1							1
	2							2
	1							1
	4							4

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
JRS								
	1							1
			1					1
	1					1		2
	1	4	1				2	4
		1				1	1	1
	13	31	6		3	2	28	27
	16	36	8		3	4	31	36

³ GABA is not an option for PERS DCRP-Disability OPEB retired members

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, 2014

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
HPORS					
	\$ 1 - 250	4			4
	251 - 500	8	4		4
	501 - 750	9	5		4
	751 - 1,000	5	1		4
	1,001 - 1,250	2	2		
	1,251 - 1,500	12	8		4
	1,501 - 1,750	22	16	2	4
	1,751 - 2,000	78	49	2	27
	Over 2,000	182	162	4	16
	Total	322	247	8	67

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
SRS					
	\$ 1 - 250	17	11	1	5
	251 - 500	34	27	1	6
	501 - 750	45	35	2	8
	751 - 1,000	26	21	1	4
	1,001 - 1,250	37	31		6
	1,251 - 1,500	32	24	3	5
	1,501 - 1,750	41	31	5	5
	1,751 - 2,000	44	35	7	2
	Over 2,000	257	235	15	7
	Total	533	450	35	48

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
GWPORS					
	\$ 1 - 250	1	1		
	251 - 500	22	19	1	2
	501 - 750	25	22		3
	751 - 1,000	22	15		7
	1,001 - 1,250	22	17		5
	1,251 - 1,500	18	15		3
	1,501 - 1,750	14	13		1
	1,751 - 2,000	13	11	1	1
	Over 2,000	66	63		3
	Total	203	176	2	25

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 (cont.)

As of June 30, 2014

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
HPORS								
		1				3	4	
	1	6				1	3	5
	1	6				2	5	4
	1	1				3	2	3
		2					1	1
		12					8	4
	3	19					9	13
	9	67			2		22	56
	25	154			3		172	10
	40	268			14		226	96

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
SRS								
	7	5	1			4	16	1
	9	18	4		3		34	
	23	14	4		2	2	45	
	10	12	1	1	1	1	25	1
	17	15	2		2	1	37	
	13	14	3		1	1	32	
	16	18	2		2	3	41	
	18	15	3	2	4	2	43	1
	135	70	28	14	8	2	257	
	248	181	48	17	23	16	530	3

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS								
	1						1	
	10	7	2		2	1	22	
	13	5	3		2	2	25	
	10	4	3		1	4	22	
	11	3	6	1	1		22	
	7	6	5				18	
	10	4					14	
	5	5	1	1	1		13	
	29	25	7		5		66	
	96	59	27	2	12	7	203	

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, 2014

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ⁴
MPORS ²	\$ 1 - 250	17	17		
	251 - 500	9	9		
	501 - 750	17	17		
	751 - 1,000	8	8		
	1,001 - 1,250	7	6		1
	1,251 - 1,500	18	10		8
	1,501 - 1,750	100	58	1	41
	1,751 - 2,000	117	75	4	38
	Over 2,000	423	342	16	65
	Total		716	542	21

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ⁴
FURS	\$ 1 - 250	31	20		11
	251 - 500	19	18		1
	501 - 750	5	4		1
	751 - 1,000	7	7		
	1,001 - 1,250	9	9		
	1,251 - 1,500	12	8		4
	1,501 - 1,750	36	20		16
	1,751 - 2,000	99	49	1	49
	Over 2,000	377	320	9	48
	Total		595	455	10

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ⁴
VFCA	\$ 1 - 250	1,330	1,327		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		1,332	1,329	

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 MPORS does not include DROP members

³ 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.

⁴ For the purposes of this schedule, Survivor is anyone receiving a monthly benefit that is not the original member.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit (cont.)

As of June 30, 2014

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS								
	2	15					14	3
	4	5					9	
	9	8					15	2
	5	3					8	
	4	3					6	1
		17				1	17	1
	11	79				10	94	6
	15	96				6	105	12
	54	361				8	384	39
	104	587				25	652	64

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
FURS								
	2	28				1	24	7
	5	14					13	6
	1	4					5	
	2	5					7	
	2	7					7	2
	2	10					10	2
	2	30				4	34	2
	2	91				6	99	
	44	324				9	354	23
	62	513				20	553	42

