

2006



Utah Retirement Systems

A Component Unit of the State of Utah

Comprehensive Annual Financial Report

For the Year Ended December 31, 2006

Noncontributory Retirement System
Contributory Retirement System
Public Safety Retirement System
Firefighters Retirement System
Judges Retirement System
Governors and Legislators Retirement Plan
401(k) and 457 Plans
Roth and Traditional IRA Plans
Health Reimbursement Arrangement (HRA)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Utah Retirement Systems

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas J. Moran
President

Jeffrey R. Emery
Executive Director



Public Pension Coordinating Council Public Pension Standards 2006 Award

Presented to

Utah Retirement Systems

In recognition of meeting professional standards for plan design 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)

Alan H. Winkle
Alan H. Winkle
Program Administrator

COVER PHOTO:
PAUL WATSON
INSTRUCTIONAL MUSIC TEACHER
WASATCH JUNIOR HIGH
SALT LAKE CITY

2006



Utah Retirement Systems

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Comprehensive Annual Financial Report

For the Year Ended December 31, 2006

Noncontributory Retirement System

Contributory Retirement System

Public Safety Retirement System

Firefighters Retirement System

Judges Retirement System

Governors and Legislators Retirement Plan

401(k) and 457 Plans

Roth and Traditional IRA Plans

Health Reimbursement Arrangement (HRA)

Prepared by:

Finance Department • Utah Retirement Systems

560 East 200 South • Salt Lake City, Utah 84102-2021

www.urs.org

Robert V. Newman, *Executive Director*

Robert K. Kellersberger, *CGFM, Controller*

2006 Comprehensive Annual Financial Report

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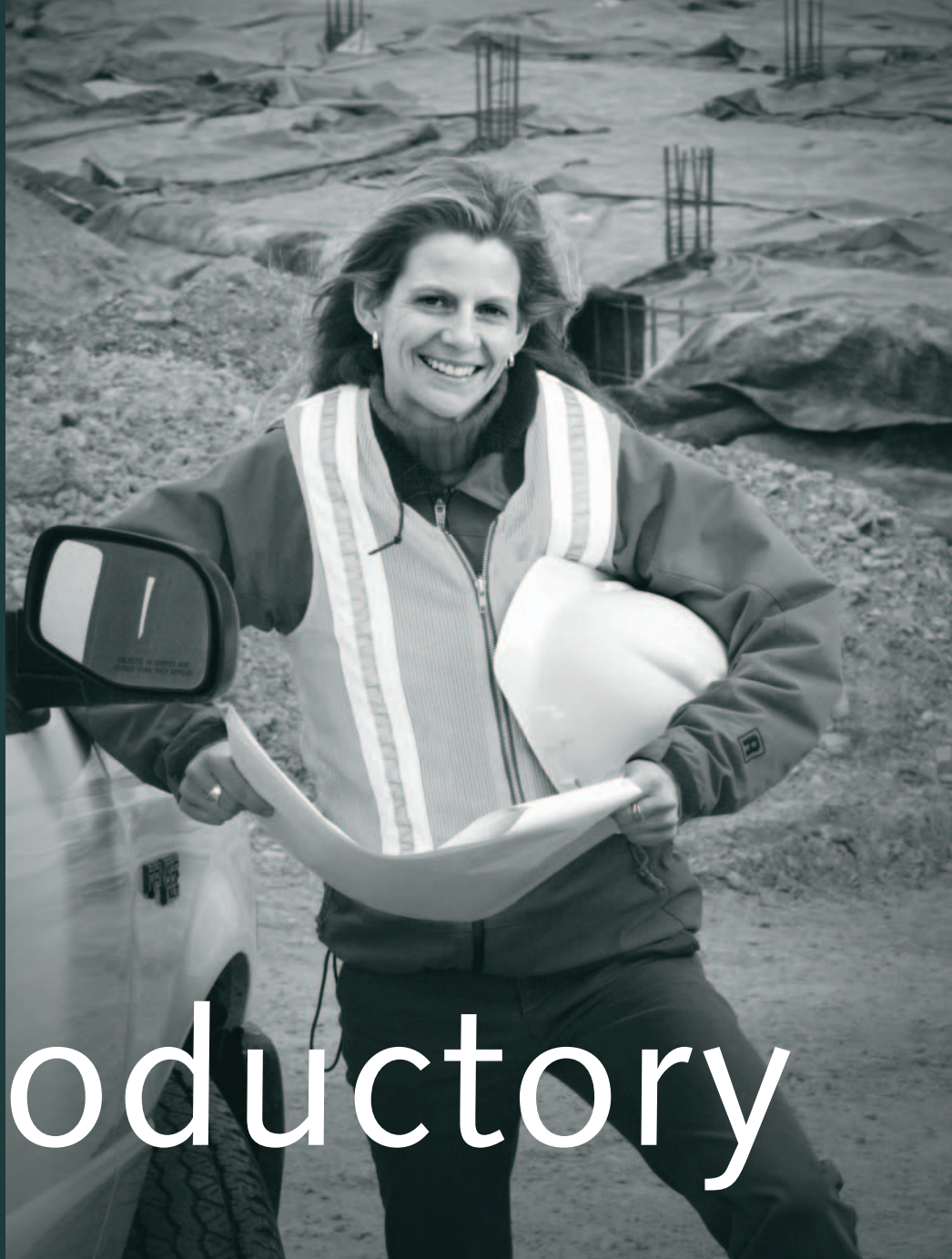
2006

Utah
Retirement
Systems

Comprehensive
Annual
Financial Report

Introductory

Section



- 5 Letter of Transmittal
- 8 Board President's Letter
- 9 Utah State Retirement Board
- 10 Organization Chart
- 10 Administrative Staff and Professional Consultants
- 12 Systems' Highlights

All Retirement Systems

Additions by Source



Letter of Transmittal

UTAH STATE RETIREMENT BOARD
UTAH RETIREMENT SYSTEMS
 560 East 200 South
 Salt Lake City, Utah 84102-2021
 (801) 366-7700
 (800) 365-8772 TOLL FREE
 (801) 366-7734 FAX

ROBERT V. NEWMAN
 EXECUTIVE DIRECTOR

April 25, 2007

Utah State Retirement Board
 560 East 200 South
 Salt Lake City, UT 84102-2021

Dear Board Members:

We are pleased to present the 2006 Comprehensive Annual Financial Report of the Utah Retirement Systems (Systems), including the 401(k), 457, Roth and Traditional IRA Plans (Plans), and the Health Reimbursement Arrangement (HRA). Together, the Systems and Plans constitute a component unit of the State of Utah, administered by the Utah State Retirement Board (Board) for calendar year 2006.

The financial reporting entity of the Systems and Plans include the Public Employees Noncontributory and Contributory Retirement Systems, for both government and public education employees, the Public Safety, Firefighters and Judges Retirement Systems, the Utah Governors and Legislators Retirement Plan, and the 401(k), 457, Roth and Traditional IRA Plans, and HRA.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Systems and Plans. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the fiduciary funds.

For financial reporting purposes, the Systems and Plans utilize Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit*

Pension Plans and Note Disclosures for Defined Contribution Plans, 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. 44, *Economic Condition Reporting: The Statistical Section*, and GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Plans Other Than Pensions*. Assets of the Systems and Plans are presented at fair value. The actuarial value of assets and the actuarial accrued liability are presented in the required supplementary information following the notes to the basic financial statements.

The Utah Retirement Systems and 401(k), 457, Roth and Traditional IRA Plans, and HRA were established by legislation and authorized as indicated in the notes to the basic financial statements on page 46. The Summaries of Plan Provisions are presented on pages 122 through 129. The number of active and retired members and beneficiaries for each system is presented in the Systems' Highlights on pages 12 through 24. The purpose of the Systems and Plans is to provide benefits for all eligible State, local government and most public education employees whose employers have elected to participate. Services provided by the staff are performed to meet that objective.

The 2006 Comprehensive Annual Financial Report is presented in five sections. The Introductory Section contains the letter of transmittal, the Board President's letter, identification of the Systems' administrative organization and professional consultants, as well as Systems' Highlights for each retirement system and plan. The Financial Section contains the opinion of the independent auditors, management's discussion and analysis (MD&A), the basic financial statements and required supplementary information of the Systems, and further information about the Systems at division levels. The Investment Section contains investment information and a list of the largest holdings. The Actuarial Section contains the independent consulting actuary's certi-

Utah Retirement Systems

Letter of Transmittal *(Continued)*

fication, an outline of actuarial assumptions and methods, and other actuarial statistics. The Statistical Section contains tables of significant data pertaining to the Systems.

Management's Discussion and Analysis

The MD&A beginning on page 28 provides an overview and analysis of the Systems and Plans Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

Economic Condition and Outlook

The economic condition of the Systems is based primarily upon investment earnings. The Systems' investments were evaluated at year end by Callan Associates Inc., Investment Measurement Service. A comparative analysis of rates of return is presented on page 99 of this report.

For the Future

During 2006, actuarial assumptions and contribution rates were based on the recommendations of our actuary. See the Actuarial Section of this report and the notes to the basic financial statements for explanations of these rates. Rate changes resulted from actuarial assumption modifications, economic conditions, actuarial experience gains and losses and benefit enhancements in the Systems.

The Utah Retirement Systems are maintained on an actuarially sound basis as certified in this report by our actuary, thus protecting participants' future benefits. We anticipate that investment earnings on a long term basis will continue to meet or exceed the actuarially assumed earning rate. We expect all systems to continue towards fully funded positions in accordance with actuarial assumptions.

Financial Information

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes written policies and procedures and an internal audit department that reports to the Board. Discussion and analysis of net assets and related additions and deductions is presented in the MD&A beginning on page 28.

Funding

Funds are derived from the excess of additions, which include contributions and investment earnings, over deductions, which are comprised of benefits and administrative expenses. Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net assets held in trust for pension benefits" in the Statements of Fiduciary Net Assets in the Financial Section of this report. The actuarial accrued liability is not disclosed in the basic financial statements but is disclosed in the required supplementary information schedules immediately following the notes to the basic financial statements. These schedules show the actuarial value of assets, which is based on a five-year smoothed expected rate of return, wherein the excess or shortfall of investment income over or under the actuarial assumed income of 8% is recognized over a five-year period. This is the value of assets used by the actuary in determining contribution rates for the Systems as disclosed in note 5 to the basic financial statements.

The actuarial accrued liability of the Systems is determined by the actuary. It is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees, beneficiaries and employees for service earned to date. The percentage computed by dividing the actuarial value of net assets available for benefits by the actuarial accrued liability is generally referred to as the "funded ratio." This ratio provides an indication of the funded status of the Systems on a going-concern basis and generally, the greater this percentage, the stronger the system. A higher level of funding gives the participants a greater degree of assurance that their pension benefits are secure.

Although the historical level of funding is good, constant effort will be directed at achieving full funded status, assuring participants of financially sound retirement systems. Funded status and progress for overall Systems are presented in the Required Supplementary Information Schedules of Funding Progress on page 68. The current funded ratios range from 92% to 123%.

Investments

The investment portfolio mix at fair value as of the end of 2006 is 21% debt securities, 45% equities, 4% private equity, 15% real estate, 10% short term, and 5% absolute return. The 21% debt securities is comprised of 17%

Utah Retirement Systems

Letter of Transmittal *(Continued)*

domestic and 4% international instruments. The 45% equities is comprised of 29% domestic and 16% international equities. See MD&A and Investment Section for more detailed analysis and information. The Systems' investment outlook is long term allowing the portfolio to take advantage of the favorable risk-return characteristics of equities by placing more emphasis on this category.

The Board utilizes internal and external portfolio managers employing both passive (indexed) and active strategies. The portfolio is broadly diversified among equities, debt securities, real estate and private equity with additional diversification achieved through domestic and international investing.

Investment Risk

The investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are either insured by federal depository insurance or collateralized. All collateral on deposits is held in the counterparties' joint custody accounts at the Federal Reserve Bank. On occasion, deposits may be significantly greater than collateral due to investment purchase "fails", receipt of interest earnings on the 15th of each month, and proceeds from investment sales and maturities. Of approximately \$20.9 billion in investments at fair value as of December 31, 2006, none of the investments were in the category of highest custodial credit risk as defined by the GASB.

Independent Audit

An annual audit of the Systems and Plans was conducted by the independent accounting firm of Deloitte & Touche LLP. The auditors' report on the basic financial statements is included in the Financial Section of this report.

Actuarial Valuation

An actuarial valuation of the Systems is performed annually. An assumption experience study is performed at least every other year. The actuarial firm Gabriel, Roeder, Smith & Company completed the actuarial reviews and valuations and served as technical advisor to the Systems. Actuarial certification and supporting statistics are included in the Actuarial and Statistical Sections of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the

Utah Retirement Systems for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Utah Retirement Systems has received a Certificate of Achievement for the last 22 years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

In addition the Utah Retirement Systems were awarded the Public Pension Coordinating Council Public Pension Standards 2006 Award. This award is in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

Acknowledgments

The compilation of this report reflects the combined efforts of the staff under the leadership of the Utah State Retirement Board. The report is intended to provide extensive and reliable information for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the Systems' members and their employers.

We would like to take this opportunity to express our gratitude to the Board, the staff, the advisors, and the many people who have worked so diligently to assure the successful operation and financial soundness of the Utah Retirement Systems.

Sincerely yours,



ROBERT K. KELLERSBERGER, CGFM, CONTROLLER



ROBERT V. NEWMAN, EXECUTIVE DIRECTOR

Board President's Letter

UTAH STATE RETIREMENT BOARD
UTAH RETIREMENT SYSTEMS
 560 East 200 South
 Salt Lake City, Utah 84102-2021
 (801) 366-7700
 (800) 365-8772 TOLL FREE
 (801) 366-7734 FAX

ROBERT V. NEWMAN
 EXECUTIVE DIRECTOR

April 25, 2007

Dear members of the Retirement Systems:

As board members and trustees of Utah Retirement Systems, we have the responsibility and mandate to provide retirement benefits to eligible members for the valuable services they have rendered to the public. Thanks to the prudent funding principles established over several decades by governors, legislatures and boards, I can confidently report that the outlook for the Systems is positive.

I am pleased to note that more than 38,000 retirees now enjoy monthly benefits from the Retirement Systems, and more than 99,000 working members are earning future retirement benefits.

Excellent Investment Performance in 2006.

Despite mid-year volatility, financial markets finished 2006 with strong performance. Thanks to investment returns of 14.77%, assets of the Retirement Systems increased by \$2.37 billion to a new high of \$19.83 billion. Over the past five years, the Systems have returned 10.70%, against our actuarial goal of 8%.

URS Defined Contribution Savings Plans Continue to Show Strong Growth.

Contributions to the 401(k)/457 plans and to the Roth and traditional IRAs have grown significantly. In February 2006, members gained the option to invest directly in stocks, bonds, mutual funds and exchange traded funds through the creation of brokerage window accounts. During the year, approximately 500 of these accounts were opened with year-end assets of \$15.48 million.

In all, account balances in the URS Savings Plans grew by \$321 million in 2006 reaching a total net asset value of more than \$2.66 billion. While participants' individual rates of return varied according to their choices among the eleven available investment options, I believe that most participants were rewarded with investment gains.

Taken together, the defined benefit plans and the defined contribution plans added more than \$2.69 billion to the total net assets of the systems, reaching a new high of \$22.49 billion. I believe that the Systems are well positioned to take advantages of future opportunities in 2007.

Excellent Management

I express my appreciation for the breadth and depth of experience possessed by members of the Board. Each board member makes a valuable contribution to the success of Utah Retirement Systems. I also express the Board's confidence in and appreciation to Executive Director Robert Newman and his staff for their excellent management of the Systems.

Sincerely,



JOHN L. LUNT, PRESIDENT, UTAH STATE RETIREMENT BOARD

Retirement Board



Kenneth L. Serre

Appointed July 18, 2003; Term expires July 1, 2007; Represents public employees

Kathryn D. Jones-Price

Appointed Mar. 5, 2004; Term expires July 1, 2009; Represents investment community

Edward T. Alter

Member since Jan. 1, 1981; Ex-officio member; State Treasurer

John L. Lunt

President

Appointed July 20, 2001; Term expires July 1, 2009; Represents investment community

David B. Winder

Vice President

Appointed Dec. 1, 2003; Term expires July 1, 2007; Represents investment community

Phyllis P. Sorensen

Appointed July 25, 2002; Term expires July 1, 2007; Represents education employees

Phillip W. Clinger

Appointed June 21, 2002; Term expires July 1, 2009; Represents investment community

Executive Director



Robert V. Newman

Membership Council

Member

Represents

Mr. G. Steven Baker*
Chairperson

Represents Utah Association of Counties

Ms. Patti Wayman*
Vice-Chairperson

Represents Utah Public Employees' Association

Mr. Kent J. Abel*

Represents Utah Retired School Employees' Association

Officer Mike Galieti*

Represents Utah Peace Officers' Association

Mr. Marty Peterson*

Represents Professional Firefighters of Utah

Honorable Judith M. Billings

Represents Utah Judicial Council

Ms Kim Campbell

Represents Utah Education Association

Mr. Dean Drew

Represents Utah Public Employees' Association

Mr. Tom Hardy

Represents Utah League of Cities and Towns

Mr. Russell S. Judd

Represents Utah Education Association

Mr. James Tabet

Represents Utah Association of Retired Public Employees

Ms. Patricia Thompson

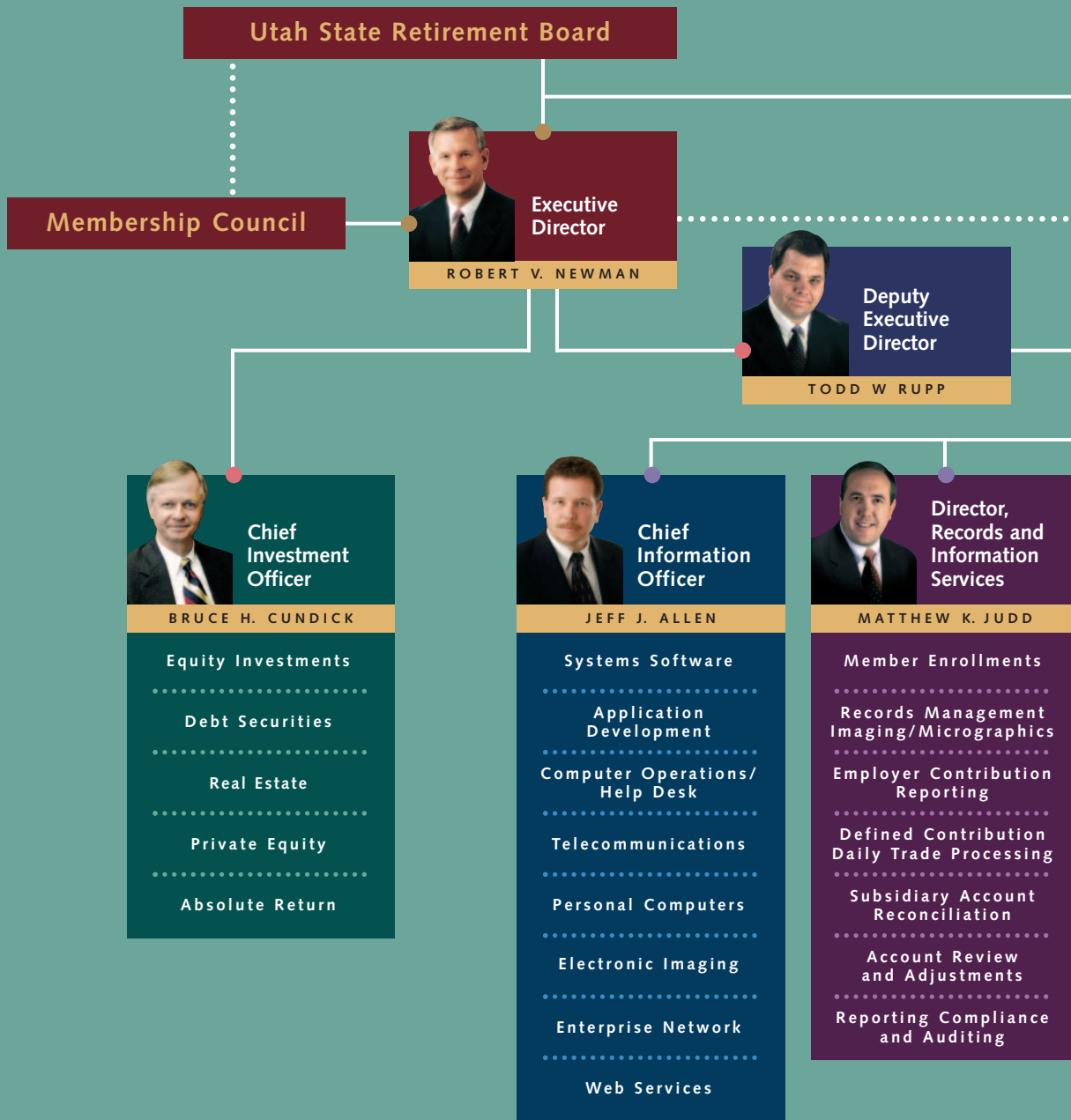
Represents Utah School Employees' Association

Ms. Elaine Tzourtzouklis

Represents Utah Education Association

**Executive Committee*

Utah Retirement Systems Organization Chart



Administrative Staff

Robert V. Newman, CPA
Executive Director

Todd W Rupp, CPA
Deputy Executive Director

Steven M. West, CPA, CFE
Director, Internal Audit

Bruce H. Cundick, CFA
Chief Investment Officer

Jeff J. Allen
Chief Information Officer

Matthew K. Judd
Director, Records and Information Services

Robert K. Kellersberger,
CGFM
Controller

Cheryl J. Sachse, SPHR
Director, Human Resources

Judy C. Lund
Director, Retirement

Craig D. Stone
Director, Defined Contribution Plans



**Director,
Internal
Audit**


STEVEN M. WEST

Investment
Compliance

Professional Services

Actuary • Auditor
Legal • Consultants
Investment Advisors
Medical Director

Detail for professional service providers is shown below. Investment professionals are presented on pages 102 and 105.



Controller

ROBERT K. KELLERSBERGER

Financial Reporting
and Accounting

Budgets

Tax Reporting

Cash Receipts
and Disbursement

Cash Management

Accounts Payable

Payroll

Risk Management



**Director,
Defined
Contribution
Plans**

CRAIGE D. STONE

401(k) Plan

457 Plan

Traditional IRA

Roth IRA

Health Reimbursement
Arrangement (HRA)



**Director,
Human
Resources**

CHERYL J. SACHSE

Human Resources

Safety/Security



**Director,
Retirement**

JUDY C. LUND

Retirement Benefits

Death Benefits

Redeposits, Purchases
and Adjustments

Refunds

Branch Office

Professional Consultants

Actuary
Gabriel, Roeder, Smith
& Company
2001 Ross Avenue
Suite 4200
Dallas, TX 75201

Auditor
Deloitte & Touche LLP
Certified Public Accountants
Suite 1900, 299 South Main
Salt Lake City, UT 84111

Legal Counsel
Howard, Phillips & Anderson
560 East 200 South
Suite 300
Salt Lake City, UT 84102

Medical Director
Howard McQuarrie, M.D.
560 East 200 South
Salt Lake City, UT 84102

Other Consultants
Advanced Risk Management
Techniques Inc.
23701 Birtcher Dr.
Lake Forest, CA 92630

Groom Law Group
1701 Pennsylvania Ave. NW
Washington DC. 20006

Ice Miller, LLP
One American Square
Suite 3100
Indianapolis, IN 46282



PHOTO:
MICHAEL WILKINSON
ACTING SIGNSHOP SUPERVISOR
UTAH DEPARTMENT OF TRANSPORTATION
WEST JORDAN



Noncontributory

System Highlights

The Public Employees Noncontributory Retirement System includes eligible public employees of the State of Utah and its political subdivisions and public education employees of those entities covered by the System.

2006 Noncontributory System Composite Picture:

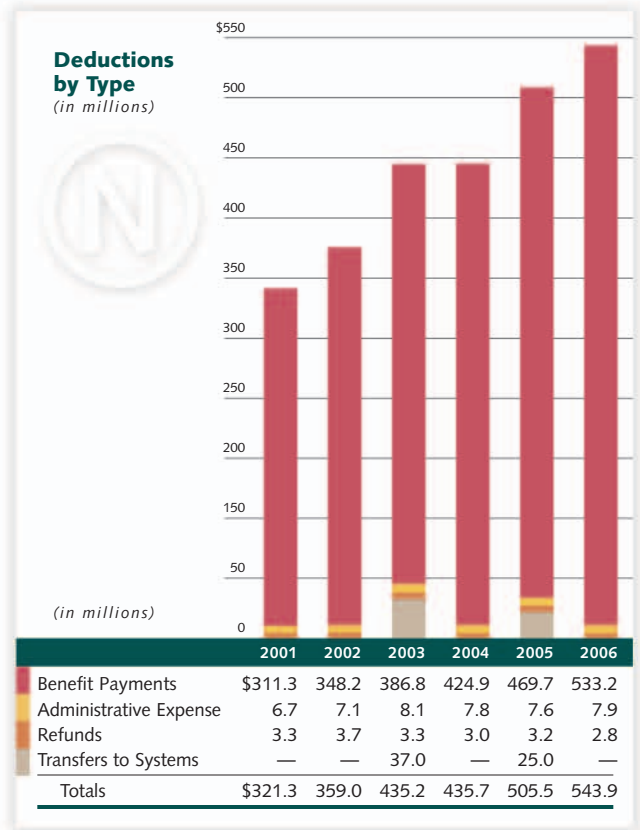
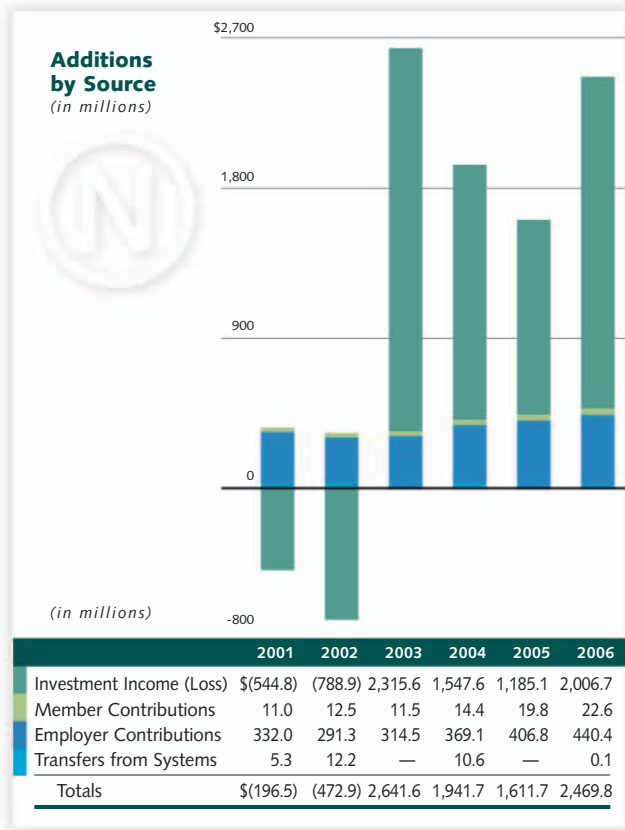
Total Membership...142,646
Active87,219
Terminated vested27,273
Retired.....28,154

Active Members87,219
Average age44.9
Average years of service10.1
Average annual salary\$37,786

Retirees
Number2,728
Average age61.4
Average years of service23.5
Final average annual salary\$44,421
Average annual benefit\$20,982

Average annual benefit — all retirees.....\$18,387

Noncontributory System Highlights



Service Retirement

Age	Years of Service	Allowance Reduction
Any age	30	None
Any age	25	Full actuarial before age 60
60-61	20	3% each year before age 65
62-64	10	3% each year before age 65
65	4	None

Service Benefit Formula

Number of years of service x 2.00% x FAS*

* FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

Contribution Rates

(as of 12-31-2006)

Employer rate for the State and School Division (Level A) is 14.22% of covered salary and 11.59% for the Local Government Division (Level B).

For more detail see Summary of Plan Provisions on page 122.

Cost of Living Allowance

Up to 4% annually on original retirement benefit.

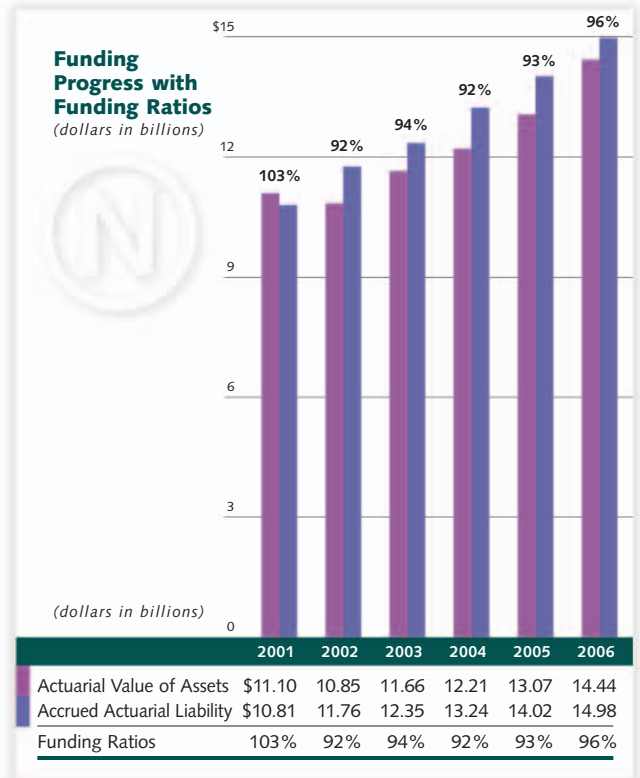




PHOTO:
JENNIFER SMITH
SENIOR SUPERVISING CIVIL ENGINEER
SALT LAKE CITY



Contributory

System Highlights

The Public Employees Contributory Retirement System includes eligible public employees of the State of Utah and its political subdivisions and public education employees of those entities covered by the System.

2006 Contributory System Composite Picture:

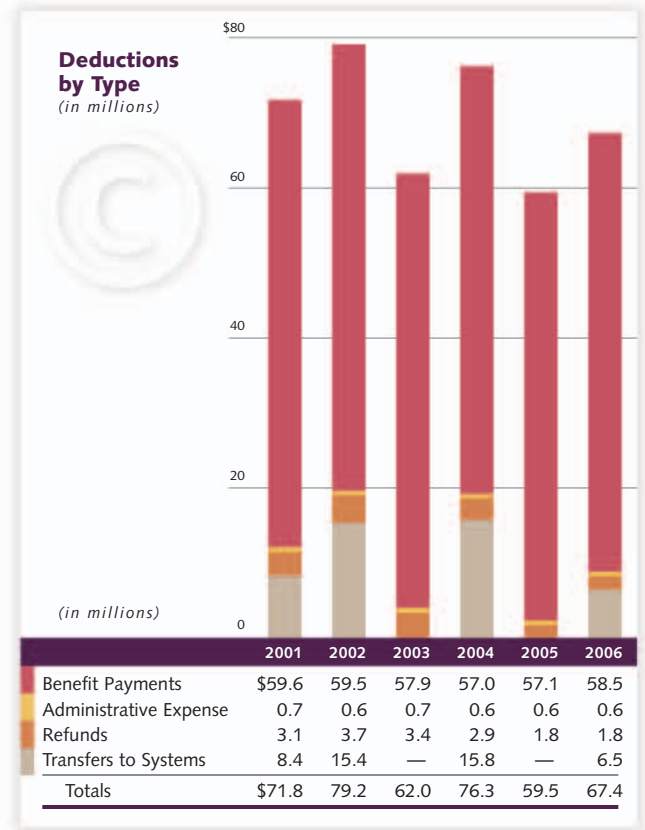
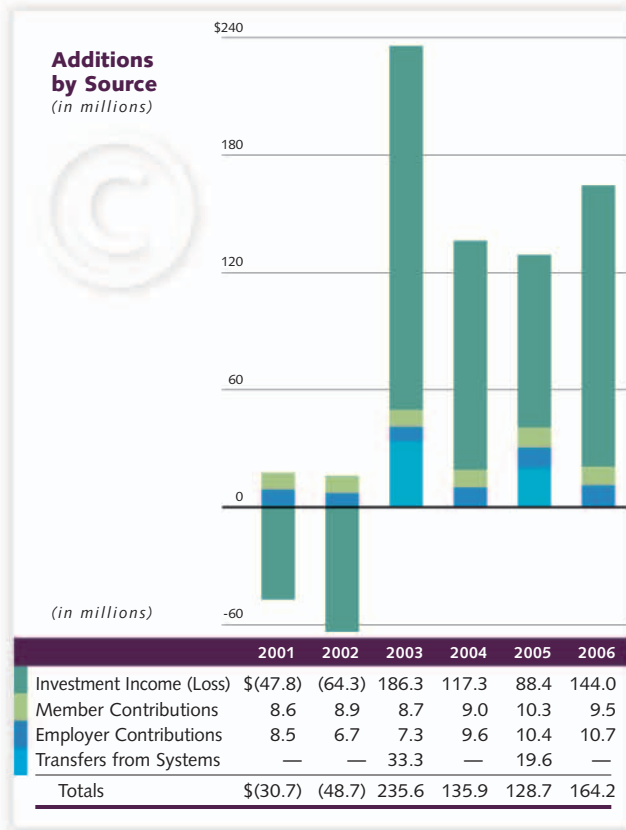
Total Membership.....	10,310
Active	3,010
Terminated vested	1,448
Retired.....	5,852

Active Members	3,010
Average age	51.2
Average years of service	19.7
Average annual salary	\$43,005

Retirees	
Number	187
Average age	59.9
Average years of service	25.7
Final average annual salary	\$38,185
Average annual benefit	\$18,804

Average annual benefit — all retirees.....	\$9,503
--	---------

Contributory System Highlights



Service Retirement

Age	Years of Service	Allowance Reduction
Any age	30	None
60-61	20	3% each year before age 65
62-64	10	3% each year before age 65
65	4	None

Service Benefit Formula

- Number of years of service before 7-1-75 x 1.25% x FAS*
- Number of years of service after 6-30-75 x 2.00% x FAS*
- Plan 1 allowance = total of 1 and 2.

* FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

Cost of Living Allowance

Up to 4% annually on original retirement benefit.

Contribution Rates

(as of 12-31-2006)

Member rate is 6.00% of covered salary. Employer rate for State and School Division (Level A) is 9.73% of covered salary and 7.58% for the Local Government Division (Level B).

For more detail see Summary of Plan Provisions on page 123.

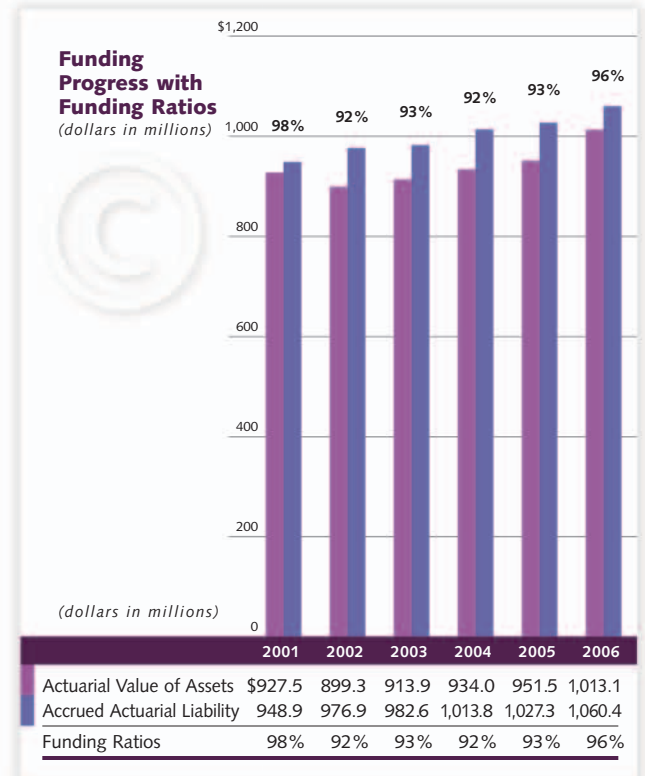




PHOTO:
BLAINE BRESHEARS
SCHOOL RESOURCE OFFICER / D.A.R.E.
MORGAN COUNTY
SHERIFF'S DEPARTMENT



Public Safety

System Highlights

The Public Safety Retirement System includes eligible state and local government employees directly involved in law enforcement.

The Public Safety System consists of the Noncontributory and Contributory divisions.

2006 Public Safety Composite Picture:

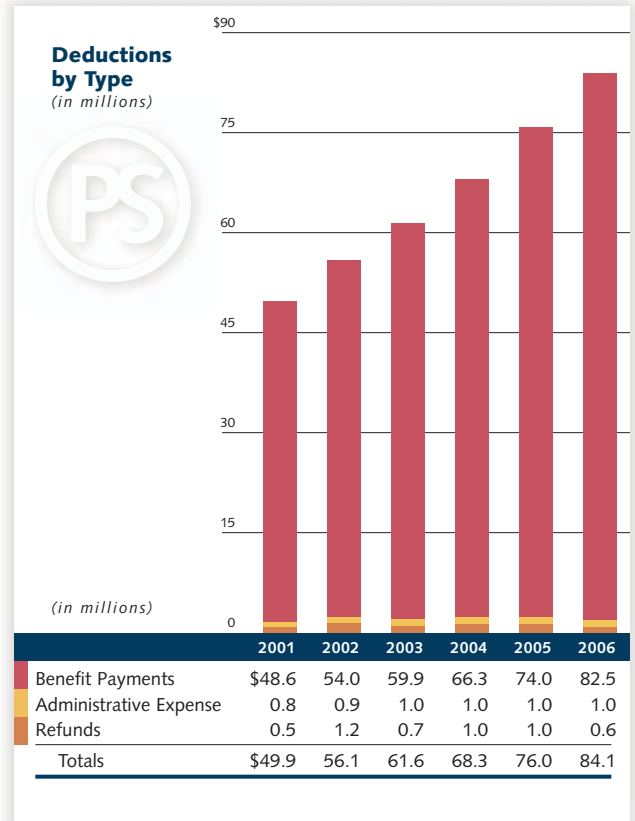
Total Membership.....	12,392
Active	7,474
Terminated vested	1,469
Retired.....	3,449

Active Members	7,474
Average age	38.7
Average years of service	8.8
Average annual salary	\$42,356

Retirees	
Number	212
Average age	53.0
Average years of service	23.1
Final average annual salary	\$51,244
Average annual benefit	\$29,000

Average annual benefit — all retirees.....	\$22,977
--	----------

Public Safety Highlights



Service Retirement

Age	Years of Service	Allowance Reduction
Any age	20	None
60	10	None
65	4	None

Service Benefit Formula

- 2.5% x FAS* x years of service up to 20 years.
- 2.0% x FAS* x years of service over 20 years.
- Monthly benefit = total of 1 and 2.**

* FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

** Benefit paid cannot exceed 70% of FAS.

Cost of Living Allowance

Up to 2.5% annually on original retirement benefit.

Contribution Rates

(as of 12-31-2006)

Noncontributory—

Employer rates range from 19.99% to 35.71% of covered salary.

Contributory—

Member rates range from 10.50% to 13.74% of covered salary. Employer rates range from 11.01% to 22.99% of covered salary.

For more detail see Summary of Plan Provisions on page 124.

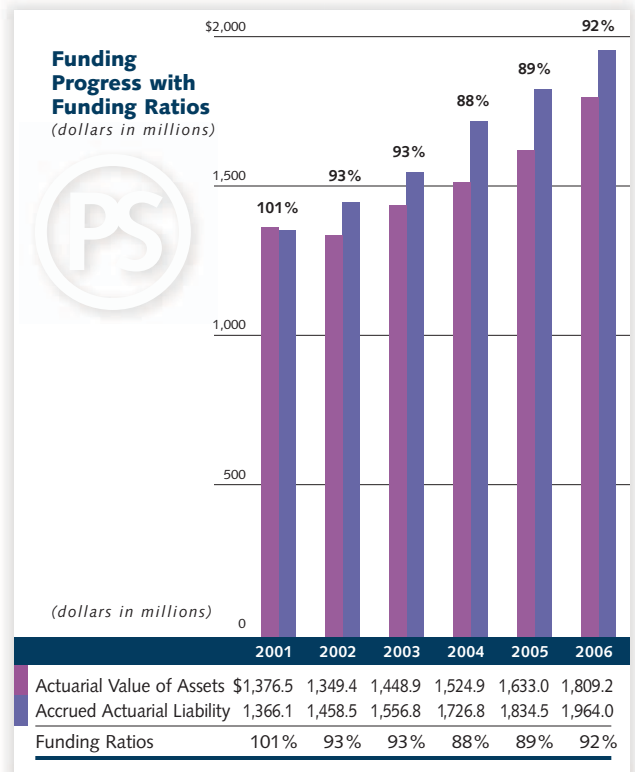




PHOTO:
 JIMMY MARTINEZ
 DRIVER / ENGINEER
 FIRE DEPARTMENT
 WEBER COUNTY



**2006
 Firefighters System
 Composite Picture:**

Total Membership.....	2,796
Active	1,684
Terminated vested	99
Retired.....	1,013

Active Members	1,684
Average age	39.5
Average years of service	10.5
Average annual salary	\$51,549

Retirees	
Number	44
Average age	54.8
Average years of service	26.2
Final average annual salary	\$61,215
Average annual benefit	\$37,038

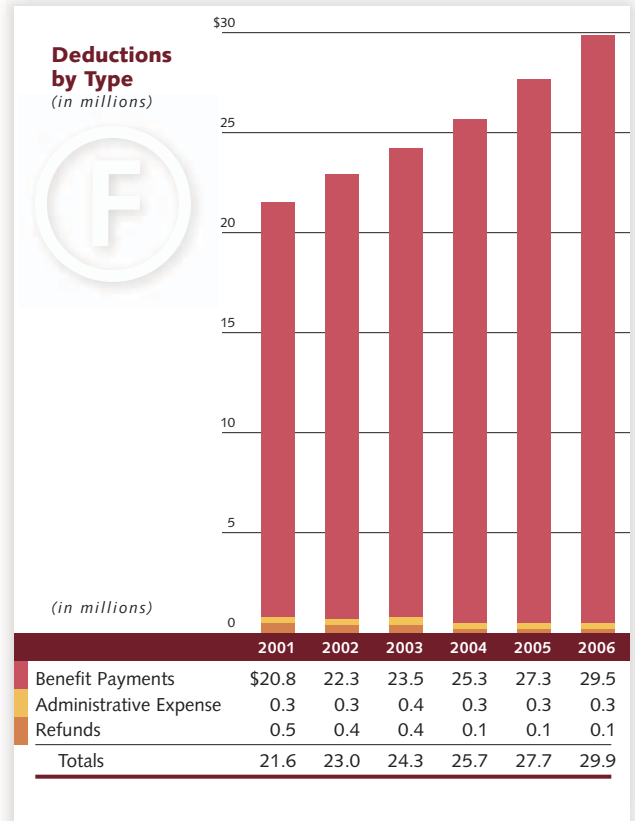
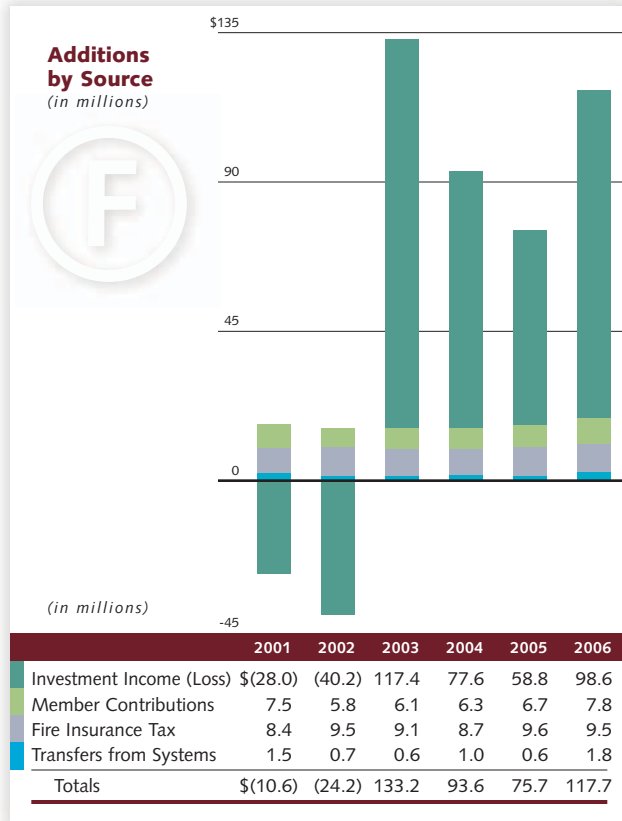
Average annual benefit — all retirees.....	\$26,430
--	----------

Firefighters

System Highlights

The Firefighters Retirement System includes eligible state and local government employees directly involved in fire fighting and whose duties are classified as hazardous.

Firefighters System Highlights



Service Retirement

Age	Years of Service	Allowance Reduction
Any age	20	None
60	10	None
65	4	None

Service Benefit Formula

- 2.5% x FAS* x years of service up to 20 years.
- 2.0% x FAS* x years of service over 20 years.
- Monthly benefit = total of 1 and 2.**

* FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

** Benefit paid cannot exceed 70% of FAS.

Cost of Living Allowance

Up to 4% annually on original retirement benefit.

Contribution Rates

(as of 12-31-2006)

Member rate for Division A (with Social Security) is 10.84% of covered salary and 8.72% for Division B (without Social Security).

Employer rate for Division A is 0.00% of covered salary and 0.00% for Division B.

For more detail see Summary of Plan Provisions on page 126.

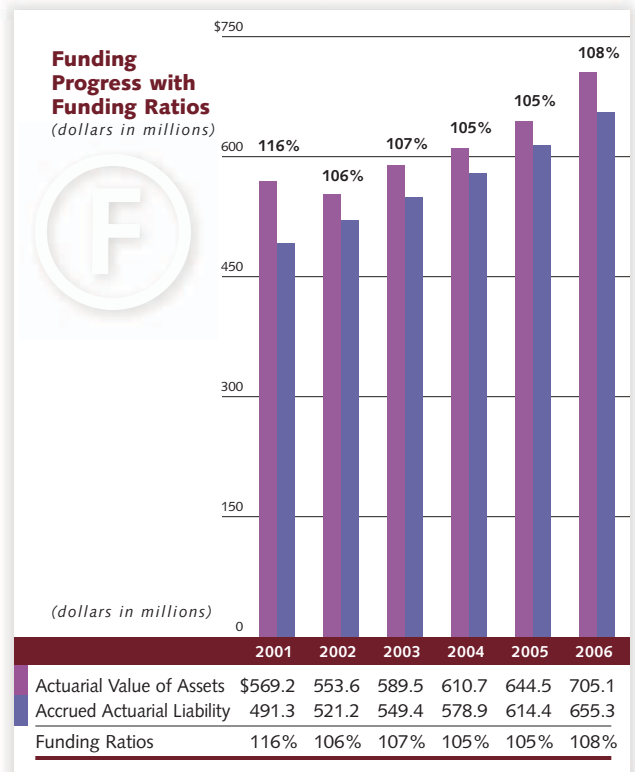




PHOTO:
 JUDGE KATHLEEN M. NELSON
 2ND DISTRICT JUVENILE COURT
 FARMINGTON



**2006
 Judges System
 Composite Picture:**

Total Membership.....	205
Active	106
Terminated vested	10
Retired.....	89

Active Members.....	106
Average age	56.0
Average years of service	11.1
Average annual salary	\$112,350

Retirees	
Number	3
Average age	63.5
Average years of service	31.9
Final average annual salary	\$107,400
Average annual benefit	\$90,754

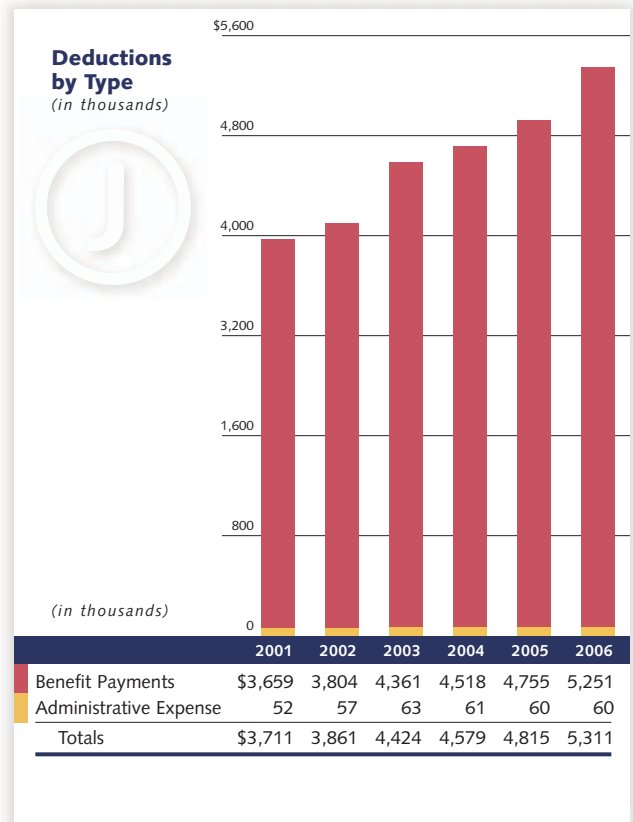
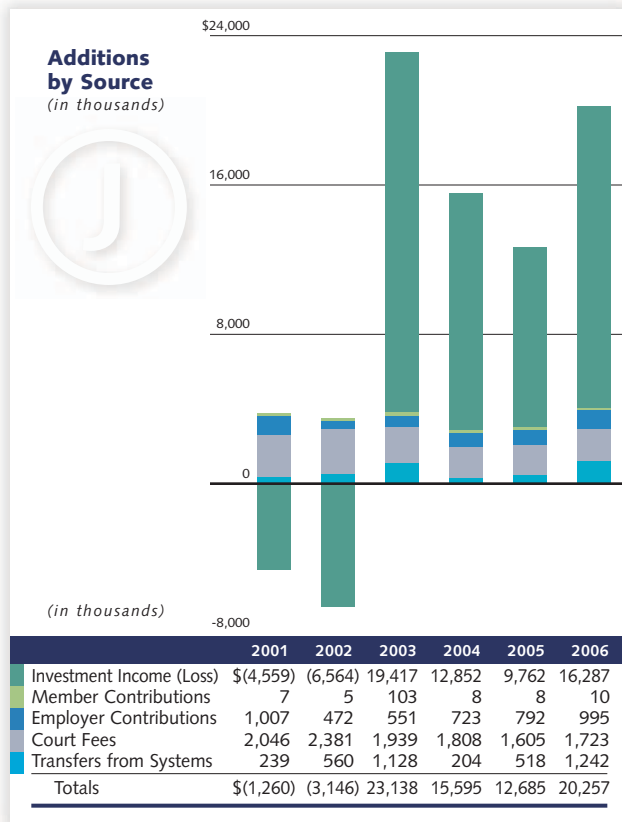
Average annual benefit — all retirees.....	\$57,325
--	----------

Judges

System Highlights

The Judges Retirement System includes justices and judges of the courts of record as authorized in state statutes.

Judges System Highlights



Service Retirement

Age	Years of Service	Allowance Reduction
Any age	25	None
55	20	Full actuarial reduction
62	10	None
70	6	None

Service Benefit Formula

- 5.00% x FAS* x years of service up to 10 years.
- 2.25% x FAS* x years of service between 10 and 20 years.
- 1.00% x FAS* x years of service over 20 years.
- Monthly benefit = total of 1, 2 and 3.**

* FAS (Final Average Salary) = highest two years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.

** Benefit paid cannot exceed 75% of FAS.

Cost of Living Allowance

Up to 4% compounded annually.

Contribution Rates

(as of 12-31-2006)

Noncontributory— Employer rate is 9.79% of covered salary.

Contributory— Member rate is 2.00% of covered salary. Employer rate is 7.79% of covered salary.

For more detail see Summary of Plan Provisions on page 128.