	Option Selected ³		GABA	NON-GABA
	1	2		
VFCA				
	1,326	4	N/A	N/A
	2			
	1,328	4		

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

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

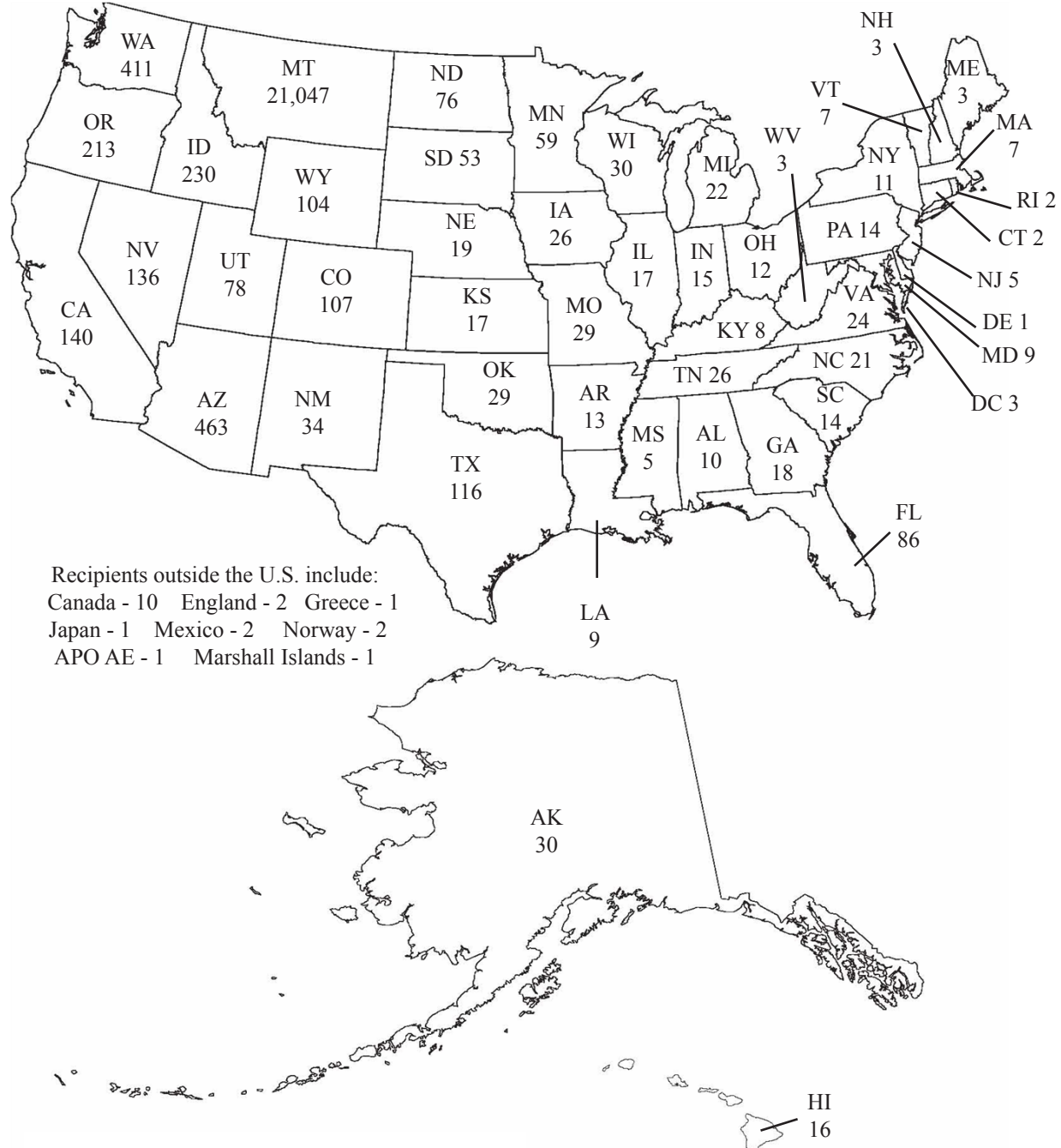
STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Distribution of Defined Benefit Recipients by Location

as of June 30, 2014



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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, 2014

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20	22	29	51	GWPORS	Under 20			
	20 - 29	933	1,224	2,157		20 - 29	99	31	130
	30 - 39	1,922	2,540	4,462		30 - 39	172	78	250
	40 - 49	2,598	3,413	6,011		40 - 49	216	61	277
	50 - 59	4,179	5,701	9,880		50 - 59	148	53	201
	60 - 69	2,091	2,536	4,627		60 - 69	42	10	52
	70 & Older	200	181	381		70 & Older	2	1	3
	Unknown ¹			660		Unknown ¹			42
Total		11,945	15,624	28,229	Total		679	234	955
JRS	Under 20				MPORS	Under 20	1		1
	20 - 29					20 - 29	101	16	117
	30 - 39	1		1		30 - 39	239	15	254
	40 - 49	2	1	3		40 - 49	244	18	262
	50 - 59	12	10	22		50 - 59	86	1	87
	60 - 69	22	1	23		60 - 69	11	1	12
	70 & Older	4	1	5		70 & Older			
	Unknown ¹			1		Unknown ¹			10
Total		41	13	55	Total		682	51	743
HPORS	Under 20				FURS	Under 20			
	20 - 29	25	4	29		20 - 29	93	2	95
	30 - 39	72	4	76		30 - 39	226	12	238
	40 - 49	84	2	86		40 - 49	187		187
	50 - 59	31	3	34		50 - 59	82	1	83
	60 - 69	3		3		60 - 69	11		11
	70 & Older					70 & Older			
	Unknown ¹			1		Unknown ¹			2
Total		215	13	229	Total		599	15	616
SRS	Under 20	3	1	4	PERS-DCRP	Under 20	1		1
	20 - 29	227	39	266		20 - 29	54	95	149
	30 - 39	319	67	386		30 - 39	248	311	559
	40 - 49	299	50	349		40 - 49	299	303	602
	50 - 59	184	27	211		50 - 59	279	328	607
	60 - 69	57	6	63		60 - 69	104	133	237
	70 & Older	4	1	5		70 & Older	8	5	13
	Unknown ¹			23		Unknown ¹			20
Total		1,093	191	1,307	Total		993	1,175	2,188

¹ Membership data not received as of June 30, 2014.

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, 2014

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	19	17	36		40 - 49	2		2
	50 - 59	696	673	1,369		50 - 59	43	3	46
	60 - 69	3,941	3,983	7,924		60 - 69	78	12	90
	70 & Older	5,418	5,334	10,752		70 & Older	63	2	65
	Total	10,074	10,007	20,081		Total	186	17	203
JRS	Under 20				MPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39	3	1	4
	40 - 49					40 - 49	43	9	52
	50 - 59		1	1		50 - 59	147	7	154
	60 - 69	16	4	20		60 - 69	253	4	257
	70 & Older	46		46		70 & Older	247	2	249
	Total	62	5	67		Total	693	23	716
HPORS	Under 20				FURS	Under 20			
	20 - 29					20 - 29			
	30 - 39	2	1	3		30 - 39	2		2
	40 - 49	24	3	27		40 - 49	19		19
	50 - 59	39	4	43		50 - 59	118	1	119
	60 - 69	86	5	91		60 - 69	196		196
	70 & Older	158		158		70 & Older	257	2	259
	Total	309	13	322		Total	592	3	595
SRS	Under 20				VFCA	Under 20			
	20 - 29					20 - 29			
	30 - 39	2		2		30 - 39			
	40 - 49	24		24		40 - 49			
	50 - 59	143	10	153		50 - 59	110	2	112
	60 - 69	226	6	232		60 - 69	532	38	570
	70 & Older	117	5	122		70 & Older	620	30	650
	Total	512	21	533		Total	1,262	70	1,332