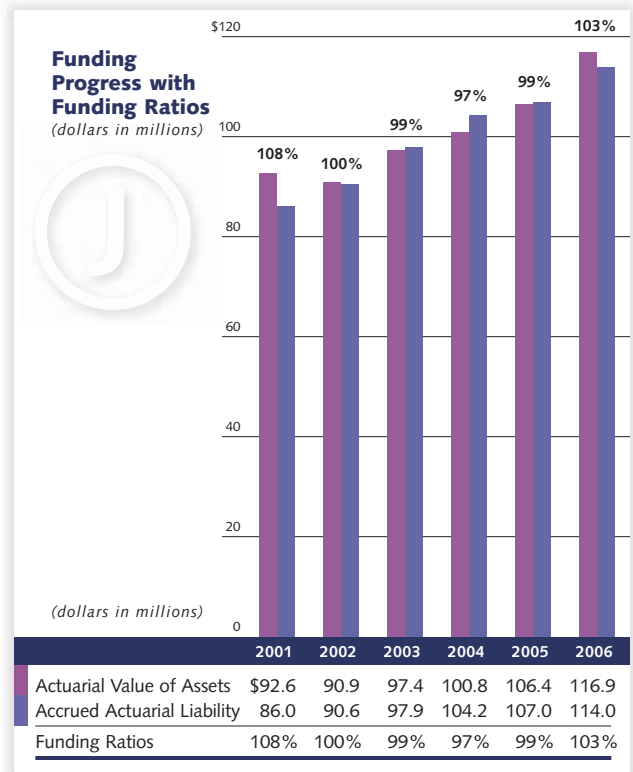




PHOTO:
 MERLYNN NEWBOLD
 REPRESENTATIVE
 DISTRICT 50, SOUTH JORDAN
 UTAH HOUSE OF REPRESENTATIVES



**2006
 Governors and Legislators
 Retirement Plan
 Composite Picture:**

Total Membership.....	413
Active	96
Terminated vested	95
Retired.....	222

Active Members.....	96
Average age	52.1
Average years of service	5.8
Average annual salary	\$7,649

Retirees	
Number	3
Average age	64.6
Average years of service	8.4
Final average annual salary	\$4,595
Average annual benefit	\$2,479

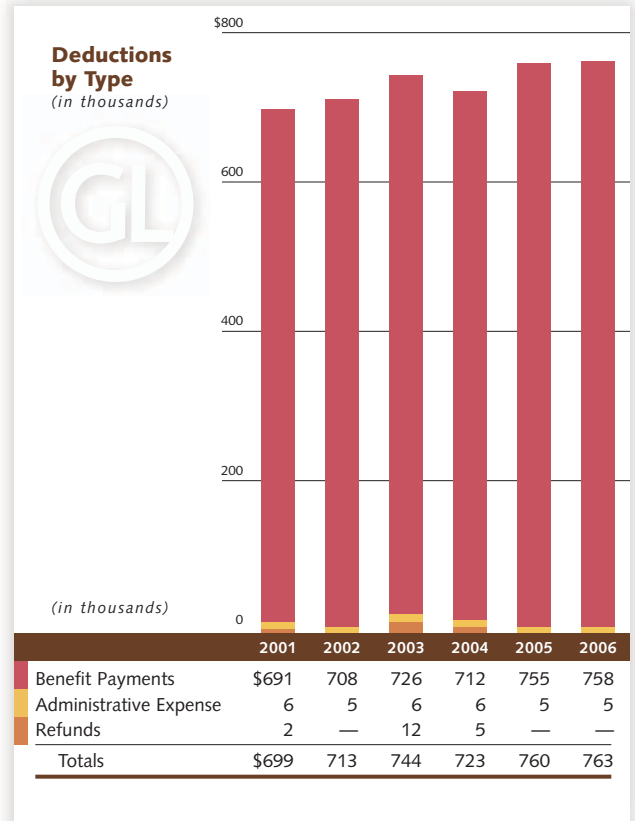
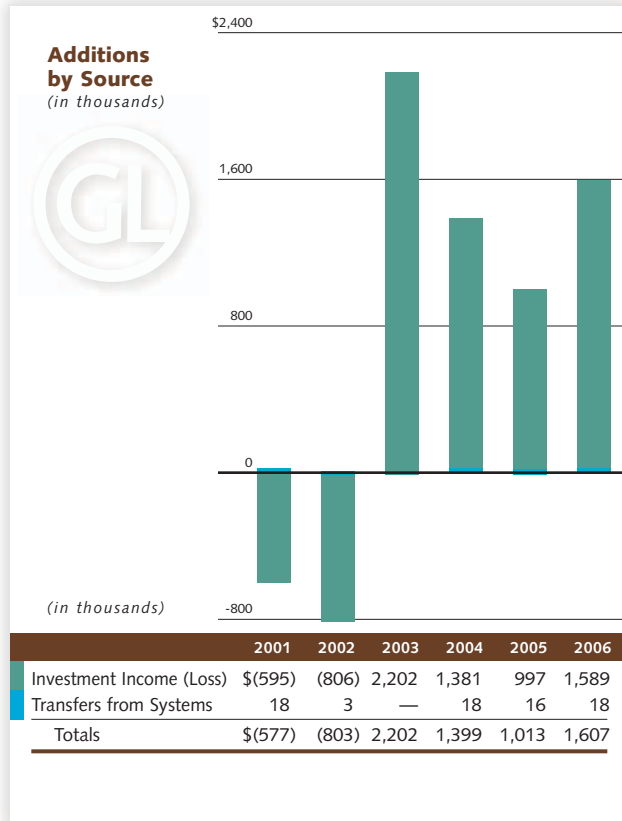
Average annual benefit — all retirees.....	\$2,983
--	---------

Utah Governors and Legislators

Retirement Plan

The Utah Governors and Legislators Retirement Plan includes only governors and legislators of the State of Utah.

Utah Governors and Legislators Retirement Plan Highlights



Service Retirement

Age	Years of Service	Allowance Reduction
65	4	None
62	10	3% each year before age 65

Service Benefit Formula

Governors—

\$500* per month per term.

* Increased semi-annually up to 2% based on the CPI. The amount as of 12-31-06 is \$1,160 per term.

Legislators—

\$10** per month per each year of service as a legislator

** Increased semi-annually up to 2% based on the CPI. The amount as of 12-31-06 is \$25.60 per term.

Cost of Living Allowance

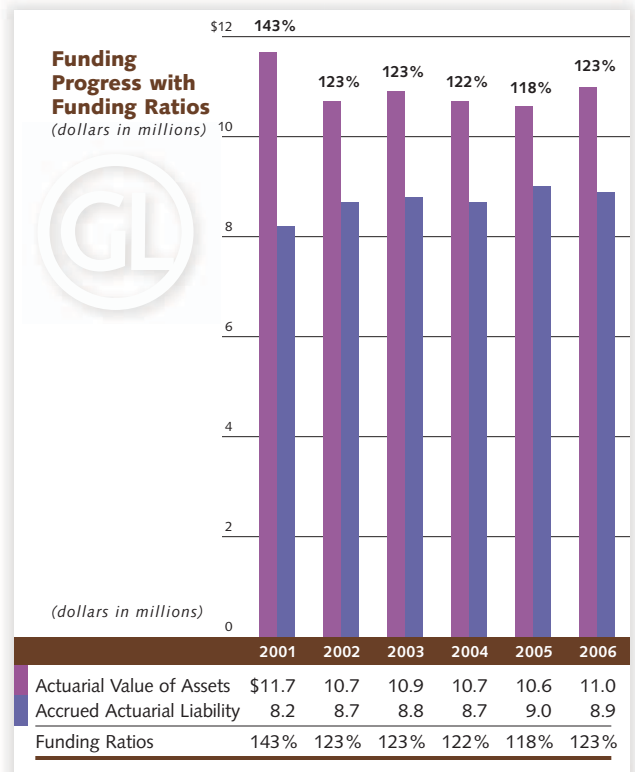
Up to 4% annually on original retirement benefit.

Contribution Rates

(as of 12-31-2006)

There are currently no required contributions.

For more detail see Summary of Plan Provisions on page 129.



Defined Contribution Plan Highlights

December 31, 2006

The purpose of the Defined Contribution Plans (401(k), 457, Roth and traditional IRAs) is to allow public employees throughout Utah to adequately prepare themselves for retirement by investing a portion of their income in one or more of these supplemental retirement plans.

It has long been recognized that for employees to experience the comfortable and rewarding retirement they desire, they cannot rely entirely upon Social Security and their employer-provided retirement. Employees should take the initiative to personally put aside a portion of their salary into some type of long term savings plan.

The Plans provide the following benefits:

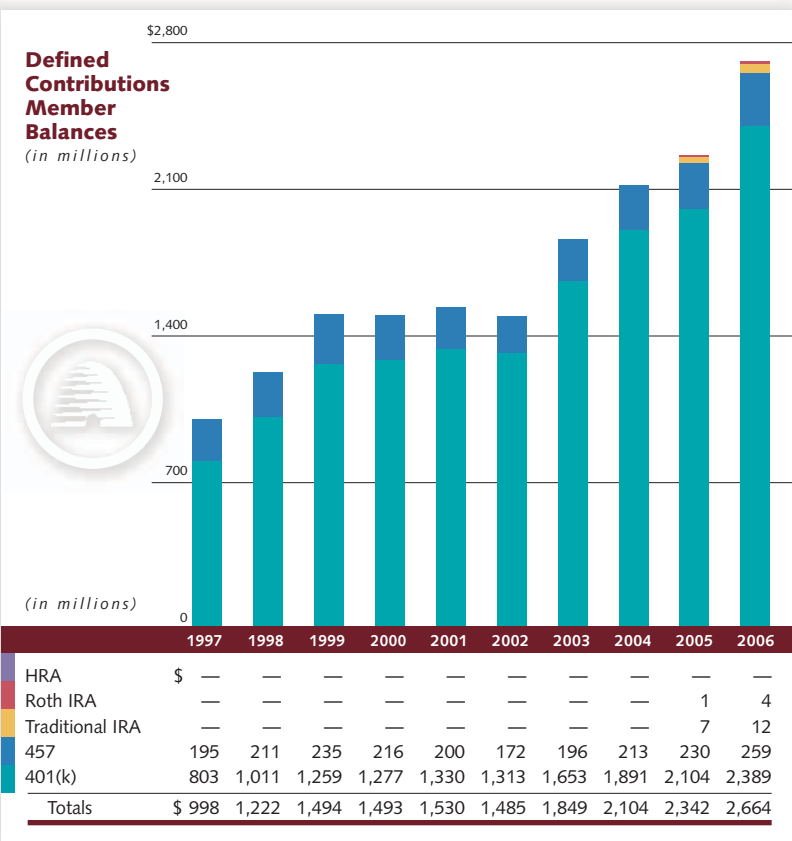
- Convenient, automatic payroll deduction
- Eleven investment options
- Brokerage window option
- Tax deferred and/or tax free savings
- Increase or decrease contributions as often as every pay period
- Roll over funds into any eligible plan or IRA upon termination or retirement
- Upon death, funds transfer to beneficiaries
- Immediate vesting
- No sales commissions
- Low investment and administrative fees
- Plan Loans (401(k) and 457)
- Hardship and Emergency withdrawals

Each year the number of employees participating in these plans increases. Individuals may participate in more than one plan. As of December 31, 2006 the number of participants by investment plan is shown at the upper right.

Annualized rates of returns for the Investment Funds are shown on page 105.

Membership Information					
At December 31, 2006					
	401(k)	457	Roth IRA	Traditional IRA	HRA
Number of active employees eligible to participate	95,329	82,603	99,589	99,589	183
Employee contributions (excluding employer contributions):					
Number of employees contributing	44,765	6,729	427	22	NA
Percent of eligible employees contributing	47.0%	8.1%	0.4%	0.0%*	NA
Average percent of salary deferred by employees	6.2%	7.8%	4.2%	3.8%	NA
Total participants	132,382	14,937	714	242	183
Average participant account balance	\$18,043	17,327	5,025	51,355	705

**Rounded figure, actual percentage is 0.02%*



2006

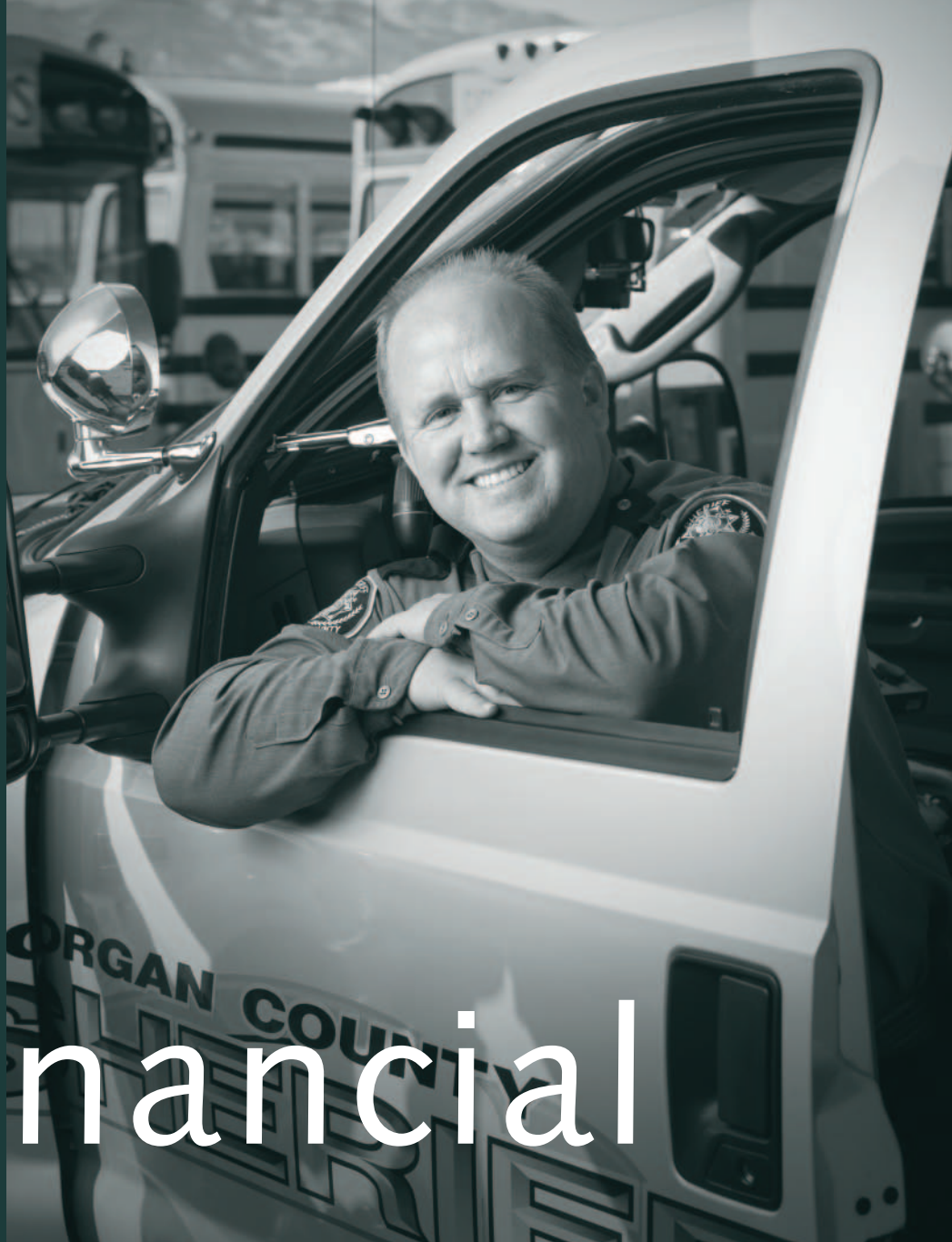
Utah
Retirement
Systems

Comprehensive
Annual
Financial Report

Financial

Section

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Over Financial Reporting and on Compliance
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- 92 Schedules of Administrative and Investment Expenses



Independent Auditors' Report



Deloitte & Touche LLP
Suite 1900
299 South Main Street
Salt Lake City, UT 84111
USA

Tel: +1 801 328 4706
Fax: +1 801 355 7515
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Utah State Retirement Board:

We have audited the accompanying basic financial statements of Utah Retirement Systems, a component unit of the State of Utah, administered by the Utah State Retirement Board as of December 31, 2006, and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of Utah Retirement Systems. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utah Retirement Systems' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such basic financial statements present fairly, in all material respects, the plan net assets of the pension (and other employee benefit) trust funds of Utah Retirement Systems, administered by the Utah State Retirement Board as of December 31, 2006, and the changes in plan net assets of the pension (and other employee benefit) trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the Schedules of Funding Progress and of Employer Contributions, listed in the foregoing table of contents, are not required

parts of the basic financial statements, but are supplementary information required by Governmental Accounting Standards Board. This supplementary information is also the responsibility of the management of Utah Retirement Systems. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial supporting schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary supporting schedules are also the responsibility of the management of Utah Retirement Systems. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2007, on our consideration of Utah Retirement Systems' internal control over financial reporting and our tests of their compliance with certain provisions of laws and regulations and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



April 25, 2007

Member of
Deloitte Touche Tomatsu



Deloitte & Touche LLP
Suite 1900
299 South Main Street
Salt Lake City, UT 84111
USA

Tel: +1 801 328 4706
Fax: +1 801 355 7515
www.deloitte.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Utah State Retirement Board:

We have audited the basic financial statements of Utah Retirement Systems, a component unit of the State of Utah, administered by the Utah State Retirement Board, as of and for the year ended December 31, 2006, and have issued our report thereon dated April 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Utah Retirement Systems' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Retirement Systems' internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Utah Retirement Systems' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than

a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Utah Retirement Systems in a separate letter dated April 25, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Utah Retirement Systems' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and the Utah Retirement Systems' policies regarding purchasing, personnel, budgeting, and investments, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, and others within the Utah Retirement Systems, and applicable State officials and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 25, 2007

Member of
Deloitte Touche Tomatsu



Management's Discussion and Analysis

Introduction

This section presents management's discussion and analysis of the Utah Retirement Systems' (URS) financial position and performance for the year ended December 31, 2006. It is presented as a narrative overview and analysis. Please read it in conjunction with the Letter of Transmittal included in the Introductory Section, the financial statements and other information which are presented in the Financial Section of this Comprehensive Annual Financial Report.

URS is responsible for administering retirement and defined contribution benefits for State, local government and public education employees in the State of Utah. URS is composed of six defined benefit pension systems (Systems) and five defined contribution plans (Plans). The six defined benefit pension systems are the Public Employees Noncontributory Retirement System (Noncontributory System), the Public Employees Contributory Retirement System (Contributory System), the Public Safety Retirement System (Public Safety System), the Firefighters Retirement System (Firefighters System), the Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan (Governors and Legislative Plan). The five defined contribution plans (Plans) are the 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement. All of these Systems and Plans are defined as pension (and other employee benefit) trust funds, which are fiduciary funds. 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 URS Defined Benefit Pension Systems' combined total net assets increased by \$2.4 billion, or 13.6 percent during calendar year 2006. The increase was primarily due to the increase in equity markets and increasing retirement contributions.
- The URS Defined Benefit Pension Systems' rate of return on investments during calendar year 2006 was 14.8 percent compared with the calendar year 2005 rate of return of 9.0 percent. The increase in rate of return was due primarily to the increase in equity performance in 2006.
- The URS Defined Benefit Pension Systems were actuarially funded at an average of 93.2 percent as of January 1, 2006, an increase from the comparative average of 92.4 percent as of January 1, 2005. During 2006 the funded ratio increased from 93.2 percent at the beginning of the year to 96.3 percent at December 31, 2006 due to higher than expected investment returns.
- The Defined Contribution Plans' net assets increased \$321 million during calendar year 2006 primarily due to investment gains from the increase in equity markets and participant contributions.
- The Defined Contribution Plans' rates of return for investment options ranged from a high of 20.3 percent to a low of .54 percent compared to prior year investment option returns of a high of 19.8 percent and a low of 1.8 percent.

Management's Discussion and Analysis *(Continued)*



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the URS financial reporting which is comprised of the following components:

- 1) basic financial statements,
- 2) notes to the basic financial statements,
- 3) required supplementary information, and
- 4) other supplementary schedules.

Collectively, this information presents the combined net assets held in trust for pension benefits for each of the funds administered by URS as of December 31, 2006. This financial information also summarizes the combined changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

1) Basic Financial Statements.

For the calendar year ended December 31, 2006, basic financial statements are presented for the fiduciary funds administered by URS. Fiduciary funds are used to account for resources held for the benefit of the participants outside of URS. The fiduciary funds are comprised of ten pension (and other employee benefit) trust funds which consist of six defined benefit systems and five defined contribution plans.

- The Statements of Fiduciary Net Assets are presented for the pension trust funds at December 31, 2006 with combined total comparative information at December 31, 2005. These financial statements reflect the resources available to pay benefits to

members, including retirees and beneficiaries, at the end of the years reported.

- The Statements of Changes in Fiduciary Net Assets are presented for the pension trust funds for the year ended December 31, 2006 with combined total comparative information for the year ended December 31, 2005. These financial statements reflect the changes in the resources available to pay benefits to members, including retirees and beneficiaries, for calendar years 2006 and 2005.

2) Notes to the Basic Financial Statements.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. Information in the Notes to the Basic Financial Statements is described below.

- Note 1 provides a general description of URS as well as a description of each of the Systems and Plans administered by URS and a summary of benefits. Information regarding employer and member participation in the Systems and Plans administered by URS is also provided.
- Note 2 provides a summary of significant accounting policies including the basis of accounting, investment accounting policies, management's use of estimates, information regarding the implementation of new accounting pronouncements, and other significant accounting policies.
- Note 3 describes deposits, investment risk disclosures, and additional information about cash, securities lending, and derivatives.
- Note 4 explains property and equipment of URS including depreciation and net carrying amounts.

Management's Discussion and Analysis *(Continued)*

- Note 5 provides information about actuarial values and methods for the defined benefit systems administered by URS.
- Note 6 provides information about contributions to the defined benefit systems administered by URS.
- Note 7 explains transfers to or from affiliated systems.
- Note 8 describes supplemental benefits.
- Note 9 provides information about litigation.
- Note 10 describes commitments for investment funding.
- Note 11 provides information about pension plan participation.
- Note 12 provides information about URS post employment benefits.
- Note 13 describes compensated absences and insurance reserves.
- Note 14 describes required supplementary information.
- Note 15 provides information about risk management of URS.
- Note 16 provides information about real estate liabilities.

3) Required Supplementary Information.

The required supplementary information consists of two schedules and related notes concerning actuarial information, funded status and required contributions of the defined benefit pension systems administered by URS.

4) Other Supplementary Schedules.

Other schedules include more detailed information pertaining to the Systems and Plans as well as schedules of administrative expenses.

Financial Analysis of the Systems — Defined Benefit Plans

Investments

Investments of the URS Defined Benefit Systems are combined in a commingled investment pool as authorized by state statute. Each system owns an equity position in the pool and receives proportionate investment income from the pool in accordance with each respective ownership percentage.

Each system's allocated share of each type of investment in the pool is shown in the Statement of Net Assets of each respective system. Investment gains or losses are reported in the Statement of Changes in Fiduciary Net Assets of each retirement system. The rate of return on investments is therefore approximately the same for each of the systems.

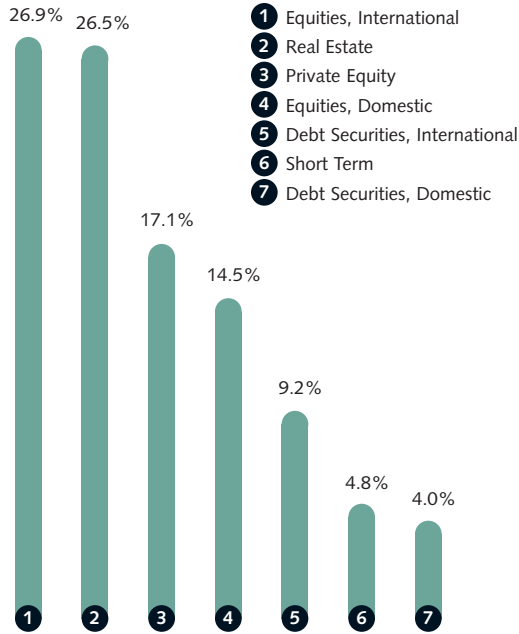
Systems Total Investments

At December 31, 2006, URS Defined Benefit Systems had total net assets of \$19.8 billion, an increase of \$2.4 billion from calendar year 2005 investment totals. The combined investment portfolio experienced a return of 14.8 percent compared with the URS investment benchmark return of 15.2 percent. Investment results over time compared with URS benchmarks are presented on page 99 in the Investment Section.

Since the investment gain in all of the retirement systems was about 14.8 percent of net assets, further investment performance will not be evaluated in each respective system.

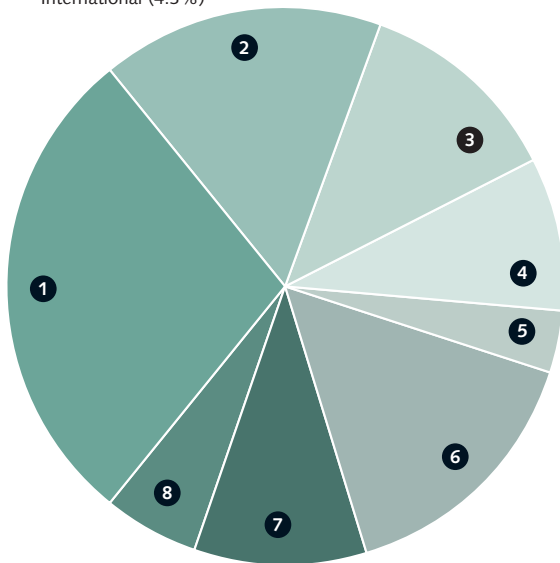
Management's Discussion and Analysis (Continued)

**Defined Benefit Systems
Investment Rates of Return
by Investment Type for 2006**



**Defined Benefit Systems
Asset Allocation at Fair Value**

- 1 Equities, Domestic (29.3%)
- 2 Equities, International (15.5%)
- 3 Debt Securities, Domestic (16.6%)
- 4 Debt Securities, International (4.3%)
- 5 Private Equity (3.7%)
- 6 Real Estate (15.2%)
- 7 Short Term Securities (9.9%)
- 8 Absolute Return (5.5%)



Equities

At December 31, 2006, URS Defined Benefit Systems held \$9.8 billion in U.S. and international equity securities, a decrease of \$256.4 million from year 2005. U.S. equity and international equity securities had returns of 14.5 percent and 26.9 percent respectively for calendar year 2006, compared to URS benchmark returns of 15.7 percent and 27.3 percent respectively.