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 7/1/2013 - 6/30/2014							
Average monthly benefit	\$ 2,743	\$ 913	\$ 766	\$ 1,659	\$ 2,094	\$ 2,031	\$ 2,986
Average HAC ¹	1,849	2,101	2,484	2,596	2,587	3,157	3,587
Number of retired members	32	191	176	176	173	188	194
Period 7/1/2012 - 6/30/2013							
Average monthly benefit ¹	2,542	1,205	1,775	1,850	1,531	2,043	3,109
Average HAC ¹	2,201	2,853	3,140	3,406	3,520	3,975	4,729
Number of retired members	47	182	219	167	184	172	264
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	1,988	2,471	784	1,654	2,153	3,585	3,411
Average HAC ¹	1,603	2,757	2,835	3,234	3,322	4,152	4,537
Number of retired members	52	207	213	171	173	182	242
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	2,578	1,314	1,195	1,210	2,459	2,782	3,040
Average HAC ¹	2,042	2,765	2,954	3,061	3,384	3,862	4,472
Number of retired members	42	170	180	164	149	179	293
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,939	1,719	2,457	3,299	2,281	2,237	3,543
Average HAC ¹	2,125	2,476	2,664	4,382	3,373	4,001	4,528
Number of retired members	49	160	153	148	114	138	163
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	4,476	1,088	1,623	2,283	2,097	2,246	3,130
Average HAC ¹	2,080	2,638	2,921	3,048	3,280	3,860	4,376
Number of retired members	22	136	159	148	102	168	211
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	516	468	916	1,011	2,119	2,251	2,973
Average HAC ¹	2,047	2,137	2,492	2,929	2,901	3,423	4,017
Number of retired members	22	162	169	161	126	180	196
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	1,408	369	601	1,056	1,257	1,973	3,154
Average HAC ¹	2,211	2,365	2,304	2,644	2,878	3,239	3,849
Number of retired members	23	149	153	174	129	144	188
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	297	339	692	1,338	1,295	1,867	2,959
Average HAC ¹	1,691	1,989	2,298	2,919	2,625	3,009	3,730
Number of retired members	16	140	148	138	110	132	193
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	270	334	593	858	1,313	1,854	2,916
Average HAC ¹							
Number of retired members	16	135	168	134	107	126	130

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 7/1/2013 - 6/30/2014							
Average monthly benefit				\$ 2,792	\$ 4,899	\$ 5,088	
Average HAC ¹					9,800	9,800	
Number of retired members				1	1	1	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit ¹		\$ 2,809	4,783	6,474	5,961		
Average HAC ¹		9,427	9,703	9,494	9,494		
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							
Average monthly benefit	\$ 2,263	2,980	5,136		6,231		
Average HAC ¹	8,906	7,842	9,201		8,906		
Number of retired members	1	1	2		1		
Period 7/1/2009 - 6/30/2010							
Average monthly benefit					5,437		
Average HAC ¹					9,797		
Number of retired members					1		
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,449	3,404	4,927	4,837			
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			4,989				
Average HAC ¹			8,849				
Number of retired members			1				
Period 7/1/2006 - 6/30/2007							
Average monthly benefit			3,920				
Average HAC ¹			7,841				
Number of retired members			1				
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	2,806					5,192	
Average HAC ¹	8,407					7,841	
Number of retired members	1					1	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			4,614				
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 7/1/2013 - 6/30/2014							
Average monthly benefit			\$ 470	\$ 2,489	\$ 3,318	\$ 4,896	
Average HAC ¹				2,279	5,234	6,641	
Number of retired members			1	2	8	2	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 1,963				3,147	3,254	
Average HAC ¹	3,925				5,702	7,273	
Number of retired members	1				7	3	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		\$ 690			3,017	3,999	
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			1,746	2,598	3,126		
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	476	195		2,610	2,539	3,660	
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	1,995			2,392		2,835	
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	2,064	738		12,802	2,219	3,520	
Average HAC ¹	3,415	3,450		3,974	4,451	4,517	
Number of retired members	1	1		1	5	1	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit					1,881		
Average HAC ¹					3,976		
Number of retired members					7		
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,959			2,451	3,386	4,984
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			1,455		2,857	3,122	4,402
Average HAC ¹							
Number of retired members			2		2	1	2

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 7/1/2013 - 6/30/2014							
Average monthly benefit	\$ 411	\$ 491	\$ 941	\$ 2,211	\$ 2,778	\$ 2,854	\$ 3,676
Average HAC ¹	354	3,281	3,074	5,393	5,673	3,688	6,893
Number of retired members	2	7	4	5	6	3	3
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	1,604	600	1,474	1,775	2,859	3,441	5,518
Average HAC ¹	3,559	4,147	4,453	4,423	5,466	4,932	6,428
Number of retired members	1	5	13	5	12	2	1
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	3,764	6,830	1,810	2,682	2,551	3,544	4,091
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	661	1,561	2,804	2,514	3,988	5,645
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	1,949	1,408	869	1,757	3,265	3,630	4,014
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	1,287	545		1,828	2,765	4,211	5,409
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	979	1,411	1,157	3,121	2,365	2,663	5,922
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	999	1,606	1,871	2,016	3,690	3,690
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		681	801	1,574	2,785	3,291	3,534
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		199	1,137	1,442	1,869	3,688	
Average HAC ¹							
Number of retired members		3	4	3	11	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.)

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 7/1/2013 - 6/30/2014							
Average monthly benefit		\$ 604	\$ 1,100	\$ 1,632	\$ 2,505	\$ 2,047	
Average HAC ¹		2,781	714	3,484	2,507	3,695	
Number of retired members		4	5	9	4	1	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 2,502	5,224	1,086	1,225	3,524	3,890	
Average HAC ¹	2,695	2,595	3,316	3,820	6,679	5,795	
Number of retired members	4	6	4	7	1	1	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		624	1,205	1,941			\$ 3,886
Average HAC ¹		3,164	3,938	4,027			4,693
Number of retired members		6	6	1			3
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	4,914	607	1,142	1,298		3,328	3,718
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	577	1,253				4,019
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	1,804	528		1,663			3,569
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		655	930		1,959	3,138	3,726
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		490			2,444		4,287
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		541	1,158		1,165		3,622
Average HAC ¹		2,660	3,248		3,044		4,076
Number of retired members		6	2		2		6
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		559				1,984	4,835
Average HAC ¹							
Number of retired members		8				2	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 7/1/2013 - 6/30/2014							
Average monthly benefit		\$ 709	\$ 1,914	\$ 2,850	\$ 3,211	\$ 4,264	
Average HAC ¹		3,028	4,595	5,699	5,116	6,655	
Number of retired members		1	2	1	8	1	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 525	1,173	571	2,242	2,968	3,286	
Average HAC ¹	6,801	4,075	2,093	4,664	5,261	5,516	
Number of retired members	5	3	1	6	17	6	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	120	1,157	1,211	1,308	2,980		\$ 5,534
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	265	2,247	1,757	2,529	2,856	4,367	
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	987	1,619	2,296	2,467	2,090	2,988	5,942
Average HAC ¹	3,905	3,354	4,618	4,541	3,801		6,594
Number of retired members	4	4	4	4	10	1	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		2,363		2,049	2,165	4,229	5,177
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	105	1,695	1,300	2,797	2,568	3,621	4,840
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	1,046		1,821	2,422	2,399	4,228	
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	1,620		1,424	3,613	2,936	6,207	5,808
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	1,820	1,288	2,267	2,339	3,345	4,512	6,396
Average HAC ¹							
Number of retired members	2	2	2	2	3	3	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.)

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 7/1/2013 - 6/30/2014							
Average monthly benefit		\$ 1,382	\$ 1,766	\$ 2,430	\$ 3,265	\$ 4,054	\$ 5,532
Average HAC ¹		5,161	5,865	6,684	2,539	5,931	6,559
Number of retired members		2	1	5	4	2	3
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 1,429	430	1,399		1,183	4,609	5,987
Average HAC ¹	2,859	2,974	4,549		2,175	6,656	6,686
Number of retired members	1	1	2		5	6	5
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		1,723	3,031		3,332	3,958	4,663
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		272		2,266	4,006	3,675	3,989
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	2,014		2,806	238	2,786	3,804	4,157
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		1,126		2,022	3,960	3,983	4,844
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			2,345	1,733	2,455	3,811	4,924
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		2,196	1,595	3,340	2,873	4,005	5,751
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		2,682	2,561	3,763	2,858	5,043
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		1,323		2,107	2,397	2,851	4,278
Average HAC ¹							
Number of retired members		2		2	5	3	2

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						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2013 - 6/30/2014							
Average monthly benefit		\$ 75	\$ 94	\$ 140	\$ 169	\$ 210	\$ 238
Average HAC ¹							
Number of retired members		9	19	20	15	9	4
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	21	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	424	168	946	
Average HAC ¹							
Number of retired members		8	21	19	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	

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 2014

System	Years of Service	Recipients' Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
PERS-DBRP	0-4	\$ 189	\$ 265	\$ 126	\$ 164	\$ 230	\$ 242	\$ 271	\$ 232	\$ 244	\$ 240
	5-9	266	352	352	296	347	351	336	330	288	327
	10-14	985	578	506	511	624	685	581	539	480	574
	15-19	398	712	708	721	919	916	877	821	726	835
	20-24		1,364	1,091	1,466	1,297	1,308	1,182	1,100	1,001	1,184
	25-29		2,184	2,225	2,111	2,106	2,015	1,742	1,600	1,384	1,850
	30-34		2,706	3,058	2,972	3,039	2,735	2,422	2,074	1,757	2,565
	35-39				3,704	3,731	3,333	3,021	2,692	2,152	3,090
	40-UP				5,824	3,963	3,798	4,075	3,416	2,579	3,512
	Average		\$ 502	\$ 1,042	\$ 1,682	\$ 1,794	\$ 1,595	\$ 1,433	\$ 1,197	\$ 1,064	\$ 870

JRS	0-4										
	5-9						\$ 1,470		\$ 2,806	\$ 2,017	\$ 1,932
	10-14					\$ 2,980	3,384	\$ 2,812	3,090	3,289	3,225
	15-19				\$ 2,792	4,877	5,031	4,594	4,680	3,064	3,863
	20-24					6,474	4,868				5,404
	25-29					6,792	5,677	5,348	5,088	5,774	5,643
	30-34							6,231		6,712	6,552
	35-39										
	40-UP										
	Average				\$ 2,792	\$ 5,200	\$ 3,791	\$ 4,413	\$ 4,069	\$ 3,347	\$ 3,758

HPORS	0-4	\$ 2,002	\$ 1,243	\$ 1,551		\$ 1,724	\$ 926				\$ 1,572
	5-9	1,978	72	627	\$ 2,004	1,995	1,380			\$ 1,516	1,191
	10-14	2,255	2,372	988		1,400	638		\$ 301	833	1,041
	15-19	2,490	2,429		2,514	1,780		\$ 1,982		926	1,863
	20-24	3,025	3,326	2,583	2,697	2,471	2,059	1,811	1,801	1,720	2,197
	25-29		3,748	3,910	2,935	3,800	3,173	2,752	2,483	1,948	2,797
	30-34					4,343	4,252	3,633	3,608	2,371	3,441
	35-39						5,285	5,144	4,413	3,102	4,184
	40-UP									4,266	4,266
	Average	\$ 2,195	\$ 2,453	\$ 2,472	\$ 2,615	\$ 2,811	\$ 2,660	\$ 2,576	\$ 2,279	\$ 1,936	\$ 2,416