Debt Securities

At December 31, 2006, URS Defined Benefit Systems held \$4.6 billion in U.S. debt and international debt securities, an increase of \$257.0 million from year 2005. U.S. debt securities returned 4.0 percent while international debt securities returned 9.2 percent in calendar year 2006 compared with URS benchmark returns of 4.3 percent and 6.6 percent respectively.

Real Estate

At December 31, 2006, URS Defined Benefit Systems held \$3.3 billion in real estate investments, an increase of \$976.5 million from year 2005. Real estate investments returned 26.5 percent in calendar year 2006 compared with URS benchmark return of 18.3 percent.

Private Equity

At December 31, 2006, URS Defined Benefit Systems held \$802.6 million in private equity investments, an increase of \$191.0 million from year 2005. Private equity investments returned 17.1 percent in calendar year 2006. The URS benchmark for private equity investments was 19.0 percent.

Short Term

At December 31, 2006, URS Defined Benefit Systems held \$2.2 billion in short term investments, an increase of \$838.6 million from year 2005. Short term investments returned 4.8 percent in calendar year 2006, which compared to the URS benchmark return of 4.9 percent.

Management's Discussion and Analysis *(Continued)*

Absolute Return

At December 31, 2006, URS Defined Benefit Systems held \$1.2 billion in absolute return investments, an increase of 1.2 billion from year 2005. Absolute return investments returned 2.5 percent in calendar year 2006 compared with URS benchmark return of 10.9 percent.

Security Lending

The Systems earn additional investment income by lending investment securities to brokers. This is done on a pooled basis by URS' custodial bank, The Northern Trust Company (TNT). The brokers provide collateral to TNT and generally use the borrowed securities to cover short sales and failed trades. TNT invests the cash collateral received from the brokers in order to earn interest. At December 31, 2006, the Systems had \$2.2 billion on loan secured by collateral of \$2.3 billion. For calendar year 2006, net securities lending income to the Systems amounted to \$7.3 million, an increase of \$430 thousand over calendar year 2005. The increase in security lending revenue for year 2006 represents mainly an increase in demand by brokers to borrow available securities.

Analysis of the Defined Benefit Systems

Noncontributory System

The Noncontributory System provides retirement benefits to covered State of Utah, local government and public education employees. Benefits of the system are funded by employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2006 totaled \$15.8 billion, an increase of \$1.9 billion (13.9 percent) from \$13.9 billion at December 31, 2005.

Additions to the Noncontributory System net assets held in trust for benefits include employer contributions, investment income and transfers. For the calendar year 2006, member and employer contributions increased from \$426.6 million for calendar year 2005 to \$463.1 million, an increase of \$36.5 million (8.5 percent). Contributions increased because salaries and contribution rates increased. The system recognized a net investment gain of \$2.0 billion for calendar year 2006 compared with net investment gain of \$1.2 billion for calendar year 2005. The increase in investment gain for 2006 compared to 2005 was due to the higher rate of return realized in 2006.

Deductions from the Noncontributory System net assets held in trust for benefits include retirement benefits, administrative expenses and transfers. For the calendar year 2006, benefits amounted to \$536 million, an increase of \$63.1 million (13.3 percent) over calendar year 2005.



Management's Discussion and Analysis *(Continued)*

The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For the calendar year 2006, the costs of administering the system totaled \$7.8 million, an increase of \$305 thousand (4.0 percent) from calendar year 2005.

An actuarial valuation of the Noncontributory System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2006, the funded status of the system increased to 93.2 percent from 92.3 percent at January 1, 2005. The amount by which the Noncontributory System actuarial assets were under actuarial benefit liabilities was \$949.2 million at January 1, 2006, compared with being under funded by \$1.0 billion at January 1, 2005. The increase in funded status as of the last actuarial valuation was a result of higher than expected investment results over the previous three years.

Contributory System

The Contributory system provides retirement benefits to covered State of Utah, local government and public education employees. Benefits of the system are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2006 totaled \$1.1 billion, an increase of \$96.9 million (9.5 percent) from \$1.0 billion at December 31, 2005.

Additions to the Contributory System net assets held in trust for benefits include employer and member contributions, investment income and transfers. For calendar year 2006, member and employer contributions decreased from \$20.7 million for calendar year 2005 to \$20.3 million, a decrease of \$386 thousand (1.9 percent). Contributions decreased because the number of active members declined. For the most part the Contributory System is a closed system. For this reason both the numbers of active members and retired individuals are declining. The system recognized a net investment gain of \$144.0 million for calendar year 2006 compared with net investment gain of \$88.4 million for the calendar year 2005. The increase in investment gain for 2006 compared to 2005 was due to the higher rate of return realized in 2006.

Deductions from the Contributory System net assets held in trust for benefits include retirement benefits, administrative expenses and transfers. For calendar year 2006, benefits amounted to \$60.3 million, an increase of \$1.4 million (2.4 percent) from calendar year 2005. The increase in benefit payments was due to the increase in the number of retired members in the system. For calendar year 2006, the costs of administering the system totaled \$576 thousand, a decrease of \$2 thousand (0.3 percent) from calendar year 2005.

An actuarial valuation of the Contributory System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2006, the funded status of the system increased to 92.6 percent from 92.1 percent at January 1, 2005. The amount by which the Contributory System actuarial assets were under actuarial benefit liabilities was \$75.8 million at January 1, 2006, compared with \$79.9 million at January 1, 2005. The increase in funded status as of the last actuarial valuation was a result of higher than expected investment returns over the previous three years.

Public Safety System

The Public Safety System provides retirement benefits to eligible public safety employees of the State of Utah, local governments and higher education. Benefits of the system are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2006 amounted to \$2.0 billion, an increase of \$245.0 million (14.1 percent) from \$1.7 billion at December 31, 2005.

Additions to the Public Safety System net assets held in trust for benefits include employer contributions, investment income and transfers. For calendar year 2006, member and employer contributions increased from \$66.1 million for calendar year 2005 to \$75.0 million, an increase of \$8.9 million (13.5 percent). Contributions increased because salaries and contribution rates increased. The system recognized a net investment gain of \$250.8 million for calendar year 2006 compared with net investment gain of \$148.1 million for calendar year 2005. The increase in investment gain for 2006 compared to 2005 was due to the higher rate of return realized in 2006.

Management's Discussion and Analysis (Continued)

Fiduciary Net Assets — Pension Trust Funds

December 31

(dollars in thousands)

	Noncontributory System			Contributory System			Public Safety System		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Assets:									
Cash and receivables	\$ 244,936	625,093	295,018	16,095	45,024	20,977	30,420	77,988	35,887
Investments at fair value	17,435,453	14,844,735	13,463,600	1,230,559	1,089,227	1,000,685	2,183,991	1,855,611	1,679,443
Invested securities									
lending collateral	1,747,987	1,894,493	1,837,043	123,369	139,007	136,539	218,956	236,815	229,152
Property and equipment	1,622	2,394	3,236	114	176	241	203	300	405
Total assets	19,429,998	17,366,715	15,598,897	1,370,137	1,273,434	1,158,442	2,433,570	2,170,714	1,944,887
Liabilities:									
Securities lending									
collateral liability	1,747,987	1,894,493	1,837,043	123,369	139,007	136,539	218,956	236,815	229,152
Investment accounts									
and other payables	1,863,528	1,579,783	975,724	131,352	115,902	72,510	233,122	197,448	121,692
Total liabilities	3,611,515	3,474,276	2,812,767	254,721	254,909	209,049	452,078	434,263	350,844
Total net assets	\$15,818,483	13,892,439	12,786,130	1,115,416	1,018,525	949,393	1,981,492	1,736,451	1,594,043

Changes in Fiduciary Net Assets — Pension Trust Funds

Year Ended December 31

(dollars in thousands)

	Noncontributory System			Contributory System			Public Safety System		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Additions:									
Contributions	\$ 463,067	426,612	383,486	20,271	20,657	18,587	75,033	66,132	61,357
Investment income	2,006,738	1,185,095	1,547,605	144,012	88,388	117,340	250,813	148,071	192,784
Transfers from									
affiliated systems	112	—	10,583	—	19,565	—	3,284	4,257	4,002
Total additions	2,469,917	1,611,707	1,941,674	164,283	128,610	135,927	329,130	218,460	258,142
Deductions:									
Pension benefits	533,248	469,695	424,897	58,546	57,100	56,992	82,499	74,041	66,329
Refunds	2,763	3,189	3,029	1,789	1,800	2,945	562	1,026	960
Administrative expenses	7,862	7,557	7,758	576	578	618	1,028	985	978
Transfers to									
affiliated systems	—	24,957	—	6,481	—	15,787	—	—	—
Total deductions	543,873	505,398	435,684	67,392	59,478	76,342	84,089	76,052	68,267
Increase in net assets	\$ 1,926,044	1,106,309	1,505,990	96,891	69,132	59,585	245,041	142,408	189,876

Deductions from the Public Safety System net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2006, benefits amounted to \$83.1 million, an increase of \$8.0 million (10.6 percent) over calendar year 2005. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For calendar year

2006, the costs of administering the system totaled \$1.0 million, an increase of \$43 thousand (4.4 percent) from calendar year 2005.

An actuarial valuation of the Public Safety System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2006, the funded status of the system increased to 89.0

Management's Discussion and Analysis (Continued)

Firefighters System			Judges System			Utah Governors and Legislators Retirement Plan			Total Defined Benefit Pension Plans			2006 Percent Change	2005 Percent Change
2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004		
10,839	29,947	15,960	1,902	5,073	2,442	165	490	236	304,357	783,615	370,520	(61.2)%	111.5%
856,397	734,111	670,439	141,487	121,152	111,060	13,431	12,117	11,673	21,861,318	18,656,953	16,936,900	17.2	10.2
85,858	93,688	91,478	14,185	15,462	15,153	1,346	1,547	1,593	2,191,701	2,381,012	2,310,958	(8.0)	3.0
79	118	161	13	20	27	1	2	3	2,032	3,010	4,073	(32.5)	(26.1)
953,173	857,864	778,038	157,587	141,707	128,682	14,943	14,156	13,505	24,359,408	21,824,590	19,622,451	11.6	11.2
85,858	93,688	91,478	14,185	15,462	15,153	1,346	1,547	1,593	2,191,701	2,381,012	2,310,958	(8.0)	3.0
93,539	78,114	48,581	15,103	12,892	8,046	1,434	1,290	846	2,338,078	1,985,429	1,227,399	17.8	61.8
179,397	171,802	140,059	29,288	28,354	23,199	2,780	2,837	2,439	4,529,779	4,366,441	3,538,357	3.7	23.4
773,776	686,062	637,979	128,299	113,353	105,483	12,163	11,319	11,066	19,829,629	17,458,149	16,084,094	13.6%	8.5%

Firefighters System			Judges System			Utah Governors and Legislators Retirement Plan			Total Defined Benefit Pension Plans			2006 Percent Change	2005 Percent Change
2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004		
17,279	16,327	14,951	2,728	2,405	2,539	—	—	—	578,378	532,133	480,920	8.7%	10.6%
98,566	58,827	77,602	16,287	9,762	12,852	1,589	997	1,381	2,518,005	1,491,140	1,949,564	68.9	(23.5)
1,825	601	980	1,242	518	204	18	16	18	6,481	24,957	15,787	(74.0)	58.1
117,670	75,755	93,533	20,257	12,685	15,595	1,607	1,013	1,399	3,102,864	2,048,230	2,446,271	51.5	(16.3)
29,497	27,269	25,263	5,251	4,755	4,518	758	755	712	709,799	633,615	578,711	12.0	9.5
114	72	106	—	—	—	—	—	5	5,228	6,087	7,045	(14.1)	(13.6)
345	331	345	60	60	61	5	5	6	9,876	9,516	9,766	3.8	(2.6)
—	—	—	—	—	—	—	—	—	6,481	24,957	15,787	(74.0)	58.1
29,956	27,672	25,714	5,311	4,815	4,579	763	760	723	731,384	674,175	611,309	8.5	10.3
87,714	48,083	67,819	14,946	7,870	11,016	844	253	676	2,371,480	1,374,055	1,834,962	72.6%	(25.1)%

percent from 88.3 percent at January 1, 2005. The amount by which the Public Safety System actuarial assets were under actuarial benefit liabilities was \$201.4 million at January 1, 2006, compared with being under funded by \$201.9 million at January 1, 2005. The increase in funded status as of the last actuarial valuation was a result of higher than expected investment returns over the previous three years.

Firefighters System

The Firefighters System provides retirement benefits to covered firefighters of the State of Utah and local governments. Benefits of the system are funded by member and employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2006 amounted to \$773.8 million,

Management's Discussion and Analysis *(Continued)*

an increase of \$87.7 million (12.8 percent) from \$686.1 million at December 31, 2005.

Additions to the Firefighters System net assets held in trust for benefits consist of employer contributions, including insurance premium taxes, investment income and transfers. For calendar year 2006, member and employer contributions increased from \$16.3 million for calendar year 2005 to \$17.3 million, an increase of \$952 thousand (5.8 percent). Contributions increased because member contributions and insurance premium taxes increased. The system recognized a net investment gain of \$98.6 million for calendar year 2006 compared with net investment gain of \$58.8 million for calendar year 2005. The increase in investment gain for 2006 compared to 2005 was due to the higher rate of return realized in 2006.

Deductions from the Firefighters System net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2006, benefits amounted to \$29.6 million, an increase of \$2.3 million (8.3 percent) over calendar year 2005. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For calendar year 2006, the costs of administering the system totaled \$345, an increase of \$14 thousand (4.2 percent) from calendar year 2005.

An actuarial valuation of the Firefighters System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2006, the funded status of the system decreased to 104.9 percent from 105.5 percent at January 1, 2005. The amount by which the Firefighters System actuarial assets were over actuarial benefit liabilities was \$31.1 million at January 1, 2006, compared with \$31.8 million at January 1, 2005. The decrease in funded status as of the last actuarial valuation was a result of negative actuarial experience.

Judges System

The Judges System provides retirement benefits to judges in the State of Utah who are eligible to participate in the system. Benefits of the system are funded by employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2006 amounted to \$128.3 million, an increase of \$14.9 million (13.2 percent) from \$113.4 million at December 31, 2005.

Additions to the Judges System net assets held in trust for benefits consist of employer contributions, including court fees, investment income and transfers. For calendar year 2006, member and employer contributions increased from \$2.4 million for calendar year 2005 to \$2.7 million, an increase of \$323 thousand (13.4 percent). Contributions increased because the contribution rate and court fees increased. The system recognized a net investment gain of \$1.2 million for the calendar year 2006 compared with net investment gain of \$9.8 million for calendar year 2005. The increase in investment gain for 2006 compared to 2005 was due to the higher rate of return realized in 2006.

Deductions from the Judges System net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2006, benefits amounted to \$5.3 million, an increase of \$496 thousand (10.4 percent) over calendar year 2005. The increase in benefit payments was due to an increased number of benefit recipients and benefit increases. For calendar year 2006, the costs of administering the system totaled \$60 thousand, a slight increase over the preceding year.

An actuarial valuation of the Judges System assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2006, the funded status of the system increased to 99.5 percent from 96.7 percent at January 1, 2005. The amount by which the Judges System actuarial assets were under actuarial benefit liabilities was \$588 thousand at January 1, 2006, compared with \$3.4 million over at January 1, 2005. The increase in funded status as of the last actuarial valuation was a result of higher than expected investment returns over the previous three years.

Management's Discussion and Analysis *(Continued)*

Utah Governors and Legislators Retirement Plan

The Governors and Legislators Retirement Plan provides retirement benefits to governors and legislators of the State of Utah. Benefits of the system are funded by employer contributions and by earnings on investments. The system net assets held in trust for benefits at December 31, 2006 amounted to \$12.2 million, an increase of \$844 thousand (7.5 percent) from \$11.3 million at December 31, 2005.

Additions to the Governors and Legislative Retirement Plan net assets held in trust for benefits include investment income and transfers. No employer contributions were needed for this plan because of the current over funded status. The system recognized a net investment gain of \$1.6 million for calendar year 2006 compared with net investment gain of \$997 thousand for calendar year 2005. The increase in investment gain for 2006 compared to 2005 was due to the higher rate of return realized in 2006.

Deductions from the Governors and Legislators Retirement Plan net assets held in trust for benefits include retirement benefits and administrative expenses. For calendar year 2006, retirement benefits amounted to \$758 thousand, an increase of \$3 thousand (0.04 percent) from calendar year 2005. The increase in benefit payments was due to an increase in the number of benefit recipients. For calendar year 2006, the costs of administering the system totaled \$5 thousand, a slight increase over the preceding year.

An actuarial valuation of the Governors and Legislators Retirement Plan assets and benefit obligations is performed annually. At the date of the most recent actuarial valuation, January 1, 2006, the funded status of the system decreased to 118.0 percent from 122.0 percent at January 1, 2005. The amount by which the Governors and Legislators Retirement Plan actuarial assets were over actuarial benefit liabilities was \$1.6 million at January 1, 2006, compared with \$1.9 million at January 1, 2005. The decrease in funded status as of the last actuarial valuation was a result of the negative actuarial experience.



Actuarial Valuations and Funding Progress

Actuarial valuation of each defined benefit system is performed annually. At January 1, 2006, the date of the most recent actuarial valuation, the average funded ratio of the Systems was 93.2 percent. This was an increase from the Systems' January 1, 2005 valuation average funded ratio of 92.4 percent, an increase in funded status of 0.80 percent. As of December 31, 2006, the Systems' average funded ratio had increased to 96.3 percent. This was an increase in the Systems' funded ratio of 3.1 percent for calendar year 2006. The funded ratio decrease for all systems was the result of negative actuarial experience.

At December 31, 2006 the Systems' unfunded actuarial accrued liability was \$690.0 million. This was a net decrease in the under funded position of \$505.3 million for the year. At December 31, 2006 the difference between the actuarial value of assets and market value of assets was \$1.7 billion in actuarially deferred gains. This was an increase of \$693.4 million in actuarially deferred gains from the \$1.0 billion in actuarially deferred gains at January 1, 2006. These actuarially deferred gains will be recognized by the actuary over the next four years.

Management's Discussion and Analysis (Continued)

Analysis of the Defined Contribution Plans

401(k) Defined Contribution Plan

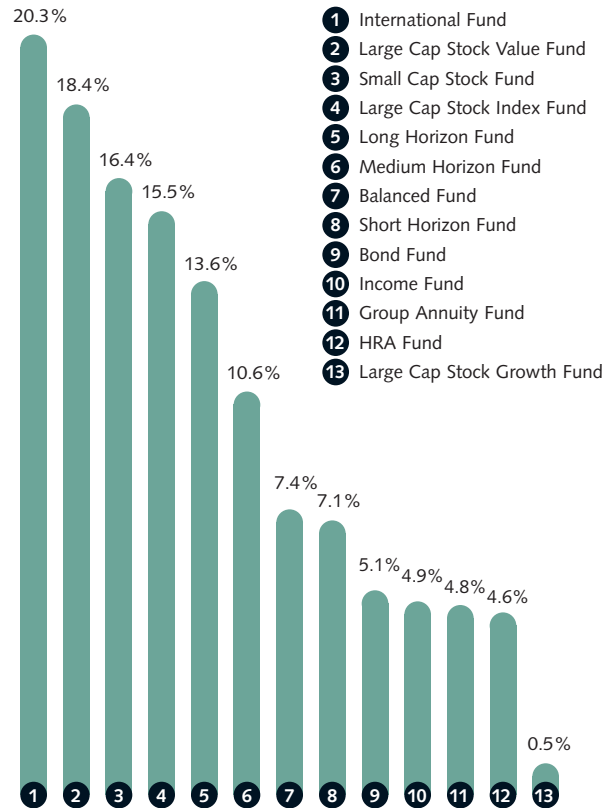
The 401(k) Plan is established under section 401(k) of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by contributions and by investment earnings. The plan net assets held in trust for benefits at December 31, 2006 amounted to \$2.4 billion, an increase of \$284.1 million (13.5 percent) over net assets at December 31, 2005.

Additions to the 401(k) Plan net assets held in trust for benefits include contributions, rollovers, and investment income. For calendar year 2006, contributions increased from those of calendar year 2005 from \$182.7 million to \$193.5 million, an increase of \$10.8 million (5.9 percent). Contributions increased because of increased participation. The plan recognized a net investment gain of \$226.7 million for calendar year 2006 compared with a net investment gain of \$142.8 million for calendar year 2005.

Deductions from the 401(k) Plan net assets include participant and beneficiary refunds, and administrative expenses. For calendar year 2006, refunds amounted to \$130.7 million, an increase of \$24.0 million (22.5 percent) over calendar year 2005. The increase in refunds was due to an increase in withdrawals for calendar year 2006. For calendar year 2006, the costs of administering the plan amounted to \$5.4 million, an increase of \$452 thousand over calendar year 2005.

Benefit obligations of the 401(k) Defined Contribution Plan are equal to the member account balances, which are equal to net assets of the plan.

Defined Contribution Plans Investment Option Rates of Return for 2006



Defined Contribution Comparative Annualized Rates of Return

Investment Option	2006	2005
Income Fund	4.9%	4.2%
Bond Fund	5.1	1.8
Balanced Fund	7.4	8.9
Large Cap Stock Value Fund	18.4	9.2
Large Cap Stock Index Fund	15.5	4.6
Large Cap Stock Growth Fund	0.5	15.7
International Fund	20.3	19.8
Small Cap Stock Fund	16.4	5.8
Short Horizon Fund	7.1	3.4
Medium Horizon Fund	10.6	7.2
Long Horizon Fund	13.6	9.6
HRA Fund	4.6	—
Group Annuity Fund	4.8	4.7

Management's Discussion and Analysis *(Continued)*

457 Defined Contribution Plan

The 457 Plan is established under Section 457(b) of the Internal Revenue Code. This plan provides supplemental retirement benefits for plan participants. The plan is funded by contributions and by investment earnings. The plan net assets held in trust for benefits at December 31, 2006 amounted to \$258.8 million, an increase of \$28.8 million (12.5 percent) over net assets at December 31, 2005.

Additions to the 457 Plan net assets held in trust for benefits include contributions and investment income. For calendar year 2006, contributions increased from those of calendar year 2005 from \$22.0 million to \$23.3 million or an increase of \$1.3 million (5.7 percent). Contributions increased because of increased participation. The plan recognized a net investment gain of \$24.2 million for calendar year 2006 compared with a net investment gain of \$14.9 million for the calendar year 2005.

Deductions from the 457 Plan net assets include participant and beneficiary refunds and administrative expenses. For calendar year 2006, refunds amounted to \$18.1 million, a decrease of \$1.5 million (7.6 percent) over calendar year 2005. The decrease in refunds was due to a decrease in withdrawals for calendar year 2006. For calendar year 2006, the costs of administering the plan amounted to \$570 thousand, an increase of \$39 thousand over calendar year 2005.

Benefit obligations of the 457 Defined Contribution Plan are equal to the member account balances, which are equal to net assets of the plan.



Roth IRA Plan

The Roth IRA is a "deemed IRA" authorized by section 408(q) of the Internal Revenue Code, and governed by section 408A of the code. This plan allows participants to make after-tax contributions, while the earnings may be withdrawn tax-free (for qualified distributions). The plan net assets held in trust for benefits at December 31, 2006 amounted to \$3.6 million, an increase of \$2.6 million (249.4 percent) over net assets at December 31, 2005.

Additions to the Roth IRA Plan include contributions, transfers from other Roth IRAs, conversions from traditional IRAs, and investment earnings. For calendar year 2006, contributions increased from those of calendar year 2005 from \$1.0 million to \$2.4 million (133.5 percent). Contributions increased because of increased participation. The plan recognized a net investment gain of \$283 thousand for calendar year 2006 compared with a net investment gain of \$53 thousand for calendar year 2005.

Deductions from the Roth IRA Plan net assets include participant and beneficiary refunds and administrative expenses. For calendar year 2006, refunds amounted to \$67 thousand, an increase of \$34 thousand (103.0 percent) over calendar year 2005. For calendar year 2006, the costs of administering the plan amounted to \$6 thousand, an increase of \$6 thousand over calendar year 2005.

Traditional IRA Plan

The traditional IRA is a "deemed IRA" authorized by section 408(q) of the Internal Revenue Code, and governed by section 408 of the code. This plan allows participants to make after-tax contributions and possibly deduct all or a portion of the contributions from their current taxable income. This plan also allows participants to consolidate many other eligible plan assets when they become eligible for rollover (such as 401(k), 457, and other IRAs). Participants may also convert traditional IRA

Management's Discussion and Analysis (Continued)

Fiduciary Net Assets — Defined Contribution Plans

December 31		(dollars in thousands)								
		401(k) Plan			457 Plan			Roth IRA Plan		
		2006	2005	2004	2006	2005	2004	2006	2005	2004
Assets:										
Cash and receivables	\$	54,022	49,922	39,360	3,513	4,070	1,859	30	2	—
Investments at fair value		2,339,209	2,058,768	1,854,016	255,557	226,466	211,662	3,558	1,025	—
Invested securities lending collateral		58,796	68,422	52,879	5,204	5,553	5,315	115	25	—
Total assets		2,452,027	2,177,112	1,946,255	264,274	236,089	218,836	3,703	1,052	—
Liabilities:										
Securities lending liability		58,796	68,422	52,879	5,204	5,553	5,315	115	25	—
Investment accounts and other payables		4,675	4,228	2,821	255	505	250	—	—	—
Total liabilities		63,471	72,650	55,700	5,459	6,058	5,565	115	25	—
Total net assets		\$2,388,556	2,104,462	1,890,555	258,815	230,031	213,271	3,588	1,027	—

Changes in Fiduciary Net Assets — Defined Contribution Plans

Year Ended December 31		(dollars in thousands)								
		401(k) Plan			457 Plan			Roth IRA Plan		
		2006	2005	2004	2006	2005	2004	2006	2005	2004
Additions:										
Contributions	\$	193,515	182,744	170,958	23,282	22,033	17,368	2,351	1,007	—
Investment income		226,668	142,760	152,410	24,210	14,891	17,118	283	53	—
Total additions		420,183	325,504	323,368	47,492	36,924	34,486	2,634	1,060	—
Deductions:										
Refunds		130,718	106,678	81,611	18,138	19,633	16,937	67	33	—
Administrative expenses		5,371	4,919	4,577	570	531	497	6	—	—
Total deductions		136,089	111,597	86,188	18,708	20,164	17,434	73	33	—
Increase in net assets	\$	284,094	213,907	237,180	28,784	16,760	17,052	2,561	1,027	—

funds into a Roth IRA. The plan net assets held in trust for benefits at December 31, 2006 amounted to \$12.4 million, an increase of \$5.9 million (89.6 percent) over net assets at December 31, 2005.