SRS	0-4	\$ 908	\$ 1,604	\$ 1,655	\$ 1,384	\$ 1,924	\$ 1,120		\$ 249	\$ 171	\$ 1,332
	5-9	201	1,900	1,031	567	794	801	\$ 931	706	428	819
	10-14	2,695	2,404	1,037	1,269	1,301	922	1,053	1,018	868	1,184
	15-19	2,559	2,893	1,808	2,325	1,316	1,358	1,651	1,526	1,009	1,581
	20-24	3,080	2,893	2,500	2,228	2,406	2,068	2,039	1,510	790	2,257
	25-29			3,334	3,210	3,507	3,471	3,227	2,090	1,470	3,000
	30-34				5,879	4,166	4,300	3,554		1,929	4,191
	35-39					6,379	3,192	5,922	3,299	3,488	3,982
	40-UP										
	Average	\$ 1,656	\$ 2,574	\$ 2,134	\$ 2,161	\$ 2,299	\$ 1,926	\$ 2,369	\$ 1,392	\$ 1,163	\$ 2,045

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 2014

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	\$ 370	\$ 460				\$ 406
	5-9	\$ 421		\$ 794	488	588	700	\$ 575			610
	10-14				1,126	1,154	1,190	1,120	\$ 1,624		1,172
	15-19		\$ 1,780	1,724	1,477	1,382	1,697	1,234		\$ 899	1,410
	20-24			2,090	2,591	1,772	1,287	1,758	1,725	1,337	1,817
	25-29			2,047	2,865		2,504	2,384	2,079	1,472	2,163
	30-34			3,812	3,816	3,470	3,595	3,624	2,885	2,026	3,135
	35-39				3,991	4,652	3,163	3,322		2,693	3,258
	40-UP						4,441				4,441
	Average	\$ 421	\$ 1,780	\$ 2,040	\$ 1,966	\$ 1,297	\$ 1,531	\$ 1,768	\$ 2,199	\$ 1,747	\$ 1,685
MPORS	0-4	\$ 1,859	\$ 1,861	\$ 515	\$ 48	\$ 551	\$ 966	\$ 841	\$ 1,640	\$ 1,683	\$ 968
	5-9	2,258	2,226	1,153	996	1,224	1,356	1,894	1,601	1,852	1,575
	10-14	2,468	2,363	1,447	1,783	1,558	1,700	1,760	2,089	1,771	1,742
	15-19	2,850	2,429	2,094	2,049	2,199	2,035	1,773	1,772	2,111	2,083
	20-24	3,142	2,595	2,788	2,458	2,313	2,476	2,152	1,980	1,980	2,315
	25-29		4,264	4,254	3,438	4,084	3,905	3,417	3,020	2,347	3,552
	30-34					4,911	5,674	4,642	2,706	2,500	4,638
	35-39					4,695				2,779	3,737
	40-UP										
	Average	\$ 2,314	\$ 2,488	\$ 2,271	\$ 2,225	\$ 2,356	\$ 2,616	\$ 2,294	\$ 2,058	\$ 2,013	\$ 2,297
FURS	0-4	\$ 2,099		\$ 1,659	\$ 1,925	\$ 1,429	\$ 1,993				\$ 1,857
	5-9	2,225	\$ 2,198	732	546	911	1,383	\$ 1,873	\$ 2,345		1,310
	10-14		2,727	1,933	1,441	1,827	1,443	1,302	2,051	\$ 1,591	1,719
	15-19	2,523	2,881	2,383	1,797	2,211	1,726	1,180	1,681	1,855	1,837
	20-24	3,111	2,297	2,581	2,603	2,234	2,212	1,841	1,631	1,845	2,105
	25-29		3,929	3,581	3,893	3,781	3,366	2,918	2,224	1,791	2,901
	30-34			351	5,332	4,909	4,587	4,636	2,975	2,288	4,394
	35-39				5,978	5,439	5,189	5,192	5,693	3,076	4,898
	40-UP										
	Average	\$ 2,341	\$ 2,677	\$ 2,573	\$ 3,134	\$ 3,088	\$ 3,171	\$ 2,778	\$ 2,265	\$ 1,912	\$ 2,694
VFCA	0-4										
	5-9										
	10-14				\$ 105	\$ 86	\$ 88	\$ 87	\$ 86	\$ 85	\$ 87
	15-19				225	130	123	127	127	124	127
	20-24				159	159	161	164	164	163	162
	25-29				200	201	197	198	201	193	199
	30-34				230	228	227	225	225	225	228
	35-39				293		225		225		239
	40-UP										
	Average				\$ 179	\$ 150	\$ 142	\$ 140	\$ 137	\$ 136	\$ 145

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers

Current Year and Nine Years Ago

<u>Participating Government</u>	As of June 30, 2014			As of June 30, 2005		
	<u>Covered Employees</u> ¹	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Covered Employees</u> ¹	<u>Rank</u>	<u>Percentage of Total System</u>
<u>PERS-DBRP</u>						
STATE OF MONTANA ²	10,696	1	37.50	10,439	1	36.92
UNIVERSITY OF MONTANA	1,326	2	4.65	1,208	2	4.27
MONTANA STATE UNIVERSITY - BOZEMAN	963	3	3.38	1,053	3	3.72
MISSOULA COUNTY	601	4	2.11	596	4	2.11
CITY OF BILLINGS	574	5	2.01	528	5	1.87
SCHOOL DISTRICT 1 - GREAT FALLS	426	6	1.49	448	6	1.58
FLATHEAD COUNTY	392	7	1.37	407	7	1.44
SCHOOL DISTRICT 2 - BILLINGS	354	8	1.24	374	10	1.32
CASCADE COUNTY	351	9	1.23	393	8	1.39
CITY OF GREAT FALLS	347	10	1.22	340	11	1.20
YELLOWSTONE COUNTY	286	14	1.00	383	9	1.35
"All other" *	12,209		42.80	12,108		42.83
TOTAL (508 EMPLOYERS)	28,525		100.00	28,277		100.00

* In 2014, "all other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Cities & Towns	96	2,425
Counties	51	3,769
Other Agencies	111	1,205
School Districts	236	4,452
Universities	3	358
Total	497	12,209

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, 2014			As of June 30, 2005		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
JRS						
STATE OF MONTANA ²	55	1	100.00	50	1	100
TOTAL (1 EMPLOYER)	55		100.00	50		100
HPORS						
STATE OF MONTANA ²	230	1	100.00	227	1	100
TOTAL (1 EMPLOYER)	230		100.00	227		100
SRS						
MISSOULA COUNTY	130	1	9.90	47	2	6.78
YELLOWSTONE COUNTY	105	2	8.00	53	1	7.65
CASCADE COUNTY	104	3	7.92	35	7	5.05
GALLATIN COUNTY	96	4	7.31	42	4	6.06
FLATHEAD COUNTY	87	5	6.63	46	3	6.64
LEWIS & CLARK COUNTY	66	6	5.03	39	6	5.63
STATE OF MONTANA ²	61	7	4.65	40	5	5.77
RAVALLI COUNTY	47	8	3.58	31	8	4.47
DAWSON COUNTY	46	9	3.50	8	26	1.15
LAKE COUNTY	43	10	3.27	21	9	3.03
LINCOLN COUNTY	29	11	2.21	19	10	2.74
In 2014 "All other" consists of 46 Counties	499		38.00	312		45.03
TOTAL (57 EMPLOYERS)	1,313		100.00	693		100.00
GWPORS						
STATE OF MONTANA ²	909	1	95.48	687	1	96.49
MONTANA STATE UNIVERSITY - BOZEMAN	22	2	2.31	11	3	1.54
UNIVERSITY OF MONTANA	14	3	1.47	12	2	1.69
MONTANA STATE UNIVERSITY - BILLINGS	7	4	0.74	2	4	0.28
TOTAL (4 EMPLOYERS)	952		100.00	712		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, 2014			As of June 30, 2005		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
MPORS						
CITY OF BILLINGS	140	1	18.67	124	1	20.39
CITY OF MISSOULA	102	2	13.60	94	2	15.46
CITY OF GREAT FALLS	84	3	11.20	79	3	12.99
CITY OF BOZEMAN	60	4	8.00	42	5	6.91
CITY OF HELENA	51	5	6.80	50	4	8.22
BUTTE-SILVER BOW	47	6	6.27	40	6	6.58
CITY OF KALISPELL	33	7	4.40	31	7	5.10
ANACONDA-DEER LODGE COUNTY	20	8	2.67	20	9	3.29
CITY OF HAVRE	18	9	2.40	20	8	3.29
CITY OF WHITEFISH	18	10	2.40	13	12	2.14
CITY OF MILES CITY	16	11	2.13	13	10	2.14
In 2014 "All other" consists of 21 Cities	161		21.46	82		13.49
TOTAL (32 EMPLOYERS)	750		100.00	608		100.00

FURS

CITY OF BILLINGS	113	1	18.08	105	1	21.92
CITY OF MISSOULA	91	2	14.56	76	2	15.87
CITY OF GREAT FALLS	65	3	10.40	64	3	13.57
CITY OF BOZEMAN	45	4	7.20	30	6	6.26
CITY OF HELENA	35	5	5.60	34	4	7.10
BUTTE-SILVER BOW	34	6	5.44	31	5	6.47
MISSOULA RURAL FIRE DISTRICT	34	7	5.44			
CITY OF KALISPELL	30	8	4.80	27	7	5.64
CITY OF HAVRE	17	9	2.72	17	10	3.55
STATE OF MONTANA ²	17	10	2.72	6	15	1.25
CITY OF LEWISTOWN	7	20	1.12	23	8	4.80
CITY OF GLENDIVE	5	22	0.80	18	9	3.76
In 2014 "All other" consists of 6 Cities and 7 Rural Fire District	132		21.12	47		9.81
TOTAL (25 EMPLOYERS)	625		100.00	479		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, 2014			As of June 30, 2005		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
PERS-DCRP						
STATE OF MONTANA ²	1022	1	46.27	585	1	42.89
YELLOWSTONE CITY-COUNTY HEALTH DEPT	73	2	3.30	20	6	1.47
MISSOULA COUNTY	62	3	2.81	44	2	3.23
UNIVERSITY OF MONTANA	53	4	2.40	25	4	1.83
CITY OF BILLINGS	52	5	2.35	42	3	3.08
MONTANA STATE UNIVERSITY - BOZEMAN	52	6	2.35	19	8	1.39
CITY OF MISSOULA	31	7	1.40	20	7	1.47
CITY OF BOZEMAN	28	8	1.27	17	11	1.25
GALLATIN COUNTY	26	9	1.18	19	9	1.39
FLATHEAD COUNTY	25	10	1.13	16	12	1.17
YELLOWSTONE COUNTY	24	11	1.09	23	5	1.69
BUTTE SILVER BOW	23	12	1.04	18	10	1.32
"All other" *	738		33.41	516		37.82
TOTAL (234 EMPLOYERS)	2,209		100.00	1,364		100.00

* In 2014, "all other" consisted of:

Type	Number	Employees
Cities & Towns	47	143
Counties	40	231
Other Agencies	39	97
School Districts	93	259
Universities	3	8
Total	222	738