Additions to the traditional IRA Plan include contributions, rollovers, and investment earnings. For calendar year 2006, contributions decreased from those of calendar year 2005 from \$6.5 million to \$6.1 million (7.0 percent). Contributions decreased because of decreased rollovers. The plan recognized a net investment gain of \$1.1 million

for calendar year 2006 compared with a net investment gain of \$353 thousand for calendar year 2005.

Deductions from the traditional IRA Plan net assets include participant and beneficiary refunds and administrative expenses. For calendar year 2006, refunds amounted to \$1.2 million, an increase of \$917 thousand (291.1 percent) over calendar year 2005. For calendar year 2006, the costs of administering the plan amounted to \$26 thousand, an increase of \$17 thousand over calendar year 2005.

Management's Discussion and Analysis (Continued)

Traditional IRA Plan			Health Reimbursement Arrangement (HRA)			Total Defined Contribution Plans			2006 Percent Change	2005 Percent Change
2006	2005	2004	2006	2005	2004	2006	2005	2004		
5	11	—	20	—	—	57,590	54,005	41,219	6.6%	31.0%
12,438	6,547	—	109	—	—	2,610,871	2,292,806	2,065,678	13.9	11.0
521	119	—	—	—	—	64,636	74,119	58,194	(12.8)	27.4
12,964	6,677	—	129	—	—	2,733,097	2,420,930	2,165,091	12.9	11.8
521	119	—	—	—	—	64,636	74,119	58,194	(12.8)	27.4
15	2	—	—	—	—	4,945	4,735	3,071	4.4	54.2
536	121	—	—	—	—	69,581	78,854	61,265	(11.8)	28.7
12,428	6,556	—	129	—	—	2,663,516	2,342,076	2,103,826	13.7%	11.3%

Traditional IRA Plan			Health Reimbursement Arrangement (HRA)			Total Defined Contribution Plans			2006 Percent Change	2005 Percent Change
2006	2005	2004	2006	2005	2004	2006	2005	2004		
6,069	6,527	—	161	—	—	225,378	212,311	188,326	6.2%	12.7%
1,061	353	—	2	—	—	252,224	158,057	169,528	59.6	(6.8)
7,130	6,880	—	163	—	—	477,602	370,368	357,854	29.0	3.5
1,232	315	—	34	—	—	150,189	126,659	98,548	18.6	28.5
26	9	—	—	—	—	5,973	5,459	5,074	9.4	7.6
1,258	324	—	34	—	—	156,162	132,118	103,622	18.2	27.5
5,872	6,556	—	129	—	—	321,440	238,250	254,232	34.9%	(6.3)%

Health Reimbursement Arrangement

New in 2006 was the creation and implementation of a Health Reimbursement Arrangement (HRA) for retiring state employees. The HRA is a tax-advantaged health savings plan funded by employer contributions to help employees pay for qualified health care expenses incurred after retirement.

This plan was implemented during calendar year 2006 and the plan's net assets held in trust for benefits at December 31, 2006 amounted to \$129 thousand.

Utah Retirement Systems

Basic Financial Statements

Statements of Fiduciary Net Assets—
Pension (and Other Employee Benefit) Trust Funds

December 31, 2006

With Comparative Totals

for December 31, 2005

(i n t h o u s a n d s)

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan
Assets:						
Cash	\$ 2,427	2	15	2	1	1
Receivables:						
Member contributions	—	422	238	361	—	—
Employer contributions	29,237	618	3,452	—	46	—
Court fees and fire insurance tax	—	—	—	—	124	—
Investments	213,272	15,053	26,715	10,476	1,731	164
Total receivables	242,509	16,093	30,405	10,837	1,901	164
Investments at fair value:						
Short term securities, domestic	1,640,866	115,809	205,538	80,597	13,316	1,264
Short term securities, international	83,841	5,917	10,502	4,118	680	65
Debt securities, domestic	2,885,835	203,678	361,483	141,747	23,419	2,223
Debt securities, international	749,280	52,882	93,856	36,803	6,080	577
Equity investments, domestic	5,114,861	360,996	640,694	251,231	41,507	3,940
Equity investments, international	2,704,389	190,870	338,757	132,835	21,946	2,083
Absolute return	955,173	67,414	119,647	46,917	7,751	736
Private equity	640,101	45,177	80,179	31,440	5,194	493
Real estate	2,655,646	187,430	332,650	130,441	21,550	2,046
Mortgage loans	5,461	386	685	268	44	4
Investment contracts	—	—	—	—	—	—
Total investments	17,435,453	1,230,559	2,183,991	856,397	141,487	13,431
Invested securities lending collateral	1,747,987	123,369	218,956	85,858	14,185	1,346
Property and equipment at cost, net of accumulated depreciation	1,622	114	203	79	13	1
Total assets	19,429,998	1,370,137	2,433,570	953,173	157,587	14,943
Liabilities:						
Securities lending collateral liability	1,747,987	123,369	218,956	85,858	14,185	1,346
Disbursements in excess of cash balance	17,974	1,268	2,251	883	146	14
Compensated absences, post employment benefits and insurance reserve	11,080	782	1,388	544	90	9
Investment accounts payable	818,992	57,632	102,283	42,233	6,626	629
Real estate liabilities	1,015,482	71,670	127,200	49,879	8,241	782
Total liabilities	3,611,515	254,721	452,078	179,397	29,288	2,780
Net assets held in trust for pension benefits (see supplemental schedules of funding progress, page 68)	\$15,818,483	1,115,416	1,981,492	773,776	128,299	12,163

The accompanying notes are an integral part of the financial statements.

Defined Benefit Pension Plans	Defined Contribution Plans						Total Pension Trust Funds	
	Total Defined Benefit Pension Plans	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Health Reimbursement Arrangement	Total Defined Contribution Plans	2006
2,448	5,596	446	30	5	20	6,097	8,545	8,088
1,021	—	—	—	—	—	—	1,021	976
33,353	—	—	—	—	—	—	33,353	28,977
124	—	—	—	—	—	—	124	142
267,411	48,426	3,067	—	—	—	51,493	318,904	799,437
301,909	48,426	3,067	—	—	—	51,493	353,402	829,532
2,057,390	—	—	—	—	109	109	2,057,499	1,172,613
105,123	—	—	—	—	—	—	105,123	151,274
3,618,385	741,381	79,540	917	4,920	—	826,758	4,445,143	4,204,973
939,478	—	—	—	—	—	—	939,478	865,295
6,413,229	1,266,084	130,831	1,992	5,495	—	1,404,402	7,817,631	7,614,105
3,390,880	301,944	31,068	649	2,023	—	335,684	3,726,564	3,922,554
1,197,638	—	—	—	—	—	—	1,197,638	—
802,584	—	—	—	—	—	—	802,584	611,589
3,329,763	—	—	—	—	—	—	3,329,763	2,353,273
6,848	—	—	—	—	—	—	6,848	6,864
—	29,800	14,118	—	—	—	43,918	43,918	47,219
21,861,318	2,339,209	255,557	3,558	12,438	109	2,610,871	24,472,189	20,949,759
2,191,701	58,796	5,204	115	521	—	64,636	2,256,337	2,455,131
2,032	—	—	—	—	—	—	2,032	3,010
24,359,408	2,452,027	264,274	3,703	12,964	129	2,733,097	27,092,505	24,245,520
2,191,701	58,796	5,204	115	521	—	64,636	2,256,337	2,455,131
22,536	515	71	—	5	—	591	23,127	14,094
13,893	—	—	—	—	—	—	13,893	11,629
1,028,395	4,160	184	—	10	—	4,354	1,032,749	1,103,089
1,273,254	—	—	—	—	—	—	1,273,254	861,352
4,529,779	63,471	5,459	115	536	—	69,581	4,599,360	4,445,295
19,829,629	2,388,556	258,815	3,588	12,428	129	2,663,516	22,493,145	19,800,225

Utah Retirement Systems

Basic Financial Statements

Statements of Changes in Fiduciary Net Assets—
Pension (and Other Employee Benefit) Trust Funds

Year Ended December 31, 2006

With Comparative Totals for Year Ended

December 31, 2005

(i n t h o u s a n d s)

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan
Additions:						
Contributions:						
Member	\$ 22,646	9,534	4,567	7,761	10	—
Employer	440,421	10,737	70,466	—	995	—
Court fees and fire insurance tax	—	—	—	9,518	1,723	—
Total contributions	463,067	20,271	75,033	17,279	2,728	—
Investment income:						
Net appreciation in fair value of investments	1,616,573	116,013	202,046	79,402	13,121	1,280
Interest, dividends and other investment income	428,782	30,771	53,593	21,061	3,480	339
Total income from investment activity	2,045,355	146,784	255,639	100,463	16,601	1,619
Less investment expenses	44,441	3,190	5,553	2,183	361	35
Net income from investment activity	2,000,914	143,594	250,086	98,280	16,240	1,584
Income from security lending activity	5,824	418	727	286	47	5
Net investment income	2,006,738	144,012	250,813	98,566	16,287	1,589
Transfers from affiliated systems	112	—	3,284	1,825	1,242	18
Total additions	2,469,917	164,283	329,130	117,670	20,257	1,607
Deductions:						
Retirement benefits	450,659	39,635	69,721	23,122	4,167	594
Cost of living benefits	82,589	18,002	12,237	5,806	1,084	164
Supplemental retirement benefits	—	909	541	569	—	—
Refunds	2,763	1,789	562	114	—	—
Administrative expenses	7,862	576	1,028	345	60	5
Transfers to affiliated systems	—	6,481	—	—	—	—
Total deductions	543,873	67,392	84,089	29,956	5,311	763
Increase from operations	1,926,044	96,891	245,041	87,714	14,946	844
Net assets held in trust for pension benefits beginning of year	13,892,439	1,018,525	1,736,451	686,062	113,353	11,319
Net assets held in trust for pension benefits end of year	\$15,818,483	1,115,416	1,981,492	773,776	128,299	12,163

The accompanying notes are an integral part of the financial statements.

Defined Benefit Pension Plans	Defined Contribution Plans						Total Pension Trust Funds	
	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Health Reimbursement Arrangement	Total Defined Contribution Plans	2006	2005
44,518	193,515	23,282	2,351	6,069	—	225,217	269,735	253,968
522,619	—	—	—	—	161	161	522,780	479,270
11,241	—	—	—	—	—	—	11,241	11,206
578,378	193,515	23,282	2,351	6,069	161	225,378	803,756	744,444
2,028,435	224,611	23,555	285	1,073	2	249,526	2,277,961	1,247,972
538,026	4,409	893	—	—	—	5,302	543,328	443,234
2,566,461	229,020	24,448	285	1,073	2	254,828	2,821,289	1,691,206
55,763	2,481	250	2	13	—	2,746	58,509	48,888
2,510,698	226,539	24,198	283	1,060	2	252,082	2,762,780	1,642,318
7,307	129	12	—	1	—	142	7,449	6,879
2,518,005	226,668	24,210	283	1,061	2	252,224	2,770,229	1,649,197
6,481	—	—	—	—	—	—	6,481	24,957
3,102,864	420,183	47,492	2,634	7,130	163	477,602	3,580,466	2,418,598
587,898	—	—	—	—	—	—	587,898	523,659
119,882	—	—	—	—	—	—	119,882	107,657
2,019	—	—	—	—	—	—	2,019	2,299
5,228	130,718	18,138	67	1,232	34	150,189	155,417	132,746
9,876	5,371	570	6	26	—	5,973	15,849	14,975
6,481	—	—	—	—	—	—	6,481	24,957
731,384	136,089	18,708	73	1,258	34	156,162	887,546	806,293
2,371,480	284,094	28,784	2,561	5,872	129	321,440	2,692,920	1,612,305
17,458,149	2,104,462	230,031	1,027	6,556	—	2,342,076	19,800,225	18,187,920
19,829,629	2,388,556	258,815	3,588	12,428	129	2,663,516	22,493,145	19,800,225



Notes to the Basic Financial Statements

December 31, 2006

Note 1 —

Description of Systems and Plans

NOTE



A brief description of the Utah Retirement Systems (Systems) and 401(k), 457, Roth and Traditional IRA Plans (Plans), and Health Reimbursement Arrangement (HRA) follows. For a more complete description of plan provisions, membership and benefit statistics, see the Systems Highlights on pages 12 through 24 and Summaries of Plan Provisions on pages 122 through 129.

A) General Information and Reporting Entity

General — The Utah Retirement Systems are comprised of the following pension trust funds:

- i) the **Public Employees Noncontributory Retirement System (Noncontributory System)**; the **Public Employees Contributory Retirement System (Contributory System)**; and the **Firefighters Retirement System** which are multiple-employer, cost sharing, public employee retirement systems;
- ii) the **Public Safety Retirement System** which is a mixed agent and cost-sharing, multiple-employer retirement system;
- iii) the **Judges Retirement System** and the **Utah Governors and Legislators Retirement Plan** which are single employer service employee retirement systems; and
- iv) five defined contribution plans comprised of the **401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and HRA**:

These Systems and Plans cover employees of the State of Utah and participating local government and public education entities.

Reporting Entity — These basic financial statements cover all of the foregoing retirement systems and defined contribution plans administered by the Utah State Retirement Board (Board), the sole governing body for these Systems and Plans.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems and Plans under the direction of the Board, whose members are appointed by the Governor. The Plans are established under the authority of the same sections of the Utah Code Annotated 1953, as amended, as well as under Sections 401(k), 457, 408 and 408A of the Internal Revenue Code. The Plans may be amended by the Board within the parameters of the Internal Revenue Code. The Systems and Plans are fiduciary funds defined as pension (and other employee benefit) trust funds. Utah Retirement Systems are a component unit of the State of Utah.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System
Final average salary is	Highest 3 years	Highest 5 years	Highest 3 years		Highest 2 years
Years of service required and/or age eligible for benefit	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age 20 years age 55* 10 years age 62 6 years age 70
Benefit percent per year of service**	2.0% per year all years	1.25% per year to June 1975 2.00% per year July 1975 to present	2.5% per year up to 20 years 2.0% per year over 20 years Benefit cannot exceed 70% of final average salary		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary

Note: The Utah Governors and Legislators Retirement Plan benefits are explained in the second paragraph following this table.

* With actuarial reductions.

** For members and retirees in the systems, prior to January 1, 1990, there may be a 3% benefit enhancement.

B) Retirement and Death Benefits

Retirement Systems' benefits are specified by the statute listed in note 1 (A). The Retirement Systems are defined benefit plans wherein benefits are based on age and/or years of service and highest average salary. Various plan options within the Systems may be selected by retiring members. Some options require actuarial reductions based on attained age, age of spouse and similar actuarial factors. A brief summary of eligibility and benefits of the various Systems is shown in the table above.

The Utah Governors and Legislators Retirement Plan provides the following benefits. Former governors at age 65 receive \$1,140 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of \$25.20 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the CPI limited to 4% of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the Systems may leave their

retirement account intact for future benefits based on vesting qualification or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

C) Defined Contribution Plans

The 401(k), 457, Roth and Traditional IRA Plans, and HRA administered by the Board are defined contribution plans. These Plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems. Contributions may be made into the Plans subject to plan and Internal Revenue Code limitations by employees of employers sponsoring the Plans. Employer contributions may be made into the 401(k) and 457 Plans at rates determined by the employers and according to Utah Title 49. There are 354 employers participating in the 401(k) Plan and 154 employers participating in the 457 Plan. There are 132,383 plan participants in the 401(k) Plan, 14,937 participants in the 457 Plan, 714 participants in the Roth IRA Plan, 242 participants in the Traditional IRA Plan, and 183 in the HRA.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

Participating Members by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan
Number of participating:						
Employers	409	161	123	52	1	1
Members:						
Active	87,219	3,010	7,474	1,684	106	96
Terminated vested	27,273	1,448	1,469	99	10	95
Retirees and beneficiaries:						
Service benefits	28,154	5,852	3,449	1,013	89	222
Disability benefits	—	3	14	72	—	—

After termination of employment, benefits are paid out to individuals in lump-sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution Plans account balances are fully vested to the participants at the time of deposit.

Investments in the defined contribution Plans are individually directed and controlled by plan participants who direct the investment of their funds among several investment options of varying degrees of risk and earnings potential. Participants may transfer their funds between these options no more frequently than every seven days. There is also a 2% trading fee for investment transfers between core fund options more frequently than every thirty days. Investments of the Plans are reported at fair value.

D) Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some Systems are also augmented by fees or insurance premium taxes. Contribution rates are listed in note 6.

Employee (member) contributions are placed into member accounts, and in systems where it is authorized, interest is credited to member accounts. Upon termination of employment, a member may withdraw their account balance, including interest which has been credited. Upon withdrawal a member forfeits the service credit which corresponds to the member contributions withdrawn. The noncontributory retirement systems have no member contributions flowing into them. However, where members had a balance transferred in or purchased service credit in the system, these balances and on-going interest, where authorized, are credited to individual member accounts which may be withdrawn upon the termination of employment.

In the 401(k) and 457 defined contribution plans, voluntary deferral of compensation within the limits of plan provisions may be made by employees. In addition to employee voluntary deferrals, employer contributions may be made into the Plans in behalf of employees. The recognition of deferred compensation, employer contributions and earnings on the accounts are deferred for income tax purposes until actually paid to the participant or beneficiary. The employee may also contribute to the Roth and traditional deemed IRAs where earnings may grow tax deferred and possibly tax free.

Utah Retirement Systems

Notes to Basic Financial Statements *(Continued)*

December 31, 2006

E) Covered Employees

The **Public Employees Noncontributory Retirement System (Noncontributory System)** was established on July 1, 1986. All eligible employees of the State and school entities hired subsequent to that date are automatically members of the Noncontributory System. Local government entities had the option of adopting the new System or remaining with the Contributory System. All Contributory System members whose employers adopted the Noncontributory System were given the opportunity to transfer to the new System during limited window periods. All eligible new hires subsequent to adoption of the non-contributory plans are automatically members of that plan.

The **Public Employees Contributory Retirement System (Contributory System)** includes eligible public employees of the State of Utah and its political subdivisions including public education employees of those entities covered by the System. Members of this System are those who did not elect to transfer to the Public Employees Noncontributory Retirement System during the period when they were eligible to transfer or whose employers are not participants in the Noncontributory System.

The **Public Safety Retirement System** includes eligible state and local government employees directly involved in law enforcement (e.g., game wardens, prison guards, police officers and highway patrol officers). The Public Safety System consists of both contributory and non-contributory divisions. The noncontributory divisions were authorized by the Legislature effective July 1, 1989.

The **Firefighters Retirement System** includes eligible state and local government employees directly involved in fire fighting.

The **Judges Retirement System** includes justices and judges of the court as authorized by State Statutes.

The **Utah Governors and Legislators Retirement Plan** includes only governors and legislators of the State.

The **Defined Contribution Plans** may be utilized by employers adopting the Plans and by their employees.

At December 31, 2006 participating members by System are included in the table on page 48.

NOTE

2

Note 2 —

Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Systems and Plans:

A) Method of Accounting

The Systems maintain records and accounts, and prepare financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable in accordance with the terms of each system and plan.

Utah Retirement Systems adhere to Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, 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,



Utah Retirement Systems

Notes to Basic Financial Statements *(Continued)*

December 31, 2006

Deposit and Investment Risk Disclosures, GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, and GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Investments are presented at fair value. The actuarial accrued liability under the entry age actuarial funding method is presented in the Required Supplementary Information on page 68.

B) Investments

By state statute all of the investment assets of the various Systems are pooled and invested in the common Pension Investment Trust Fund (Investment Fund). Each of the Systems has equity in the Investment Fund based on funds contributed and earnings allocated. Earnings of the Investment Fund are allocated based on the average month-end balances of each of the respective Systems. Individual investments in the Investment Fund are not specifically identified to the respective Systems (see note 3). For financial statement presentation, the Investment Fund assets, liabilities, revenues and expenses have been allocated to and presented in each respective system in the basic financial statements as required for investment pools.

Investments are presented at fair value and by investment manager classification. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Mortgages have been valued on an amortized cost basis which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. Short term investments are reported at market value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments.

Approximately 11% of the net assets held in trust for pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 11%, approximately 3% are U.S. Government debt securities and approximately 8% are debt securities of the U.S. Government instrumentalities. The Systems and Plans have no investments of any commercial or industrial organization whose market value equals 5% or more of the Systems' net assets held in trust for pension benefits.

C) Property and Equipment

Property and equipment are recorded at cost (see note 4), are depreciated utilizing the straight-line method, and are included in the assets of the Investment Fund. The schedule below summarizes the estimated useful life by class. The Systems policy is to capitalize all acquisitions of furniture and equipment with a unit cost of \$1,000 or more.

Buildings	40 years
Building improvements.....	10 years
Furniture and equipment.....	3-10 years

D) Administrative Expenses

Expenses for the administration of the Systems and Plans are budgeted and approved by the Board. Systems expenses are paid from investment earnings. Plan expenses are paid from Plan assets.

E) Federal Tax Status

The Systems and Plans are exempt from Federal income taxes under the Internal Revenue Code.

F) Use of Estimates

Management of the Systems and Plans have made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

Note 3 —

Deposits and Investment Risk Disclosures

NOTE



A) Deposits

Custodial Credit Risk for Deposits is the risk that in the event of a bank failure, the Systems' and Plans' deposits may not be returned to them. The deposits are held in one financial institution with an insured balance of \$100,000. The deposits in the bank in excess of \$100,000 are uninsured and uncollateralized.

Deposits are not collateralized nor are they required to be by state statute. The Systems and Plans do not have a deposit policy for custodial credit risk. Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value.

At December 31, 2006, the carrying amount of deposits totaled approximately \$(14,582,000) and the corresponding bank balance was \$1,333,597 of which \$1,233,597 was exposed to custodial credit risk.

Cash Deposits

(in thousands)

Cash	\$ 8,545
Disbursements in excess of cash balances	(23,127)
Total	\$(14,582)

B) Investments

The bottom left table on page 52 shows the Systems' and Plans' investments by investment type.

C) Credit Risk Debt Securities:

The Systems and Plans expect its domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer by using the following guidelines:

- U.S. Government and Agency Securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5% of an investment manager's assets at market with a single issuer of 1% of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10% of the portfolio in non-U.S. dollar denominated bonds.
- Upon approval, the international debt securities investment managers may hold up to 25% of the market value of their portfolios in securities rated below investment grade (S&P index BBB- or Moody's index Baa3). The remaining assets shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2006 is AAA and the fair value of below grade investments is \$77,908,231 or 1.75% of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2006 is AA+ and the fair value of below grade investments is \$18,266,246 or 1.94% of the international portfolio.

D) Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems and Plans will not be able to recover the value of the invest-

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

ment or collateral securities that are in the possession of an outside party. At December 31, 2006 the following table represents the investments that have custodial credit risk.

Exposed to Custodial Credit Risk

Type of investment	(in thousands)	Fair Value
Cash and cash equivalents		\$50,453

Exposure to Custodial Credit Risk Not Determined:

Type of investment	(in thousands)	Fair Value
Common stock		\$ 2,388
Cash and cash equivalents		(53)
		\$ 2,335

Investments

at December 31, 2006

	(in thousands)	Fair Value
Debt securities, domestic		\$ 3,637,704
Debt securities, international		851,478
Equity securities, domestic		6,099,207
Equity securities, international		3,064,742
Short term securities pools		2,162,621
Mortgage loans:		
Collateralized loans		19
Real estate notes		6,829
Real estate		3,329,763
Private equity (venture capital)		802,584
Absolute return		1,197,638
Guaranteed investment contracts		43,918
Equity securities, domestic (pooled)		442,807
Mutual fund, international		335,685
Mutual fund, balanced		308,677
Investments held by broker-dealers under securities lending program:		
U.S. Government and agency securities		727,365
Corporate debt securities, domestic		80,076
Debt securities, international		88,001
Equity securities, domestic		966,938
Equity securities, international		326,137
Total investments		\$24,472,189
Securities lending collateral pool		\$ 2,256,337

E) Concentrations of Credit Risk

The Systems and Plans expect the domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5% of an investment manager's assets at market with a single issuer
- AA-/Aa3 Debt Securities or higher — no more than 4% of an investment manager's assets at market with a single issuer
- A-/A3 Debt Securities or higher — no more than 3% of an investment manager's assets at market with a single issuer
- BBB-/Baa3 Debt Securities or higher — no more than 2% of an investment manager's assets at market with a single issuer

Debt Securities Investments at Fair Value

at December 31, 2006

Quality Rating	(in thousands)		
	Domestic	International	Total
AAA	\$1,569,080	349,616	1,918,696
AA+	21,175	2,445	23,620
AA	79,052	8,670	87,722
AA-	64,051	73,535	137,586
A+	47,931	27,865	75,796
A	23,520	50,827	74,347
A-	28,798	49,399	78,197
BBB+	57,112	39,503	96,615
BBB	75,896	68,465	144,361
BBB-	31,318	12,938	44,256
BB+	7,941	1,446	9,387
BB	7,146	153	7,299
BB-	7,945	—	7,945
B+	—	555	555
B	16,002	—	16,002
B-	11,961	—	11,961
NR	26,913	16,112	43,025
Total credit risk debt securities	2,075,841	701,529	2,777,370
U.S. Government and Agencies Pooled investments	1,486,753	40,989	1,527,742
Total debt securities investments	\$4,445,143	939,478	5,384,621

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

- For Debt Securities — no individual holding shall constitute more than 10% of the market value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4% of the securities of any single issuer. Also, no more than 8% of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market.
- For International Equity Securities — no more than 8% of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market.

At December 31, 2006 there were no single issuer investments that exceeded the above guidelines.

F) Interest Rate Risk

The Systems and Plans manage their exposure to fair value loss arising from increasing interest rates by complying to the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 – 125% of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50-150% of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investments full price.