Deferred Compensation Plan

STATE OF MONTANA ²	4,096	1	87.17	4,462	1	92.53
UNIVERSITY OF MONTANA	102	2	2.17	141	2	2.92
LEWIS AND CLARK COUNTY	101	3	2.15			
CITY OF HELENA	99	4	2.11		3	
MONTANA STATE UNIVERSITY - BOZEMAN	57	5	1.21	115	4	2.38
GREAT FALLS TRANSIT	32	6	0.68	46		0.95
FALLON COUNTY	26	7	0.55			
SANDERS COUNTY	25	8	0.53			
MONTANA STATE UNIVERSITY - BILLINGS	20	9	0.43	21	5	0.44
CITY OF POLSON	17	10	0.36			
SCHOOL DISTRICT 2 - BILLINGS	10	12	0.21	2	10	0.04
BIG SKY WATER & SEWER DIST #363	8	16	0.17	5	9	0.10
MONTANA STATE UNIVERSITY - NORTHERN	6	18	0.13	17	6	0.35
MSU COLLEGE OF TECHNOLOGY - GREAT FALLS	4	23	0.08	8	7	0.18
DAWSON COMMUNITY COLLEGE	4	24	0.09	5	8	0.11
"All other" *	92		1.96			
TOTAL (36 EMPLOYERS)	4,699		100.00	4,822		100.00

* In 2014, "all other" consisted of:

Type	Number	Employees
Cities & Towns	8	39
Counties	1	3
Other Agencies	7	20
School Districts	5	30
Universities	0	0
Total	21	92

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, 2014

PERS-DBRP (541)

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 (98)

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.)	Three Forks	SD 1, Plains
Forsyth	Townsend	SD 1, Red Lodge
Fort Benton	Troy	SD 1, Scobey
Fort Peck	Twin Bridges	SD 1, Troy
Froid	Valier	SD 1 & 7, Hysham
Geraldine	Westby	SD 1 & 7, Townsend
Glasgow	West Yellowstone	SD 2, Alberton
Glendive	White Sulphur Springs	SD 2, Alder
Grass Range	Whitefish	SD 2, Billings
Great Falls	Wibaux	SD 2, Bridger
Hamilton	Winnett	SD 2, Deer Park
Hardin	Wolf Point	SD 2, Dodson
Harlem		SD 2, Dupuyer
Harlowton	Colleges & Universities (5)	SD 2, Frazer
Havre	Montana State University -	SD 2, Lavina
Helena	Billings	SD 2, Stevensville
Hot Springs	Montana State University -	SD 2, Sunburst
Hysham	Bozeman	SD 2, Thompson Falls
Kalispell	Montana State University	SD 2 & 3, Pryor
Laurel	College of Technology -	SD 2 & 11, Big Sandy
Lewistown	Great Falls	SD 2 & 27, Lodge Grass
Libby	Montana State University -	SD 3, Belfry
Lima	Northern	SD 3, Billings
Livingston	University of Montana -	SD 3, Cascade
Malta	Missoula	SD 3, Fair Mont Egan
Manhattan		SD 3, Hamilton
Medicine Lake	High Schools (6)	SD 3, Manhattan
Melstone	Beaverhead County	SD 3, Ramsey
Miles City	Garfield County	SD 3, Superior
Missoula	Jefferson County	SD 3, Westby
Nashua	Powder River County	SD 3, Wolf Point
Phillipsburg	Powell County	SD 3 & 13, Fairview
Plains	Sweet Grass County	SD 4, Canyon Creek
Plentywood		SD 4, Divide
Polson	School Districts (232)	SD 4, Forsyth
Poplar	SD 1, Big Timber	SD 4, Hellgate
Red Lodge	SD 1, Butte	SD 4, Libby
Richey	SD 1, Choteau	SD 4, Livingston
Ronan	SD 1, Circle	SD 4, Swan River
Roundup	SD 1, Clancy	SD 4 & 28, Highwood
Ryegate	SD 1, Corvallis	SD 4 & 47, Whitehall
Saco	SD 1, Deer Lodge	SD 5, Basin
Scobey	SD 1, Fort Benton	SD 5, Kalispell
Shelby	SD 1, Glasgow	SD 5, Melrose
Sheridan	SD 1, Glendive	SD 5, Park City
Sidney	SD 1, Great Falls	SD 5, Sand Coulee
St Ignatius	SD 1, Heart Butte	SD 5, Sheridan
Stanford	SD 1, Helena	SD 5, Sidney
Stevensville	SD 1, Kalispell	SD 5, Terry
Sunburst	SD 1, Lewistown	SD 6, Columbia Falls
Superior	SD 1, Miles City	SD 6, Columbus
Terry	SD 1, Missoula	SD 6, Lame Deer
Thompson Falls	SD 1, Phillipsburg	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