**Debt Securities Investments,
Domestic**

at December 31, 2006

(dollars in thousands)

Investment	Fair Value	Effective Weighted Duration
Asset backed securities	\$ 166,924	1.13
Commercial mortgage-backed	196,910	3.56
Common stock	34	NA
Convertible equity	2,505	NA
Corporate bonds	529,971	4.52
Corporate convertible bonds	192	NA
Fixed income	826,758	NA
Fixed income derivatives — futures	481,521	5.46
Fixed income derivatives — options	(215)	NA
Fixed income futures	(481,521)	NA
Government agencies	202,874	3.28
Government bonds	465,446	8.30
Government mortgage backed securities	1,452,791	3.94
Index linked government bonds	115,371	4.88
Municipal/provincial bonds	1,347	13.11
Non-government backed C.M.O.s	465,274	2.27
Other fixed income	18,961	NA
Total debt securities investments, domestic	\$4,445,143	2.91

**Debt Securities Investments,
International**

at December 31, 2006

(dollars in thousands)

Investment	Fair Value	Effective Weighted Duration
Asset backed securities	\$ 14,629	1.80
Commercial mortgage-backed	10,875	2.98
Corporate bonds	436,874	6.13
Government agencies	10,816	1.82
Government bonds	374,624	5.35
Government mortgage backed securities	48,948	3.41
Index linked government bonds	450	—
Municipal/provincial bonds	8,456	6.21
Non-government backed C.M.O.s	33,806	2.53
Total debt securities investments, international	\$939,478	5.24

Utah Retirement Systems

Notes to Basic
Financial Statements (Continued)

December 31, 2006

The Systems and Plans compare an investment's effective duration against the Lehman Brothers Aggregate Index for domestic debt securities and the Lehman Brothers Global Aggregate Index for international debt securities. The index range at December 31, 2006 is 3.35 – 5.58 for domestic debt securities and 2.65 – 7.95 for international debt securities. At December 31, 2006, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2006 the foregoing tables show the investments by investment type, amount and the effective weighted duration.

G) Foreign Currency Risk

The Systems and Plans expect the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment managers' contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. The Systems' and Plans' exposure to foreign currency risk is shown to the right.

Foreign Currency RiskInternational Investment Securities
at Fair Value at December 31, 2006 (in thousands)

Currency	Equity	Debt	Short Term	Total
Argentine peso	\$ —	555	5	560
Australian dollar	68,001	8,221	333	76,555
Brazilian real	10,360	2,735	—	13,095
British pound sterling	540,229	81,862	(427)	621,664
Canadian dollar	51,275	13,104	447	64,826
Cayman Islands dollar	—	2,720	—	2,720
Chilean peso	742	896	—	1,638
Chinese yuan renminbi	3,984	—	—	3,984
Danish krone	16,206	2,823	—	19,029
El Salvadoran colon	—	420	—	420
Estonian kroon	1,937	—	—	1,937
Euro	685,612	159,330	26,875	871,817
Hong Kong dollar	55,167	—	(927)	54,240
Hungarian forint	—	926	—	926
Japanese yen	484,668	68,679	5,796	559,143
Kazakhstani tenge	—	579	—	579
Malaysian ringgit	5,437	—	—	5,437
Mexican peso	3,047	23,540	826	27,413
New Zealand dollar	1,567	—	10	1,577
Norwegian krone	13,727	—	—	13,727
Panamanian balboa	1,906	2,277	—	4,183
Polish zloty	—	10,312	—	10,312
Qatari riyal	—	1,106	—	1,106
Russian Federation ruble	—	1,567	—	1,567
Singaporean dollar	14,432	14,473	285	29,190
South African rand	1,412	—	—	1,412
South Korean won	25,770	4,730	43	30,543
Swedish krona	43,880	35,700	657	80,237
Swiss franc	176,834	—	657	177,491
Taiwanese new dollar	9,315	—	—	9,315
Thai baht	—	4,466	—	4,466
United Arab Emirates dirham	—	474	—	474
Venezuelan bolivar	5,097	—	—	5,097
Pooled International investments	1,427,357	196,960	—	1,624,317
Total securities subject to foreign currency risk	3,647,962	638,455	34,580	4,320,997
United States dollars (securities held by international investment managers)	78,602	301,023	70,543	450,168
Total international investment securities	\$3,726,564	939,478	105,123	4,771,165
Total ADR* international securities traded in US dollars held by domestic advisors	\$ 206,045	70,305	20,057	296,407

*American Depository Receipts

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

H) Security Lending

The Systems and Plans participate in a security lending program as authorized by Board policy, whereby securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities and irrevocable bank letters of credit equal to approximately 102% of the market value of the domestic securities on loan and 105% of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is the agent for the securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for the market value of the collateral received.

At year end there was no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at year end were \$2,188,516,000 and the collateral received for those securities on loan was \$2,256,337,000. Under the terms of the lending agreement, the Systems and Plans are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, the Systems and Plans are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the Systems and Plans or the borrower. Cash collateral is invested in the lending agent's short term investment pool.

The short term investment pool guidelines specify that a minimum of 20% of the invested cash collateral is to be available each business day and the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short term investment pool and the Systems' and Plans' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems and Plans cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the Systems and Plans do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

I) Derivative Financial Instruments

The Systems and Plans invest in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. At December 31, 2006 the Systems and Plans had four types of derivative financial instruments: futures, currency forwards, options, and swaps.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the Systems' and Plans' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Fiduciary Net Assets. At December 31, 2006 the Systems' and Plan's investments had the following futures balances:

	Value Covered by Contract
Long — cash and cash equivalent	
—futures	\$ 203,440,338
Short — cash and cash equivalent	
—futures	(177,873,550)
Long-equity futures	1,142,833,635
Short-equity futures.....	(114,859,549)
Long-debt securities futures.....	554,670,942
Short-debt securities futures	(73,150,031)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions. At December 31, 2006 the Systems' and Plans' investments included the following currency forwards balances:

Utah Retirement Systems

Notes to Basic Financial Statements *(Continued)*

December 31, 2006

Currency forwards (pending foreign exchange purchases)	\$ 1,286,407,970
Currency forwards (pending foreign exchange sales)	(1,286,816,499)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, the Systems and Plans receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the Systems and Plans pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2006 the Systems' and Plans' investments had the following option balances:

	Value Covered by Contract
Cash and cash equivalent purchased call options.....	\$ 679,663
Cash and cash equivalent purchased put options.....	168,894
Fixed income written put options.....	(620,425)
Fixed income written call options.....	404,990

The Systems and Plans have entered into various swap agreements in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At the end of the year the Systems had two different types of swap arrangements: interest rate swaps and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed the Systems to effectively convert most of their long term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. The credit default swaps protects the rental cash flows on one of the Systems' real estate investments in case the major tenant defaults on its lease contract. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Plan Net Assets. At December 31, 2006 the Systems investments had the following swap market value balances as shown in the table to the right.

J) Investment Payables

The investment accounts payable are comprised of investment advisor fees payable of \$11,292,000, administrative expenses payable of \$8,192,000, investment purchases payable of \$1,004,971,000 and various real estate payables of \$8,294,000.

K) Investment Compliance Officer

The Systems and Plans have an investment compliance officer on staff who reports his/her findings directly to the Board. The investment compliance officer monitors all of the investments made by the investment managers to determine that the investments were made in accordance with the investment policies which were approved by the Board.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

S w a p s

Interest Rate Swaps	Outstanding Notational Amount (Base Used to Calculate Interest)	Interest Rate	Maturity Date	Fair Value
Morgan Stanley Interest Rate Swap	\$ 5,200,000	4.4275%–LIBOR*	4/1/2008	\$ 44,942
Morgan Stanley Interest Rate Swap	36,612,500	4.4251%–LIBOR*	6/1/2010	807,946
Morgan Stanley Interest Rate Swap	9,500,000	4.057%–LIBOR*	9/1/2010	285,146
Morgan Stanley Interest Rate Swap	9,645,782	4.732%–LIBOR*	12/29/2010	72,979
Morgan Stanley Interest Rate Swap	4,869,065	4.748%–LIBOR*	12/31/2010	56,022
Morgan Stanley Interest Rate Swap	45,500,000	4.845%–LIBOR*	12/31/2010	156,142
Morgan Stanley Interest Rate Swap	6,100,000	4.870%–LIBOR*	12/31/2010	15,264
Morgan Stanley Interest Rate Swap	63,150,000	4.679%–LIBOR*	2/1/2011	615,670
Nat'l Australia Bank Interest Rate Swap	6,218,500	4.90%–LIBOR*	12/1/2011	(295)
Merrill Lynch Interest Rate Swap	68,281,500	4.922%–LIBOR*	12/1/2011	96,024
Morgan Stanley Interest Rate Swap	120,000,000	4.163%–LIBOR*	12/1/2011	4,183,466
Morgan Stanley Interest Rate Swap	41,039,825	4.466%–LIBOR*	10/1/2012	1,161,278
Morgan Stanley Interest Rate Swap	26,467,452	4.466%–LIBOR*	10/1/2012	667,323
Merrill Lynch Interest Rate Swap	11,570,168	4.647%–LIBOR*	10/1/2012	185,862
Morgan Stanley Interest Rate Swap	1,099,248	4.730%–LIBOR*	10/1/2012	186,130
Merrill Lynch Interest Rate Swap	51,917,095	4.890%–LIBOR*	12/31/2012	210,854
Morgan Stanley Interest Rate Swap	5,762,331	4.3075%–LIBOR*	1/1/2013	226,831
Nat'l Australia Bank Interest Rate Swap	6,998,214	4.9325%–LIBOR*	3/1/2013	14,105
Morgan Stanley Interest Rate Swap	15,800,253	5.0175%–LIBOR*	4/1/2013	(39,469)
Morgan Stanley Interest Rate Swap	10,350,000	5.176%–LIBOR*	4/1/2013	(114,927)
Nat'l Australia Bank Interest Rate Swap	14,203,150	4.945%–LIBOR*	5/1/2013	(277,745)
Nat'l Australia Bank Interest Rate Swap	1,170,000	5.42%–LIBOR*	5/1/2013	(28,723)
Nat'l Australia Bank Interest Rate Swap	5,128,500	5.36%–LIBOR*	8/1/2013	(111,587)
Nat'l Australia Bank Interest Rate Swap	20,337,593	5.077%–LIBOR*	12/1/2013	(115,513)
Nat'l Australia Bank Interest Rate Swap	2,443,700	4.955%–LIBOR*	6/1/2014	5,178
Morgan Stanley Interest Rate Swap	20,000,000	4.447%–LIBOR*	10/20/2014	716,796
Morgan Stanley Interest Rate Swap	37,000,000	4.406%–LIBOR*	11/1/2014	1,427,537
Morgan Stanley Interest Rate Swap	32,600,000	5.046%–LIBOR*	9/1/2015	(81,188)
Morgan Stanley Interest Rate Swap	32,900,000	4.868%–LIBOR*	1/1/2016	359,849
Morgan Stanley Interest Rate Swap	133,704,000	5.292%–LIBOR*	5/2/2016	(2,692,186)
Merrill Lynch Interest Rate Swap	7,640,000	5.43%–LIBOR*	7/1/2016	(234,356)
Morgan Stanley Interest Rate Swap	17,250,000	5.464%–LIBOR*	7/1/2016	(573,946)
Morgan Stanley Interest Rate Swap	44,276,861	5.342%–LIBOR*	9/1/2016	(1,062,774)
Nat'l Australia Bank Interest Rate Swap	985,352	5.11%–LIBOR*	12/1/2016	(6,491)
Nat'l Australia Bank Interest Rate Swap	11,801,225	5.125%–LIBOR*	12/1/2016	(81,921)
Nat'l Australia Bank Interest Rate Swap	5,080,000	4.97%–LIBOR*	1/1/2017	27,810
Morgan Stanley Interest Rate Swap	4,485,385	4.690%–LIBOR*	3/1/2018	143,682
Morgan Stanley Interest Rate Swap	71,700,000	4.722%–LIBOR*	10/1/2020	2,742,213
Morgan Stanley Interest Rate Swap	43,660,000	5.2935%–LIBOR*	11/1/2021	(814,454)
Total Interest Rate Swaps	\$1,052,447,699			\$8,173,474
Credit Default Swaps				
Morgan Stanley Credit Default Swaps	\$ 111,000,000		9/29/2008	\$ (227,879)

*London Interbank Offered Rate (LIBOR)

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

NOTE 4

Note 4 —

Property and Equipment

Property and equipment consist of the amounts shown in the following table as of December 31, 2006 and 2005. There were no significant leases as of December 31, 2006 or 2005.

Property and Equipment

	<i>(in thousands)</i>	
	2006	2005
Land	\$ 1,779	1,779
Buildings and building improvements	11,241	11,098
Furniture and equipment	3,196	3,170
Total property and equipment	16,216	16,047
Less accumulated depreciation:		
Buildings and building improvements	6,120	5,741
Furniture and equipment	2,834	2,594
Total accumulated depreciation	8,954	8,335
Less operating reserves	5,230	4,702
Net property and equipment	\$ 2,032	3,010



NOTE 5

Note 5 —

Actuarial Values and Methods

A) Actuarial Asset Valuation

The actuarial value of assets is used in determining the funding progress of the Retirement Systems.

The actuarial value of assets is based on a smoothed expected income investment rate. Investment income in excess or shortfall of the expected 8% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

This smoothed actuarial value of assets utilized by the actuary in determining the actuarial funding status of the retirement systems is also used in establishing the contribution rates necessary to accumulate needed assets to pay benefits when due.

The following calculations were utilized in determining the actuarial value of assets as of January 1, 2006, and December 31, 2006, and the next table shows the smoothed actuarial value of assets for each System.

B) Actuarial Accrued Liability

The actuarial accrued liability for the Systems is presented in the Required Supplementary Information Schedule of Funding Progress on page 68 and 69 of this report.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

Calculation of Actuarial Value of Assets

January 1, 2006 (dollars in thousands)				December 31, 2006 (dollars in thousands)					
1. Fair value of assets			\$17,458,149	1. Fair value of assets			\$19,829,629		
2. Deferral to smooth asset values based on (excess)/shortfall of expected investment income for:				2. Deferral to smooth asset values based on (excess)/shortfall of expected investment income for:					
	Year	Total (Excess)/ Shortfall	Percent Deferred	Amount Deferred		Year	Total (Excess)/ Shortfall	Percent Deferred	Amount Deferred
a.	2005	\$ (199,197)	80%	\$(159,358)	a.	2006	\$ (1,116,942)	80%	\$(893,554)
b.	2004	(804,065)	60%	(482,440)	b.	2005	(199,197)	60%	(119,519)
c.	2003	(2,007,188)	40%	(802,875)	c.	2004	(804,065)	40%	(321,626)
d.	2002	2,009,531	20%	401,905	d.	2003	(2,007,188)	20%	(401,439)
e.	2001	1,765,658	0%	0	e.	2002	2,009,531	0%	0
f. Total deferred gains			(1,042,768)	f. Total deferred gains			(1,736,138)		
3. Actuarial value of assets available for benefits			\$16,415,381	3. Actuarial value of assets available for benefits			\$18,093,491		

Actuarial value of assets can not exceed 120% of the fair value of assets or below 80% of the fair value of assets.

C) Actuarial Cost Method and Assumptions

The Board engages an independent firm of actuaries to estimate the present value of actuarial accrued liability for the purpose of determining actuarial accrued liabilities for active and terminated members, retired individuals and beneficiaries, and for the determination of contribution rates (note 6).

Actuarial accrued liabilities are future periodic payments including lump-sum distributions that are

attributable to the service employees have rendered to date and the plan provisions of the various systems. The present value of actuarial accrued liabilities are calculated based on the entry age actuarial cost method with benefits based on projected salary increases.

A schedule of the actuarial assumptions used in the actuarial report dated January 1, 2006 is presented in Notes to Required Supplementary Information on page 71.

Actuarial Value of Assets by System

January 1, 2006 Calculation of Net Assets Available Based on Five Year Expected Investment Income	(in thousands)						Utah Governors and Legislators Retirement Plan	Total All Systems
	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System			
1. Net assets available for benefits at fair value	\$13,896,550	1,014,414	1,736,451	686,062	113,353	11,319	17,458,149	
2. Deferral to smooth asset values based on (excess)/shortfall of expected investment income on fair value	(827,188)	(62,874)	(103,429)	(41,566)	(6,979)	(732)	(1,042,768)	
3. Actuarial value of assets available for benefits	\$13,069,362	951,540	1,633,022	644,496	106,374	10,587	16,415,381	

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

Note 6 —

Actuarially Determined Contribution Requirements and Contributions Made



Employer contribution rates consist of (1) an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and (2) an amount for amortization of the unfunded or excess funded actuarial accrued liability over an open 20 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions that were used to calculate the actuarial accrued liability in the Schedules of Funding Progress on pages 68 and 69.

The schedule below summarizes contribution rates in effect at December 31, 2006.

Contributions made by employers and members were in accordance with actuarially computed funding requirements. Fire insurance premium taxes and court fees are considered as part of employer contributions in the schedule shown at right for the Firefighters and Judges Systems,

respectively. These contribution rates also include rates for a 3% benefit enhancement which is funded by the State. For contribution rate purposes the actuary evaluates the assets of the Systems based on a five-year smoothed expected return wherein 20% of a year's excess or shortfall of expected return is recognized each year for five years.

The actuary recommended some increases and some decreases in contribution rates which became effective July 1, 2006.

Information with regard to contributions to the Retirement Systems for the year ended December 31, 2006 is indicated in the schedule on page 70.

Member contributions in the 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) total \$225,217,000, which in combination with the member contributions made in the Retirement Systems total \$269,735,000.

There are no funding requirements in the 401(k), 457, Roth and Traditional IRA Plans, and HRA other than deposit of employee contributions or contributions for the employee by the employer.

Contribution Rates			
January 1, 2006			
System	Contribution Rates as a Percent of Covered Payroll		
	Member	Employer	Other
Noncontributory	—	11.59 - 14.22%	—
Contributory	6.00%	7.58 - 9.73	—
Public Safety: Noncontributory	—	19.99 - 35.71	—
Contributory	10.50 - 13.74	11.01 - 22.99	—
Firefighters: Division A	10.84	0.00	12.08%
Division B	8.72	0.00	12.08
Judges: Noncontributory	—	9.79	18.04
Contributory	2.00	7.79	18.04
Governors and Legislators	—	—	—

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006



Required Contributions

(dollars in thousands)

System	Contribution Requirements						Contributions Made				
	Normal Cost		Unfunded Cost (assets in excess)		Total Required Contributions	Total Actual Contributions	Member		Employer		Covered Payroll
	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll			Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll	
Noncontributory	\$420,118	12.63%	\$42,949	1.29%	\$463,067	\$463,067	\$22,646	0.68%	\$440,421	13.24%	\$3,326,392
Contributory	15,184	11.35	5,087	3.80	20,271	20,271	9,534	7.12	10,737	8.02	133,812
Public Safety	62,981	19.89	12,052	3.81	75,033	75,033	4,567	1.44	70,466	22.25	316,662
Firefighters	10,329	11.65	(2,568)	(2.90)	7,761	7,761	7,761	8.75	—	0.00	88,682
Judges	864	7.08	141	1.16	1,005	10	10	0.08	995	8.16	12,195
Governors and Legislators	—	0.00	—	0.00	—	—	—	0.00	—	0.00	880
Total	\$509,476		\$57,661		\$567,137	\$566,142	\$44,518		\$522,619		\$3,878,603

NOTE

7

Note 7 —

Transfers To or From
Affiliated System

Asset transfers to or from affiliated systems are for the purpose of spreading employer contribution costs across same employer and same class of employee group and to record transfers of benefits and corresponding assets where employees transfer from one system to another. Benefit transfers usually are between contributory and non-contributory systems as allowed during authorized transfer windows established by statute or as otherwise authorized.

NOTE

8

Note 8 —

Supplemental
Benefits

In the past, the Utah State legislature appropriated funds as supplemental retirement benefits to be paid to qualified participants who have previously retired under the Contributory System. These benefits, already granted, are now and will continue to be funded through contribution rates unless otherwise provided by the legislature.

NOTE

9

Note 9 —

Litigation

The Systems are involved in various claims and legal actions arising in the ordinary course of business in the opinion of management and legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the Systems' financial position as a whole.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

Note 10 —

Commitments

NOTE

10

At December 31, 2006, the Systems had committed to fund certain private equity partnerships and real estate projects for an amount of \$3,803,051,517. Funding of \$2,522,053,607 had been provided by December 31, 2006 leaving an unfunded commitment as of December 31, 2006 of \$1,280,997,910 which will be funded over the next five years.

Note 11 —

Pension Plan Participation

NOTE

11

Defined Benefit Plans — Utah Retirement Systems contributes to the State and School Noncontributory Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by Utah Retirement Systems (Systems). Utah Retirement Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy: In the State and School Noncontributory Retirement System, the Utah Retirement Systems is required to contribute 14.22% of its annual covered salary. The contribution rates are the actuarial determined rates. The contributions were equal to the requirements of the Systems, are authorized by statute, and specified by the Board.

The Utah Retirement Systems' contributions to the State and School Noncontributory Retirement System for the years ending December 31, 2006, 2005, and 2004 were \$1,119,681, \$1,185,475, and \$1,035,931 respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans — Utah Retirement Systems also participates in four defined contribution plans, the 401(k), 457, Roth and Traditional IRA Plans.

401(k) Plan —The Utah Retirement Systems offers its employees a 401(k) plan to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by Utah Retirement Systems. Employees participating in the Systems can make



Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

additional contributions through payroll deduction to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended December 31, 2006, 2005, 2004 are \$298,411, \$318,409, and \$292,707, respectively; the employee contributions for the years ending December 31, 2006, 2005, 2004 are: \$439,105, \$438,087, and \$421,800, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by Utah Retirement Systems.

457 Plan —The Utah Retirement Systems also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan for the years ended December 31, 2006, 2005, 2004 are: \$273,499, \$269,628, and \$269,033 respectively.

Roth and Traditional IRAs — Utah Retirement Systems offers its employees two tax-advantaged savings plans authorized by section 408 of the Internal Revenue Code. Employees are eligible to participate from the date of employment and are vested immediately upon participating. For the year ended 2006 and 2005 the Roth IRA employee contributions were \$38,244 and \$32,433 respectively. For the year ended 2006 and 2005 the traditional IRA employee contributions were \$4,725 and \$5,983 respectively.



NOTE 12

Note 12 —

Post Employment Healthcare Plan

Plan Description

The Utah Retirement Office contributes to a noncontributory defined benefit post employment healthcare plan to provide postemployment insurance benefits for retired employees of the Utah Retirement Office. This plan was established in 2005. The Utah Retirement Employees Post Employment Healthcare Plan, (UREPEHP), is an agent multiple employer post employment healthcare plan administered by The Utah Retirement Office.

Assets and liabilities of the plan are identified separately for each employer. Plan assets may be used only for the payment of benefits to the members of that system, in accordance with the terms of the plan. UREPEHP issues a publicly available financial report that includes financial statements and required supplementary information for UREPEHP. A copy of the report may be obtained by writing the Utah Retirement Office, 560 E. 200 S., Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

The contribution requirements of Utah Retirement Employees Post Employment Healthcare Plan are determined by the Plan and approved by the Board. Utah Retirement Office is required to contribute the annual

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006

required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over an open twenty year period using the level percent of active member payroll method. The current contribution rate is 2.53 percent of annual covered salaries and wages.

Annual Costs

For the calendar year ending December 31, 2006 the annual cost (expense) of \$294,000 for UREPEHP was equal to the ARC. The net Other Post Employment Benefits (OPEB) obligation for 2006 was as follows:

Year Ended	Annual Required Contributions	Percentage Contributed	Net OPEB Obligation
12/31/05	\$220,000	100%	\$0
12/31/06	294,000	100	0

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2006, was as follows:

Actuarial accrued liability (AAL)	\$5,614,000
Actuarial value of plan assets	4,065,000
Unfunded actuarial accrued liability (UAAL)	\$1,549,000
Funded ratio (actuarial value of plan assets/AAL)	72%
Covered salaries and wages (active plan members)	\$8,463,000
UAAL as a percentage of covered salaries and wages	18.3%

Actuarial valuations of the 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 and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below, presented

Schedule of Funding Progress							
<i>(dollars in thousands)</i>							
Division	Date	(1) Actuarial Value of Assets	Based on fair value of assets		(4) Funding Ratios (1) / (2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3) / (5)
			(2) Actuarial Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) - (1)			
URS Employees*	12/31/04	\$3,089	4,913	1,824	62.9%	\$8,124	22.5%
	12/31/05	3,506	5,289	1,783	66.3	8,709	20.5
	12/31/06	4,085	5,636	1,551	72.5	8,463	18.3

*Additional years will be added as they become available.

Schedule of Required Contributions			
<i>(dollars in thousands)</i>			
Year Ended*	Annual Required Contributions	Percentage Contributed	Net OPEB Obligation
12/31/05	\$220	100%	\$ 0
12/31/06	294	100	0

*Additional years will be added as they become available.

Utah Retirement Systems

Notes to Basic Financial Statements *(Continued)*

December 31, 2006

as required supplementary information, shows the actuarial value of plan assets compared to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities consistent with the long term perspective of the calculations.

In the December 31, 2005 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 15.0 percent initially, reduced by decrements to an ultimate rate of 4.75 percent after 12 years. Both rates include a 3.0 percent inflation assumption. The actuarial value of UREPEHP is the current market value of the fund's assets. The actuarial accrued liability was computed using likely health benefits to be paid to retirees and to be paid active employees after their service that were discounted using the investment return, health cost increase and various mortality assumptions.



NOTE

13

Note 13 —

Compensated Absences, Post Employment Benefits and Insurance Reserve

The compensated absences liability for Utah Retirement Office employees at December 31, 2006, is \$2,872,000. This represents the amount of unused, leave to be paid to employees upon termination. At December 31, 2006 the insurance reserve was \$6,268,000. The insurance reserve coverage is explained in Note 15, Risk Management.

Utah Retirement Systems

Notes to Basic Financial Statements *(Continued)*

December 31, 2006


 NOTE 14

Note 14 —

Required Supplementary Information

The historical trend information designed to provide information about the Utah Retirement Systems' progress made in accumulating sufficient assets to pay benefits when due is required supplementary information. Required supplementary information is included immediately following the notes to the financial statements on pages 68 through 71. Other supplementary information presented in succeeding sections of this report is for the benefit of statement users and is not a required part of the basic financial statements.


 NOTE 15

Note 15 —

Risk Management

Most risks of loss to which the Systems, Plans and Investment Fund are exposed, other than routine investment losses, are covered under commercial insurance policies. Risks in excess of coverage limits or large deductible, and otherwise uninsured losses, are retained by the Systems, Plans or Investment Fund through the insurance reserve. There have been no reductions of insurance coverage from coverages of the previous year in any of the categories of risk. Coverages are increased or decreased commensurate with real estate acquisitions or dispositions. During the past three calendar years, no loss settlements exceeded insurance coverages beyond immaterial deductible amounts. The insurance reserve was established by the board from investment earnings as authorized by statute.


 NOTE 16

Note 16 —

Real Estate Liabilities

The real estate liabilities consist of six credit facility (lines of credit) loans, eight real estate notes and one mortgage loan. These loans and notes bear various interest rates and will be repaid over the next 11 years. Except for the Granite Park Mortgage which is secured by real estate, the rest of the liabilities are secured by the total investment portfolio. As mentioned in Note 3, page 56, the Systems and Plans entered into various interest rate swap agreements that effectively changed credit facility liabilities from variable interest rates to fixed interest rates. As of December 31, 2006 there are \$1.175 billion in credit facility debt, \$80.7 million in private placement notes, and a \$17.6 million mortgage. Using interest rates as of December 31, 2006, principal and interest requirements of the debt and net swap payments for the term of the debt and swap are as follows.

Utah Retirement Systems

Notes to Basic Financial Statements (Continued)

December 31, 2006



Real Estate Liabilities

(dollars in thousands)

	Initial/Affected Balance	Maturity Date	Annual Payment
Bayerische Landesbank	\$ 300,000	7/5/2007	Interest Only
BNP Paribas Credit Facility	425,000	3/23/2011	Interest Only
BNP Paribas Credit Facility	100,000	3/31/2011	Interest Only
Landesbank Baden-Wuerttemberg	200,000	6/1/2011	Interest Only
KBC Bank Credit Facility	100,000	12/15/2010	Interest Only
The Northern Trust	50,000	3/23/2007	Interest Only
Private Placement Notes:			
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
Allstate Insurance Co.	5,000	7/1/2011	Interest Only
State Farm Life Insurance Co.	32,858	7/1/2016	4,296
State Farm Life & Acc. Assur. Co.	842	7/1/2016	110
Northwestern Mutual Life Ins. Co.	20,000	7/1/2014	Interest Only
Modern Woodmen of America	7,000	7/1/2014	Interest Only
Granite Park Mortgage Payable	17,554	1/15/2013	1,473,192
Total	\$1,273,254		

(in thousands)

Year Ending December 31,	Total Principal Payments	Total Interest Payments*	Total Swap Payments**	Total Net Payments
2007	\$353,257	59,838	(5,411)	407,684
2008	3,424	50,650	(5,379)	48,695
2009	3,600	50,474	(5,392)	48,682
2010	103,784	50,046	(5,119)	148,711
2011	748,979	15,208	(4,051)	760,136
2012-2016	48,329	9,987	(6,113)	52,203
2017-2021	11,883	752	(1,730)	10,905

*Interest calculated using December 31, 2006 one month LIBOR for variable interest loans

**Interest rate swaps listed on page 57; swap payments calculated using December 31, 2006 one month LIBOR.

Utah Retirement Systems

Required Supplementary Information

Schedules of Funding Progress

(dollars in thousands)

System	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Noncontributory Retirement System	1/01/98	\$ 6,922,583	7,654,335	731,752	90.4%	\$2,200,988	33.2%
	1/01/99	7,931,193	8,335,731	404,538	95.1	2,365,650	17.1
	1/01/00	9,237,447	9,006,308	(231,139)	102.6	2,499,087	(9.2)
	1/01/01	10,361,333	9,933,514	(427,819)	104.3	2,659,200	(16.1)
	1/01/02	11,104,334	10,806,024	(298,310)	102.8	2,832,060	(10.5)
	1/01/03	10,848,586	11,764,353	915,767	92.2	2,926,449	31.3
	1/01/04	11,657,525	12,351,310	693,785	94.4	2,959,347	23.4
	1/01/05	12,212,437	13,235,444	1,023,007	92.3	3,084,317	33.2
	1/01/06	13,069,362	14,018,540	949,178	93.2	3,165,504	30.0
12/31/06	14,438,278	14,980,827	542,549	96.4	3,326,392	16.3	
Contributory Retirement System	1/01/98	\$ 809,388	880,499	71,111	91.9%	\$ 138,231	51.4%
	1/01/99	840,215	891,983	51,768	94.2	137,042	37.8
	1/01/00	878,190	894,484	16,294	98.2	137,561	11.8
	1/01/01	924,573	935,799	11,226	98.8	141,067	8.0
	1/01/02	927,523	948,912	21,389	97.7	142,882	15.0
	1/01/03	899,290	976,918	77,628	92.1	142,325	54.5
	1/01/04	913,949	982,569	68,620	93.0	139,470	49.2
	1/01/05	933,974	1,013,836	79,862	92.1	139,362	57.3
	1/01/06	951,540	1,027,309	75,769	92.6	137,730	55.0
12/31/06	1,013,102	1,060,414	47,312	95.5	133,812	35.4	
Public Safety Retirement System	1/01/98	\$ 867,151	952,100	84,949	91.1%	\$ 195,464	43.5%
	1/01/99	988,800	1,034,147	45,347	95.6	212,414	21.3
	1/01/00	1,146,331	1,105,166	(41,165)	103.7	226,057	(18.2)
	1/01/01	1,286,996	1,206,876	(80,120)	106.6	247,985	(32.3)
	1/01/02	1,376,466	1,366,134	(10,332)	100.8	260,783	(4.0)
	1/01/03	1,349,435	1,458,491	109,056	92.5	268,478	40.6
	1/01/04	1,448,888	1,556,758	107,870	93.1	278,402	38.7
	1/01/05	1,524,904	1,726,785	201,881	88.3	293,797	68.7
	1/01/06	1,633,022	1,834,452	201,430	89.0	298,756	67.4
12/31/06	1,809,198	1,964,009	154,811	92.1	316,662	48.9	

See accompanying notes to required supplementary information.

Utah Retirement Systems

Required Supplementary Information *(Continued)*Schedules of Funding Progress *(Continued)**(dollars in thousands)*

System	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Firefighters Retirement System	1/01/98	\$376,178	384,975	8,797	97.7%	\$51,287	17.2%
	1/01/99	423,405	407,703	(15,702)	103.9	54,326	(28.9)
	1/01/00	483,374	419,157	(64,217)	115.3	57,561	(111.6)
	1/01/01	536,503	455,456	(81,047)	117.8	63,274	(128.1)
	1/01/02	569,151	491,274	(77,877)	115.9	67,192	(115.9)
	1/01/03	553,589	521,164	(32,425)	106.2	71,354	(45.4)
	1/01/04	589,502	549,378	(40,124)	107.3	75,619	(53.1)
	1/01/05	610,688	578,891	(31,797)	105.5	79,638	(39.9)
	1/01/06	644,496	614,359	(30,137)	104.9	84,061	(35.9)
12/31/06	705,051	655,264	(49,787)	107.6	88,682	(56.1)	
Judges Retirement System	1/01/98	\$ 59,373	62,406	3,033	95.1%	\$ 9,286	32.7%
	1/01/99	67,998	67,211	(787)	101.2	9,388	(8.4)
	1/01/00	78,130	68,134	(9,996)	114.7	10,104	(98.9)
	1/01/01	87,139	73,962	(13,177)	117.8	10,397	(126.7)
	1/01/02	92,649	85,987	(6,662)	107.7	10,927	(61.0)
	1/01/03	90,904	90,573	(331)	100.4	11,173	(3.0)
	1/01/04	97,412	97,902	490	99.5	10,888	4.5
	1/01/05	100,814	104,210	3,396	96.7	11,646	29.2
	1/01/06	106,374	106,962	588	99.5	11,594	5.1
12/31/06	116,879	114,018	(2,861)	102.5	12,195	(23.5)	
Utah Governors and Legislators Retirement Plan	1/01/98	\$ 9,318	6,998	(2,320)	133.2%	\$ 468	(495.7)%
	1/01/99	9,988	7,278	(2,710)	137.2	468	(579.1)
	1/01/00	10,946	8,253	(2,693)	132.6	468	(575.4)
	1/01/01	11,569	7,908	(3,661)	146.3	464	(789.0)
	1/01/02	11,710	8,182	(3,528)	143.1	556	(634.5)
	1/01/03	10,719	8,706	(2,013)	123.1	556	(362.1)
	1/01/04	10,905	8,812	(2,093)	123.8	556	(376.4)
	1/01/05	10,650	8,727	(1,923)	122.0	556	(345.9)
	1/01/06	10,587	8,974	(1,613)	118.0	887	(181.8)
12/31/06	10,983	8,922	(2,061)	123.1	860	(239.7)	

See accompanying notes to required supplementary information.

Utah Retirement Systems

Required Supplementary Information *(Continued)*

Schedules of Employer Contributions

(dollars in thousands)

System	Employer Contributions		
	Year Ended	Annual Required Contributions	Percentage Contributed
Noncontributory Retirement System	1997	\$294,937	100%
	1998	318,635	100
	1999	338,704	100
	2000	352,339	100
	2001	331,951	100
	2002	291,256	100
	2003	314,511	100
	2004	369,109	100
	2005	406,795	100
	2006	440,421	100
Contributory Retirement System	1997	\$ 10,651	100%
	1998	10,729	100
	1999	10,840	100
	2000	10,484	100
	2001	8,480	100
	2002	6,735	100
	2003	7,297	100
	2004	9,564	100
	2005	10,357	100
	2006	10,737	100
Public Safety Retirement System	1997	\$ 34,217	100%
	1998	40,099	100
	1999	45,110	100
	2000	49,353	100
	2001	46,113	100
	2002	42,264	100
	2003	46,655	100
	2004	56,319	100
	2005	61,326	100
	2006	70,466	100

System	Employer Contributions		
	Year Ended	Annual Required Contributions	Percentage Contributed
Firefighters Retirement System	1997	\$7,388	100%
	1998	6,937	100
	1999	5,737	100
	2000	6,755	100
	2001	8,354	100
	2002	9,454	100
	2003	9,059	100
	2004	8,659	100
	2005	9,601	100
	2006	9,518	100
Judges Retirement System	1997	\$3,206	100%
	1998	3,704	100
	1999	3,318	100
	2000	3,422	100
	2001	3,053	100
	2002	2,853	100
	2003	2,490	100
	2004	2,531	100
	2005	2,397	100
	2006	4,010	100
Governors and Legislators Retirement Plan	1997	\$ 0	100%
	1998	0	100
	1999	0	100
	2000	0	100
	2001	0	100
	2002	0	100
	2003	0	100
	2004	0	100
2005	0	100	
2006	0	100	

See accompanying notes to required supplementary information.

Utah Retirement Systems

Notes to Required Supplementary Information

December 31, 2006

Schedules of Funding Progress

NOTE 1 The information contained in the schedule of funding progress is based on the actuarial study dated January 1, 2006 and calendar year 2006 activity. The actuarial accrued liability is presented based on the report generated by that study conducted by Gabriel, Roeder, Smith & Company. The actuarial

value of assets for that date is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8% return on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year. The calculations for this smoothing process are disclosed in note 5 of the notes to the basic financial statements on page 59.

Schedules of Employer Contributions

NOTE 2 The required employer contributions and percent of those contributions actually made are presented in the schedule.

Actuarial Assumptions

NOTE 3 The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuations follows.

Additional Actuarial Information

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators
Valuation date	1/1/06	1/1/06	1/1/06	1/1/06	1/1/06	1/1/06
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar Amount
Amortization period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period	Open Group 20 Year Open Period
Actuarial asset valuation method (All Systems under same method.)	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over five years. One-fifth of the excess or shortfall is recognized each year for five years.					
Actuarial assumptions:						
Investment rate of return	8%	8%	8%	8%	8%	8%
Projected salary increases	4.75-15.00%	4.75-15.00%	4.75-10.75%	4.75-11.75%	4.75%	None
Inflation rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Post retirement cost-of-living adjustment	3.00%	3.00%	2.50%	3.00%	3.00%	3.00%

NOTE: All post retirement cost-of-living adjustments are noncompounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Noncontributory Retirement System

Schedules of Fiduciary Net Assets—
Pension Trust Fund by Division

December 31, 2006

With Comparative Totals for December 31, 2005



(i n t h o u s a n d s)

	Local Government	State and School	Total All Divisions	
			2006	2005
Assets:				
Cash	\$ 1	2,426	2,427	69
Receivables:				
Employer contributions	4,446	24,791	29,237	25,543
Investments	36,191	177,081	213,272	599,481
Total receivables	40,637	201,872	242,509	625,024
Investments at fair value:				
Short term securities, domestic	278,445	1,362,421	1,640,866	933,009
Short term securities, international	14,227	69,614	83,841	120,365
Debt securities, domestic	489,709	2,396,126	2,885,835	2,733,543
Debt securities, international	127,148	622,132	749,280	688,486
Equity investments, domestic	867,961	4,246,900	5,114,861	5,079,799
Equity investments, international	458,918	2,245,471	2,704,389	2,925,026
Absolute return	162,087	793,086	955,173	—
Private equity	108,621	531,480	640,101	486,622
Real estate	450,647	2,204,999	2,655,646	1,872,423
Mortgage loans	927	4,534	5,461	5,462
Total investments	2,958,690	14,476,763	17,435,453	14,844,735
Invested securities lending collateral	296,623	1,451,364	1,747,987	1,894,493
Property and equipment at cost, net of accumulated depreciation	275	1,347	1,622	2,394
Total assets	3,296,226	16,133,772	19,429,998	17,366,715
Liabilities:				
Securities lending collateral liability	296,623	1,451,364	1,747,987	1,894,493
Disbursements in excess of cash balance	3,050	14,924	17,974	10,903
Compensated absences, post employment benefits and insurance reserve	1,880	9,200	11,080	9,252
Investment accounts payable	138,566	680,426	818,992	874,277
Real estate liabilities	172,321	843,161	1,015,482	685,351
Total liabilities	612,440	2,999,075	3,611,515	3,474,276
Net assets held in trust for pension benefits	\$2,683,786	13,134,697	15,818,483	13,892,439

Noncontributory Retirement System

Schedules of Changes in Fiduciary Net Assets—
Pension Trust Fund by Division

Year Ended December 31, 2006

With Comparative Totals for Year Ended December 31, 2005

*(in thousands)*

	Local Government	State and School	Total All Divisions	
			2006	2005
Additions:				
Contributions:				
Member	\$ 5,091	17,555	22,646	19,817
Employer	85,715	354,706	440,421	406,795
Total contributions	90,806	372,261	463,067	426,612
Investment income:				
Net appreciation in fair value of investments	272,825	1,343,748	1,616,573	867,967
Interest, dividends and other investment income	72,364	356,418	428,782	348,554
Total income from investment activity	345,189	1,700,166	2,045,355	1,216,521
Less investment expenses	7,500	36,941	44,441	36,893
Net income from investment activity	337,689	1,663,225	2,000,914	1,179,628
Income from security lending activity	983	4,841	5,824	5,467
Net investment income	338,672	1,668,066	2,006,738	1,185,095
Transfers from affiliated systems	(1,662)	1,774	112	—
Total additions	427,816	2,042,101	2,469,917	1,611,707
Deductions:				
Retirement benefits	63,139	387,520	450,659	397,759
Cost of living benefits	10,962	71,627	82,589	71,936
Refunds	482	2,281	2,763	3,189
Administrative expenses	1,287	6,575	7,862	7,557
Transfers to affiliated systems	—	—	—	24,957
Total deductions	75,870	468,003	543,873	505,398
Increase from operations	351,946	1,574,098	1,926,044	1,106,309
Net assets held in trust for pension benefits beginning of year	2,331,840	11,560,599	13,892,439	12,786,130
Net assets held in trust for pension benefits end of year	\$2,683,786	13,134,697	15,818,483	13,892,439

Noncontributory Retirement System

Schedules of Funding Progress by Division



(dollars in thousands)

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Noncontributory Local Government	1/01/98	\$ 1,083,991	1,101,505	17,514	98.4%	\$ 443,169	4.0%
	1/01/99	1,252,949	1,217,362	(35,587)	102.9	478,195	(7.4)
	1/01/00	1,470,043	1,342,091	(127,952)	109.5	511,311	(25.0)
	1/01/01	1,660,838	1,515,951	(144,887)	109.6	555,112	(26.1)
	1/01/02	1,790,398	1,667,820	(122,578)	107.3	583,682	(21.0)
	1/01/03	1,766,403	1,842,886	76,483	95.8	617,784	12.4
	1/01/04	1,916,701	1,985,092	68,391	96.6	648,410	10.5
	1/01/05	2,027,791	2,213,427	95,636	95.5	680,620	14.1
	1/01/06	2,193,880	2,295,475	101,595	95.6	718,228	14.1
	12/31/06	2,453,220	2,488,515	35,295	98.6	758,583	4.7
Noncontributory State and School	1/01/98	\$ 5,838,592	6,552,830	714,238	89.1%	\$1,757,819	40.6%
	1/01/99	6,678,244	7,118,369	440,125	93.8	1,887,455	23.3
	1/01/00	7,767,404	7,664,217	(103,187)	101.3	1,987,776	(5.2)
	1/01/01	8,700,495	8,417,563	(282,932)	103.4	2,104,088	(13.4)
	1/01/02	9,313,936	9,138,204	(175,732)	101.9	2,248,378	(7.8)
	1/01/03	9,082,183	9,921,467	839,284	91.5	2,308,665	36.4
	1/01/04	9,740,824	10,366,218	625,394	94.0	2,310,937	27.1
	1/01/05	10,184,646	11,112,017	927,371	91.7	2,403,697	38.6
	1/01/06	10,875,482	11,723,065	847,583	92.8	2,447,276	34.6
	12/31/06	11,985,058	12,492,312	507,254	95.9	2,567,809	19.8
Total Noncontributory Retirement System	1/01/98	\$ 6,922,583	7,654,335	731,752	90.4%	\$2,200,988	33.2%
	1/01/99	7,931,193	8,335,731	404,538	95.1	2,365,650	17.1
	1/01/00	9,237,447	9,006,308	(231,139)	102.6	2,499,087	(9.2)
	1/01/01	10,361,333	9,933,514	(427,819)	104.3	2,659,200	(16.1)
	1/01/02	11,104,334	10,806,024	(298,310)	102.8	2,832,060	(10.5)
	1/01/03	10,848,586	11,764,353	915,767	92.2	2,926,449	31.3
	1/01/04	11,657,525	12,351,310	693,785	94.4	2,959,347	23.4
	1/01/05	12,212,437	13,235,444	1,023,007	92.3	3,084,317	33.2
	1/01/06	13,069,362	14,018,540	949,178	93.2	3,165,504	30.0
	12/31/06	14,438,278	14,980,827	542,549	96.4	3,326,392	16.3

Noncontributory Retirement System

Schedules of Employer Contributions by Division



(dollars in thousands)

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
Noncontributory Local Government	1997	\$ 46,053	100%
	1998	50,947	100
	1999	55,110	100
	2000	58,626	100
	2001	54,274	100
	2002	52,143	100
	2003	60,097	100
	2004	70,010	100
	2005	79,179	100
	2006	85,715	100
Noncontributory State and School	1997	\$248,884	100%
	1998	267,688	100
	1999	283,594	100
	2000	293,713	100
	2001	277,677	100
	2002	239,113	100
	2003	254,414	100
	2004	299,099	100
	2005	327,616	100
	2006	354,706	100
Total Noncontributory Retirement System	1997	\$294,937	100%
	1998	318,635	100
	1999	338,704	100
	2000	352,339	100
	2001	331,951	100
	2002	291,256	100
	2003	314,511	100
	2004	369,109	100
2005	406,795	100	
2006	440,421	100	

Contributory Retirement System

Schedules of Fiduciary Net Assets—
Pension Trust Fund by Division

December 31, 2006

With Comparative Totals for December 31, 2005

*(i n t h o u s a n d s)*

	Local Government	State and School	Total All Divisions	
			2006	2005
Assets:				
Cash	\$ 1	1	2	2
Receivables:				
Member contributions	181	241	422	441
Employer contributions	227	391	618	595
Investments	4,760	10,293	15,053	43,986
Total receivables	5,168	10,925	16,093	45,022
Investments at fair value:				
Short term securities, domestic	36,620	79,189	115,809	68,459
Short term securities, international	1,871	4,046	5,917	8,832
Debt securities, domestic	64,406	139,272	203,678	200,572
Debt securities, international	16,722	36,160	52,882	50,518
Equity investments, domestic	114,152	246,844	360,996	372,728
Equity investments, international	60,356	130,514	190,870	214,622
Absolute return	21,317	46,097	67,414	—
Private equity	14,286	30,891	45,177	35,706
Real estate	59,268	128,162	187,430	137,389
Mortgage loans	122	264	386	401
Total investments	389,120	841,439	1,230,559	1,089,227
Invested securities lending collateral	39,011	84,358	123,369	139,007
Property and equipment at cost, net of accumulated depreciation	36	78	114	176
Total assets	433,336	936,801	1,370,137	1,273,434
Liabilities:				
Securities lending collateral liability	39,011	84,358	123,369	139,007
Disbursements in excess of cash balance	401	867	1,268	791
Compensated absences, post employment benefits and insurance reserve	247	535	782	679
Investment accounts payable	18,224	39,408	57,632	64,145
Real estate liabilities	22,663	49,007	71,670	50,287
Total liabilities	80,546	174,175	254,721	254,909
Net assets held in trust for pension benefits	\$352,790	762,626	1,115,416	1,018,525

Contributory Retirement System

Schedules of Changes in Fiduciary Net Assets—
Pension Trust Fund by Division

Year Ended December 31, 2006

With Comparative Totals for Year Ended December 31, 2005

*(i n t h o u s a n d s)*

	Local Government	State and School	Total All Divisions	
			2006	2005
Additions:				
Contributions:				
Member	\$ 4,217	5,317	9,534	10,300
Employer	4,509	6,228	10,737	10,357
Total contributions	8,726	11,545	20,271	20,657
Investment income:				
Net appreciation in fair value of investments	36,286	79,727	116,013	64,735
Interest, dividends and other investment income	9,624	21,147	30,771	25,996
Total income from investment activity	45,910	100,874	146,784	90,731
Less investment expenses	998	2,192	3,190	2,751
Net income from investment activity	44,912	98,682	143,594	87,980
Income from security lending activity	131	287	418	408
Net investment income	45,043	98,969	144,012	88,388
Transfers from affiliated systems	—	—	—	19,565
Total additions	53,769	110,514	164,283	128,610
Deductions:				
Retirement benefits	9,747	29,888	39,635	37,508
Cost of living benefits	3,495	14,507	18,002	18,479
Supplemental retirement benefits	112	797	909	1,113
Refunds	439	1,350	1,789	1,800
Administrative expenses	181	395	576	578
Transfers to affiliated systems	205	6,276	6,481	—
Total deductions	14,179	53,213	67,392	59,478
Increase from operations	39,590	57,301	96,891	69,132
Net assets held in trust for pension				
benefits beginning of year	313,200	705,325	1,018,525	949,393
Net assets held in trust for pension benefits end of year	\$352,790	762,626	1,115,416	1,018,525

Contributory Retirement System

Schedules of Funding Progress by Division



(dollars in thousands)

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Contributory Local Government	1/01/98	\$ 207,641	226,233	18,592	91.8%	\$ 52,444	35.5%
	1/01/99	219,415	232,061	12,646	94.6	52,448	24.1
	1/01/00	236,830	239,601	2,771	98.8	53,388	5.2
	1/01/01	253,681	256,676	2,995	98.8	56,007	5.3
	1/01/02	260,569	266,365	5,796	97.8	56,444	10.3
	1/01/03	254,370	280,435	26,065	90.7	57,595	45.3
	1/01/04	263,839	289,001	25,162	91.3	57,965	43.4
	1/01/05	280,286	307,221	26,935	91.2	58,482	46.1
	1/01/06	295,061	322,986	27,925	91.4	60,616	46.1
	12/31/06	321,722	340,557	18,835	94.5	61,441	30.7
Contributory State and School	1/01/98	\$ 601,747	654,266	52,519	92.0%	\$ 85,787	61.2%
	1/01/99	620,800	659,922	39,122	94.1	84,594	46.2
	1/01/00	641,360	654,883	13,523	97.9	84,173	16.1
	1/01/01	670,892	679,123	8,231	98.8	85,060	9.7
	1/01/02	666,954	682,547	15,593	97.7	86,438	18.0
	1/01/03	644,920	696,483	51,563	92.6	84,730	60.9
	1/01/04	650,110	693,568	43,458	93.7	81,505	53.3
	1/01/05	653,688	706,615	52,927	92.5	80,880	65.4
	1/01/06	656,479	704,323	47,844	93.2	77,114	62.0
	12/31/06	691,380	719,857	28,477	96.0	72,371	39.3
Total Contributory Retirement System	1/01/98	\$ 809,388	880,499	71,111	91.9%	\$138,231	51.4%
	1/01/99	840,215	891,983	51,768	94.2	137,042	37.8
	1/01/00	878,190	894,484	16,294	98.2	137,561	11.8
	1/01/01	924,573	935,799	11,226	98.8	141,067	8.0
	1/01/02	927,523	948,912	21,389	97.7	142,882	15.0
	1/01/03	899,290	976,918	77,628	92.1	142,325	54.5
	1/01/04	913,949	982,569	68,620	93.0	139,470	49.2
	1/01/05	933,974	1,013,836	79,862	92.1	139,362	57.3
	1/01/06	951,540	1,027,309	75,769	92.6	137,730	55.0
	12/31/06	1,013,102	1,060,414	47,312	95.5	133,812	35.4

Contributory Retirement System

Schedules of Employer Contributions by Division



(dollars in thousands)