STATISTICAL SECTION

School Districts (cont.)	Fallon Medical Complex	Lewis & Clark Library
SD 115, Winifred	Fergus County Conservation District	Liberty County Cemetery District
SD 159, Winnett	Flathead County Special Education Cooperative	Liberty County Conservation District
Judith Gap Schools	Flathead Conservation District	Lincoln Conservation District
Other Agencies (111)	Flathead Emergency Communications Center	Lincoln County Rural Fire District
Anaconda Housing Authority	Flathead Joint Board of Control	Lockwood Rural Fire District #8
Bear Paw Cooperative	Flathead Municipal Airport Authority	Lockwood Water & Sewer District
Bert Mooney Airport Authority	Flathead Valley Community College	Madison Conservation District
Big Country Educational Cooperative	Fort Shaw Irrigation District	Malta Cemetery District
Big Fork Water & Sewer	Frenchtown Rural Fire District	Malta Irrigation District
Big Sky County Water & Sewer District	Gallatin Airport Authority	Miles City Housing Authority
Big Sky Economic Development Authority	Gallatin Canyon Consolidated Rural Fire District	Miles Community College
Big Sky Special Education Cooperative	Gallatin Conservation District	Milk River Joint Board Control
Billings Housing Authority	Gallatin-Madison Special Education Cooperative	Missoula Area Special Education Cooperative
Bitterroot Conservation District	Gardiner-Park County Water District	Missoula County Airport
Bitterroot Valley Special Education Cooperative	Glasgow Housing Authority	Missoula Rural Fire District
Buffalo Rapids Irrigation District #1	Glasgow Irrigation District	North Central Learning Special Education Cooperative
Buffalo Rapids Irrigation District #2	Granite County Hospital & Nursing Home	North Lake County Public Library
Butte Housing Authority	Granite Conservation District	North Valley Public Library
Cascade County	Great Divide Education Services	Northern Montana Joint Refuse Disposal District
Conservation District	Great Falls International Airport	Northwest Montana Education Cooperative
Center for Mental Health	Greenfields Irrigation District	Pablo-Lake County Water District
Central Montana Special Education Cooperative	Hebgen Basin Rural Fire	Park County Rural Fire District #1
Central Valley Fire District	Helena Business Improvement District	Park County Special Education Cooperative
Choteau County	Helena Housing Authority	Petroleum Conservation District
Conservation District	Helena Regional Airport Authority	Pondera County Canal & Reservoir
CME/Flathead Indian Irrigation Project	Helena Valley Irrigation District	Pondera County Cemetery District 2
Corvallis County Sewer District	Hill County Public Cemetery District	Pondera County Council on Aging
Crown Hill Cemetery District	Hinsdale Water and Sewer	Port of Montana — Port Authority
Daly Ditches Irrigation	Human Resources Council District XI	Prairie County Hospital District
Dawson County Urban Transportation District	Human Resources Council District XII	Prickley Pear Special Services Cooperative
Dawson College	Judith Basin Conservation District	Rae Water & Sewer
Deer Lodge County Head Start Program	Lakeside County Sewer District	Richland County Housing Authority
Dry Prairie Rural Water District	Lakeview Cemetery District	Ronan Library District
Eastern Yellowstone County	Larchmont Golf Course	Roundup Community Library
Special Education Cooperative	Lewis & Clark Conservation District	

STATISTICAL SECTION

Other Agencies (cont.)

Sanders Special Education
Cooperative
Seeley Lake Missoula County
Water District
Sidney-Richland Airport
Authority
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 (32)

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
Polson
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

Cities (cont.)

Bozeman
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
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
Ferdale 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

STATISTICAL SECTION

VFCA (cont.)

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

STATISTICAL SECTION

VFCA (cont.)

Terra Verde Heights Volunteer
Fire Dept
TFS Volunteer Fire Dept
Thompson Falls Rural Volunteer
Fire Dept
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 (264)

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)

Anaconda Deer Lodge
Beaverhead
Broadwater
Cascade
Chouteau
Custer
Daniels
Dawson
Fallon
Fergus
Flathead

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

Cities & Towns (51)

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

STATISTICAL SECTION

Cities & Towns (cont.)

Fairfield
 Fairview
 Froid
 Glasgow
 Glendive
 Great Falls
 Hamilton
 Hardin
 Harlem
 Havre
 Helena
 Hot Springs
 Kalispell
 Laurel
 Libby
 Livingston
 Manhattan
 Miles City
 Missoula
 Moore
 Phillipsburg
 Polson
 Poplar
 Red Lodge
 Scobey
 Shelby
 Sheridan
 Sidney
 Stevensville
 Sunburst
 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 (91)

SD 1, Butte
 SD 1, Clancy
 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, Lewistown
 SD 1, Missoula
 SD 1, Plains
 SD 1, Red Lodge
 SD 1, Scobey
 SD 1 & 7, Townsend
 SD 2 & 11, Big Sandy
 SD 2, Billings
 SD 2 & 7, Savage
 SD 2, Stevensville
 SD 2, Sunburst
 SD 3, Belfry
 SD 3, Billings
 SD 3, Fairmont Egan
 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, Sand Coulee
 SD 5, Sidney
 SD 5, Terry
 SD 6, Columbia Falls
 SD 6, Columbus
 SD 6 & 1, St. Regis
 SD 7, Boulder
 SD 7, Bozeman
 SD 7, Hinsdale
 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, Culbertson
 SD 17H, Hardin
 SD 18, Woodman
 SD 20, Plentywood
 SD 21, Galata
 SD 23, Missoula
 SD 23, Polson
 SD 23, Roberts
 SD 24, Three Forks
 SD 24, Worden
 SD 25, Hobson
 SD 26, Lockwood
 SD 27, Grass Range
 SD 30 & 6, Fromberg
 SD 30, Ronan
 SD 32, Clinton
 SD 32, Rapelje
 SD 37, Shepherd
 SD 38, Lincoln
 SD 40, Frenchtown
 SD 43, Lamotte
 SD 44, Belgrade
 SD 44, Geraldine
 SD 50, Evergreen
 SD 50, Hays
 SD 52, Absarokee
 SD 52, Ennis
 SD 52, Independent
 SD 58, Geyser
 SD 64, Bainville
 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
 Center for Mental Health
 Central Montana Learning
 Resource Center

Other Agencies (cont.)

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
 Sourdough Rural Fire District
 Thompson Falls Public Library
 Yellowstone City-County
 Health Dept

Deferred Compensation (36)

State Agencies (1)

*State of Montana

Counties (4)

Carter
 Fallon
 Lewis & Clark
 Sanders

Cities & Towns (10)

Colstrip
 Hardin
 Helena
 Polson
 Poplar
 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 (6)

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

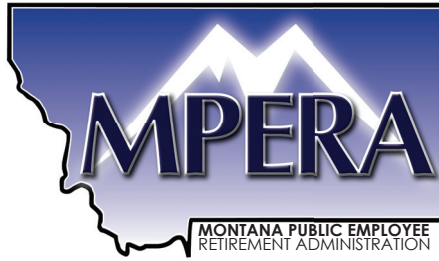
Other Agencies (10)

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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This is a publication of the
MONTANA PUBLIC EMPLOYEE
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100 North Park Avenue, Suite 200
PO Box 200131
Helena, MT 59620-0131

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

email: mpera@mt.gov

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