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
Contributory Local Government	1997	\$ 3,332	100%
	1998	3,393	100
	1999	3,530	100
	2000	3,524	100
	2001	2,926	100
	2002	2,441	100
	2003	2,881	100
	2004	3,822	100
	2005	4,238	100
	2006	4,509	100
Contributory State and School	1997	\$ 7,319	100%
	1998	7,336	100
	1999	7,310	100
	2000	6,960	100
	2001	5,554	100
	2002	4,294	100
	2003	4,416	100
	2004	5,742	100
	2005	6,119	100
	2006	6,228	100
Total Contributory Retirement System	1997	\$10,651	100%
	1998	10,729	100
	1999	10,840	100
	2000	10,484	100
	2001	8,480	100
	2002	6,735	100
	2003	7,297	100
	2004	9,564	100
2005	10,357	100	
2006	10,737	100	

Public Safety Retirement System

Schedules of Fiduciary Net Assets—
Pension Trust Fund by Division

December 31, 2006

With Comparative Totals for December 31, 2005

(i n t h o u s a n d s)

	State of Utah Public Safety	Other Division A (with Social Security)	Salt Lake City
Assets:			
Cash	\$ 2	2	2
Receivables:			
Member contributions	3	139	1
Employer contributions	1,079	1,526	334
Investments	9,642	10,968	2,442
Total receivables	10,724	12,633	2,777
Investments at fair value:			
Short term securities, domestic	74,182	84,386	18,785
Short term securities, international	3,790	4,312	960
Debt securities, domestic	130,465	148,413	33,037
Debt securities, international	33,874	38,534	8,578
Equity investments, domestic	231,237	263,048	58,556
Equity investments, international	122,263	139,082	30,960
Absolute return	43,182	49,123	10,935
Private equity	28,938	32,919	7,328
Real estate	120,059	136,575	30,402
Mortgage loans	247	281	63
Total investments	788,237	896,673	199,604
Invested securities lending collateral	79,025	89,896	20,011
Property and equipment at cost, net of accumulated depreciation	73	83	19
Total assets	878,061	999,287	222,413
Liabilities:			
Securities lending collateral liability	79,025	89,896	20,011
Disbursements in excess of cash balance	813	924	206
Compensated absences, post employment benefits and insurance reserve	501	570	127
Investment accounts payable	36,916	41,994	9,348
Real estate liabilities	45,909	52,224	11,625
Total liabilities	163,164	185,608	41,317
Net assets held in trust for pension benefits	\$714,897	813,679	181,096



Ogden	Provo	Logan	Bountiful	Other Division B (without Social Security)	Total All Divisions	
					2006	2005
2	1	2	2	2	15	15
—	24	17	—	54	238	235
58	27	35	25	368	3,452	2,802
655	436	250	219	2,103	26,715	74,936
713	487	302	244	2,525	30,405	77,973
5,040	3,354	1,926	1,686	16,179	205,538	116,628
258	171	98	86	827	10,502	15,045
8,865	5,897	3,386	2,966	28,454	361,483	341,696
2,302	1,531	879	770	7,388	93,856	86,062
15,712	10,452	6,000	5,257	50,432	640,694	634,982
8,308	5,527	3,173	2,779	26,665	338,757	365,632
2,934	1,952	1,121	982	9,418	119,647	—
1,966	1,308	751	658	6,311	80,179	60,828
8,158	5,427	3,115	2,729	26,185	332,650	234,056
17	11	6	6	54	685	682
53,560	35,630	20,455	17,919	171,913	2,183,991	1,855,611
5,370	3,572	2,051	1,796	17,235	218,956	236,815
5	3	2	2	16	203	300
59,650	39,693	22,812	19,963	191,691	2,433,570	2,170,714
5,370	3,572	2,051	1,796	17,235	218,956	236,815
55	37	21	18	177	2,251	1,346
34	23	13	11	109	1,388	1,157
2,508	1,669	958	839	8,051	102,283	109,276
3,119	2,075	1,191	1,044	10,013	127,200	85,669
11,086	7,376	4,234	3,708	35,585	452,078	434,263
48,564	32,317	18,578	16,255	156,106	1,981,492	1,736,451

Public Safety Retirement System

Schedules of Changes in Fiduciary Net Assets— Pension Trust Fund by Division

Year Ended December 31, 2006

With Comparative Totals for Year Ended December 31, 2005

(in thousands)

	State of Utah Public Safety	Other Division A (with Social Security)	Salt Lake City
Additions:			
Contributions:			
Member	\$ 195	2,496	144
Employer	24,269	28,146	8,292
Total contributions	24,464	30,642	8,436
Investment income:			
Net appreciation in fair value of investments	73,112	82,843	18,532
Interest, dividends and other investment income	19,393	21,974	4,915
Total income from investment activity	92,505	104,817	23,447
Less investment expenses	2,010	2,277	509
Net income from investment activity	90,495	102,540	22,938
Income from security lending activity	263	298	67
Net investment income	90,758	102,838	23,005
Transfers from affiliated systems	2,434	(908)	362
Total additions	117,656	132,572	31,803
Deductions:			
Retirement benefits	27,584	24,663	8,371
Cost of living benefits	4,744	4,037	2,160
Supplemental retirement benefits	293	152	64
Refunds	—	397	—
Administrative expenses	368	403	112
Total deductions	32,989	29,652	10,707
Increase from operations	84,667	102,920	21,096
Net assets held in trust for pension benefits beginning of year	630,230	710,759	160,000
Net assets held in trust for pension benefits end of year	\$714,897	813,679	181,096



Ogden	Provo	Logan	Bountiful	Other Division B (without Social Security)	Total All Divisions	
					2006	2005
18	645	214	—	855	4,567	4,806
1,381	634	366	327	7,051	70,466	61,326
1,399	1,279	580	327	7,906	75,033	66,132
5,054	3,307	1,903	1,654	15,641	202,046	108,447
1,341	877	505	439	4,149	53,593	43,551
6,395	4,184	2,408	2,093	19,790	255,639	151,998
139	91	52	45	430	5,553	4,610
6,256	4,093	2,356	2,048	19,360	250,086	147,388
18	12	7	6	56	727	683
6,274	4,105	2,363	2,054	19,416	250,813	148,071
(305)	(84)	23	209	1,553	3,284	4,257
7,368	5,300	2,966	2,590	28,875	329,130	218,460
2,557	1,171	700	484	4,191	69,721	62,608
482	275	100	82	357	12,237	10,859
19	9	1	3	—	541	574
22	91	—	—	52	562	1,026
28	18	9	8	82	1,028	985
3,108	1,564	810	577	4,682	84,089	76,052
4,260	3,736	2,156	2,013	24,193	245,041	142,408
44,304	28,581	16,422	14,242	131,913	1,736,451	1,594,043
48,564	32,317	18,578	16,255	156,106	1,981,492	1,736,451

Public Safety Retirement System

Schedules of Funding Progress by Division



(dollars in thousands)

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Public Safety State of Utah	1/01/98	\$318,711	363,551	44,840	87.7%	\$ 69,652	64.4%
	1/01/99	363,057	391,061	28,004	92.8	74,094	37.8
	1/01/00	419,682	415,815	(3,867)	100.9	77,352	(5.0)
	1/01/01	470,153	452,131	(18,022)	104.0	83,674	(21.5)
	1/01/02	501,970	508,897	6,927	98.6	88,523	7.8
	1/01/03	491,499	536,944	45,445	91.5	90,782	50.1
	1/01/04	526,545	565,809	39,264	93.1	91,540	42.9
	1/01/05	554,342	630,095	75,753	88.0	97,654	77.6
	1/01/06	592,472	656,157	63,685	90.3	94,611	67.3
12/31/06	652,239	698,379	46,140	93.4	100,368	46.0	
Public Safety Other Division A (with Social Security)	1/01/98	\$352,448	344,437	(8,011)	102.3%	\$ 79,944	(10.0)%
	1/01/99	402,408	380,864	(21,544)	105.7	89,257	(24.1)
	1/01/00	467,856	407,837	(60,019)	114.7	97,056	(61.8)
	1/01/01	526,386	450,645	(75,741)	116.8	109,941	(68.9)
	1/01/02	564,325	518,791	(45,534)	108.8	115,482	(39.4)
	1/01/03	553,911	558,141	4,230	99.2	118,507	3.6
	1/01/04	594,020	603,281	9,261	98.5	125,617	7.4
	1/01/05	625,506	669,261	43,755	93.5	132,238	33.1
	1/01/06	668,555	718,533	49,978	93.0	136,367	36.6
12/31/06	743,225	774,356	31,131	96.0	145,274	21.4	
Public Safety Salt Lake City	1/01/98	\$ 90,670	130,903	40,233	69.3%	\$ 16,069	250.4%
	1/01/99	101,349	136,236	34,887	74.4	16,355	213.3
	1/01/00	115,568	143,223	27,655	80.7	17,224	160.6
	1/01/01	127,803	148,910	21,107	85.8	17,883	118.0
	1/01/02	135,031	158,626	23,595	85.1	18,579	127.0
	1/01/03	129,690	168,084	38,394	77.2	19,305	198.9
	1/01/04	138,148	176,136	37,988	78.4	20,380	186.4
	1/01/05	142,134	187,740	45,606	75.7	20,672	220.6
	1/01/06	150,347	200,080	49,733	75.1	22,778	218.3
12/31/06	165,100	210,688	45,588	78.4	24,330	187.4	
Public Safety Ogden	1/01/98	\$ 27,838	31,691	3,853	87.8%	\$ 3,899	98.8%
	1/01/99	31,038	34,191	3,153	90.8	4,126	76.4
	1/01/00	35,220	36,839	1,619	95.6	4,442	36.4
	1/01/01	38,652	38,128	(524)	101.4	4,513	(11.6)
	1/01/02	40,505	40,331	(174)	100.4	4,763	(3.7)
	1/01/03	38,568	42,649	4,081	90.4	5,059	80.7
	1/01/04	40,214	44,245	4,031	90.9	5,120	78.7
	1/01/05	40,288	47,666	7,378	84.5	5,167	142.8
	1/01/06	41,541	49,440	7,899	84.0	4,842	163.1
12/31/06	44,077	50,926	6,849	86.6	5,130	133.5	
Public Safety Provo	1/01/98	\$ 14,904	18,311	3,407	81.4%	\$ 3,532	96.5%
	1/01/99	16,906	20,036	3,130	84.4	3,740	83.7
	1/01/00	19,601	21,478	1,877	91.3	4,069	46.1
	1/01/01	22,045	23,608	1,563	93.4	4,446	35.2
	1/01/02	23,568	25,176	1,608	93.6	4,365	36.8
	1/01/03	22,875	26,434	3,559	86.5	4,512	78.9
	1/01/04	24,546	28,009	3,463	87.6	4,482	77.3
	1/01/05	25,302	30,072	4,770	84.1	4,402	108.4
	1/01/06	26,857	32,359	5,502	83.0	4,626	118.9
12/31/06	29,473	34,282	4,809	86.0	4,504	106.8	



Public Safety Retirement System

Schedules of Funding Progress by Division (Continued)

(dollars in thousands)

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Public Safety Logan	1/01/98	\$ 8,397	8,358	(39)	100.5%	\$ 1,671	(2.3)%
	1/01/99	9,542	9,066	(476)	105.3	1,800	(26.4)
	1/01/00	11,086	9,898	(1,188)	112.0	2,019	(58.8)
	1/01/01	12,462	11,221	(1,241)	111.1	2,131	(58.2)
	1/01/02	13,375	12,422	(953)	107.7	2,199	(43.3)
	1/01/03	13,099	13,685	586	95.7	2,312	25.3
	1/01/04	13,826	14,599	773	94.7	2,372	32.6
	1/01/05	14,510	16,234	1,724	89.4	2,467	69.9
	1/01/06	15,432	16,885	1,453	91.4	2,308	63.0
12/31/06	16,938	17,940	1,002	94.4	2,434	41.2	
Public Safety Bountiful	1/01/98	\$ 7,402	8,310	908	89.1%	\$ 1,246	72.9%
	1/01/99	8,157	8,959	802	91.0	1,327	60.4
	1/01/00	9,369	9,444	75	99.2	1,384	5.4
	1/01/01	10,439	10,101	(338)	103.3	1,442	(23.4)
	1/01/02	11,148	10,484	(664)	106.3	1,518	(43.7)
	1/01/03	10,958	11,170	212	98.1	1,601	13.2
	1/01/04	11,809	11,640	(169)	101.5	1,653	(10.2)
	1/01/05	12,384	12,337	(47)	100.4	1,621	(2.9)
	1/01/06	13,392	13,966	574	95.9	1,724	33.3
12/31/06	14,838	15,047	209	98.6	1,649	12.7	
Public Safety Other Division B (without Social Security)	1/01/98	\$ 46,781	46,539	(242)	100.5%	\$ 19,451	(1.2)%
	1/01/99	56,343	53,734	(2,609)	104.9	21,715	(12.0)
	1/01/00	67,949	60,632	(7,317)	112.1	22,511	(32.5)
	1/01/01	79,056	72,132	(6,924)	109.6	23,955	(28.9)
	1/01/02	86,544	91,407	4,863	94.7	25,354	19.2
	1/01/03	88,835	101,384	12,549	87.6	26,400	47.5
	1/01/04	99,780	113,039	13,259	88.3	27,238	48.7
	1/01/05	110,438	133,380	22,942	82.8	29,576	77.6
	1/01/06	124,426	147,032	22,606	84.6	31,500	71.8
12/31/06	143,308	162,391	19,083	88.2	32,973	57.9	
Total Public Safety Retirement System	1/01/98	\$ 867,151	952,100	84,949	91.1%	\$195,464	43.5%
	1/01/99	988,800	1,034,147	45,347	95.6	212,414	21.3
	1/01/00	1,146,331	1,105,166	(41,165)	103.7	226,057	(18.2)
	1/01/01	1,286,996	1,206,876	(80,120)	106.6	247,985	(32.3)
	1/01/02	1,376,466	1,366,134	(10,332)	100.8	260,783	(4.0)
	1/01/03	1,349,435	1,458,491	109,056	92.5	268,478	40.6
	1/01/04	1,448,888	1,556,758	107,870	93.1	278,402	38.7
	1/01/05	1,524,904	1,726,785	201,881	88.3	293,797	68.7
	1/01/06	1,633,022	1,834,452	201,430	89.0	298,756	67.4
12/31/06	1,809,198	1,964,009	154,811	92.1	316,662	48.9	

Public Safety Retirement System

Schedules of Employer Contributions by Division



(dollars in thousands)

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
Public Safety State of Utah	1997	\$14,310	100%
	1998	16,515	100
	1999	17,888	100
	2000	19,250	100
	2001	17,990	100
	2002	16,476	100
	2003	17,406	100
	2004	20,923	100
	2005	21,340	100
	2006	24,269	100
Public Safety Other Division A (with Social Security)	1997	\$10,755	100%
	1998	13,448	100
	1999	15,611	100
	2000	17,700	100
	2001	16,326	100
	2002	14,639	100
	2003	16,980	100
	2004	21,426	100
	2005	24,049	100
	2006	28,146	100
Public Safety Salt Lake City	1997	\$ 5,222	100%
	1998	5,482	100
	1999	5,986	100
	2000	6,286	100
	2001	6,052	100
	2002	5,633	100
	2003	6,182	100
	2004	6,405	100
	2005	7,424	100
	2006	8,292	100
Public Safety Ogden	1997	\$ 899	100%
	1998	1,003	100
	1999	1,133	100
	2000	1,122	100
	2001	1,070	100
	2002	976	100
	2003	986	100
	2004	1,158	100
	2005	1,170	100
	2006	1,381	100
Public Safety Provo	1997	\$ 423	100%
	1998	479	100
	1999	537	100
	2000	562	100
	2001	485	100
	2002	433	100
	2003	455	100
	2004	543	100
	2005	565	100
	2006	634	100

Public Safety Retirement System

Schedules of Employer Contributions by Division *(Continued)**(dollars in thousands)*

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
Public Safety Logan	1997	\$ 96	100%
	1998	131	100
	1999	162	100
	2000	162	100
	2001	109	100
	2002	78	100
	2003	132	100
	2004	221	100
	2005	271	100
	2006	366	100
Public Safety Bountiful	1997	\$ 230	100%
	1998	277	100
	1999	320	100
	2000	340	100
	2001	320	100
	2002	291	100
	2003	298	100
	2004	310	100
	2005	339	100
	2006	327	100
Public Safety Other Division B (without Social Security)	1997	\$ 2,282	100%
	1998	2,764	100
	1999	3,473	100
	2000	3,931	100
	2001	3,761	100
	2002	3,738	100
	2003	4,216	100
	2004	5,333	100
	2005	6,168	100
	2006	7,051	100
Total Public Safety Retirement System	1997	\$34,217	100%
	1998	40,099	100
	1999	45,110	100
	2000	49,353	100
	2001	46,113	100
	2002	42,264	100
	2003	46,655	100
	2004	56,319	100
	2005	61,326	100
	2006	70,466	100

Firefighters Retirement System

Schedules of Fiduciary Net Assets—
Pension Trust Fund by Division

December 31, 2006

With Comparative Totals for December 31, 2005

*(i n t h o u s a n d s)*

	Division A (with Social Security)	Division B (without Social Security)	Total All Divisions	
			2006	2005
Assets:				
Cash	\$ 1	1	2	2
Receivables:				
Member contributions	79	282	361	300
Fire insurance tax	—	—	—	—
Investments	1,221	9,255	10,476	29,645
Total receivables	1,300	9,537	10,837	29,945
Investments at fair value:				
Short term securities, domestic	9,393	71,204	80,597	46,140
Short term securities, international	480	3,638	4,118	5,952
Debt securities, domestic	16,519	125,228	141,747	135,181
Debt securities, international	4,289	32,514	36,803	34,048
Equity investments, domestic	29,278	221,953	251,231	251,209
Equity investments, international	15,481	117,354	132,835	144,650
Absolute return	5,468	41,449	46,917	—
Private equity	3,664	27,776	31,440	24,065
Real estate	15,202	115,239	130,441	92,596
Mortgage loans	31	237	268	270
Total investments	99,805	756,592	856,397	734,111
Invested securities lending collateral	10,006	75,852	85,858	93,688
Property and equipment at cost, net of accumulated depreciation	9	70	79	118
Total assets	111,121	842,052	953,173	857,864
Liabilities:				
Securities lending collateral liability	10,006	75,852	85,858	93,688
Disbursements in excess of cash balance	103	780	883	533
Compensated absences, post employment benefits and insurance reserve	63	481	544	457
Investment accounts payable	4,674	37,559	42,233	43,231
Real estate liabilities	5,813	44,066	49,879	33,893
Total liabilities	20,659	158,738	179,397	171,802
Net assets held in trust for pension benefits	\$ 90,462	683,314	773,776	686,062

Firefighters Retirement System

Schedules of Changes in Fiduciary Net Assets—
Pension Trust Fund by Division

Year Ended December 31, 2006

With Comparative Totals for Year Ended December 31, 2005



(i n t h o u s a n d s)

	Division A (with Social Security)	Division B (without Social Security)	Total All Divisions	
			2006	2005
Additions:				
Contributions:				
Member	\$ 1,955	5,806	7,761	6,726
Fire insurance tax	2,153	7,365	9,518	9,601
Total contributions	4,108	13,171	17,279	16,327
Investment income:				
Net appreciation in fair value of investments	9,061	70,341	79,402	43,085
Interest, dividends and other investment income	2,403	18,658	21,061	17,302
Total income from investment activity	11,464	88,999	100,463	60,387
Less investment expenses	249	1,934	2,183	1,831
Net income from investment activity	11,215	87,065	98,280	58,556
Income from security lending activity	33	253	286	271
Net investment income	11,248	87,318	98,566	58,827
Transfers from affiliated systems	932	893	1,825	601
Total additions	16,288	101,382	117,670	75,755
Deductions:				
Retirement benefits	2,182	20,940	23,122	21,405
Cost of living benefits	335	5,471	5,806	5,252
Supplemental retirement benefits	25	544	569	612
Refunds	31	83	114	72
Administrative expenses	41	304	345	331
Total deductions	2,614	27,342	29,956	27,672
Increase from operations	13,674	74,040	87,714	48,083
Net assets held in trust for pension				
benefits beginning of year	76,788	609,274	686,062	637,979
Net assets held in trust for pension benefits end of year	\$90,462	683,314	773,776	686,062

Firefighters Retirement System

Schedules of Funding Progress by Division



(dollars in thousands)

Division	Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2)-(1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Firefighters Division A (with Social Security)	1/01/98	\$ 42,528	37,464	(5,064)	113.5%	\$ 7,968	(63.6)%
	1/01/99	48,851	40,479	(8,372)	120.7	9,375	(89.3)
	1/01/00	56,976	42,464	(14,512)	134.2	10,944	(132.6)
	1/01/01	49,688	38,955	(10,733)	127.6	9,733	(110.3)
	1/01/02	54,345	46,108	(8,237)	117.9	12,070	(68.2)
	1/01/03	55,202	51,170	(4,032)	107.9	13,423	(30.0)
	1/01/04	60,889	56,399	(4,490)	108.0	14,524	(30.9)
	1/01/05	65,260	62,802	(2,458)	103.9	15,490	(15.9)
	1/01/06	72,396	73,109	713	99.0	18,344	3.9
	12/31/06	82,969	81,804	(1,165)	101.4	20,076	(5.8)
Firefighters Division B (without Social Security)	1/01/98	\$333,650	347,511	13,861	96.0%	\$43,319	32.0%
	1/01/99	374,554	367,224	(7,330)	102.0	44,951	(16.3)
	1/01/00	426,398	376,693	(49,705)	113.2	46,617	(106.6)
	1/01/01	486,815	416,501	(70,314)	116.9	53,541	(131.3)
	1/01/02	514,806	445,166	(69,640)	115.6	55,122	(126.3)
	1/01/03	498,387	469,994	(28,393)	106.0	57,931	(49.0)
	1/01/04	528,613	492,979	(35,634)	107.2	61,095	(58.3)
	1/01/05	545,428	516,089	(29,339)	105.7	64,148	(45.7)
	1/01/06	572,100	541,250	(30,850)	105.7	65,717	(46.9)
	12/31/06	622,082	573,460	(48,622)	108.5	68,606	(70.9)
Total Firefighters Retirement System	1/01/98	\$376,178	384,975	8,797	97.7%	\$51,287	17.2%
	1/01/99	423,405	407,703	(15,702)	103.9	54,326	(28.9)
	1/01/00	483,374	419,157	(64,217)	115.3	57,561	(111.6)
	1/01/01	536,503	455,456	(81,047)	117.8	63,274	(128.1)
	1/01/02	569,151	491,274	(77,877)	115.9	67,192	(115.9)
	1/01/03	553,589	521,164	(32,425)	106.2	71,354	(45.4)
	1/01/04	589,502	549,378	(40,124)	107.3	75,619	(53.1)
	1/01/05	610,688	578,891	(31,797)	105.5	79,638	(39.9)
	1/01/06	644,496	614,359	(30,137)	104.9	84,061	(35.9)
	12/31/06	705,051	655,264	(49,787)	107.6	88,682	(56.1)

Utah Retirement Systems

Schedules of Employer Contributions by Division



(dollars in thousands)

Division	Year Ended	Employer Contributions	
		Annual Required Contributions	Percentage Contributed
Firefighters Division A (with Social Security)	1997	\$ 691	100
	1998	758	100
	1999	813	100
	2000	1,290	100
	2001	1,489	100
	2002	1,791	100
	2003	1,748	100
	2004	1,687	100
	2005	2,098	100
	2006	2,153	100
Firefighters Division B (without Social Security)	1997	\$6,697	100
	1998	6,179	100
	1999	4,924	100
	2000	5,465	100
	2001	6,865	100
	2002	7,663	100
	2003	7,311	100
	2004	6,972	100
	2005	7,503	100
	2006	7,365	100
Total Firefighters Retirement System	1997	\$7,388	100
	1998	6,937	100
	1999	5,737	100
	2000	6,755	100
	2001	8,354	100
	2002	9,454	100
	2003	9,059	100
	2004	8,659	100
2005	9,601	100	
2006	9,518	100	

Utah Retirement Systems

Schedules of Administrative and Investment Expenses

December 31, 2006

(in thousands)

	Defined Benefit Pension Plans	Investment Trust Fund	Defined Contribution Plans	Total
Personal services:				
Salaries and wages	\$3,638	1,080	2,999	7,717
Employee benefits	1,567	423	1,505	3,495
Total personal services	5,205	1,503	4,504	11,212
Professional services:				
Audit	110	—	22	132
Actuarial services	165	—	—	165
General counsel	600	44	6	650
Banking services	57	—	—	57
Security handling expense	—	738	169	907
Investment advisor fees	—	52,520	2,746	55,266
Other consulting services	79	600	181	860
Total professional services	1,011	53,902	3,124	58,037
Communications:				
Telephone	81	41	138	260
Postage	546	—	334	880
Total communications	627	41	472	1,140
Rentals:				
Office space	1,071	93	74	1,238
Total rentals	1,071	93	74	1,238
Miscellaneous:				
Data processing	109	115	332	556
Professional development	292	101	15	408
Contractual services	397	1	107	505
Supplies and maintenance	199	2	—	201
Insurance and bonding premiums	317	4	56	377
Subscription expense	11	1	1	13
Office supplies	305	—	34	339
Depreciation expense	332	—	—	332
Total miscellaneous	1,962	224	545	2,731
Total administrative and investment expenses	\$9,876	55,763	8,719	74,358
Allocation of administrative expenses:				
Noncontributory Retirement System	\$7,862	—	—	7,862
Contributory Retirement System	576	—	—	576
Public Safety Retirement System	1,028	—	—	1,028
Firefighters Retirement System	345	—	—	345
Judges Retirement System	60	—	—	60
Utah Governors and Legislators Retirement Plan	5	—	—	5
401(k) Plan	—	—	5,371	5,371
457 Plan	—	—	570	570
Roth IRA Plan	—	—	6	6
Traditional IRA Plan	—	—	26	26
Health Reimbursement Arrangement (HRA)	—	—	—	—
Total administrative expenses	9,876	—	5,973	15,849
Investment administrative expense	—	3,243	—	3,243
Investment advisor fees:				
Investment Fund	—	52,520	—	52,520
401(k) Plan	—	—	2,481	2,481
457 Plan	—	—	250	250
Roth IRA Plan	—	—	2	2
Traditional IRA Plan	—	—	13	13
Health Reimbursement Arrangement (HRA)	—	—	—	—
Total investment advisor fees	—	52,520	2,746	58,509
Total administrative and investment expense allocations	\$9,876	55,763	8,719	74,358

2006

Utah
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Comprehensive
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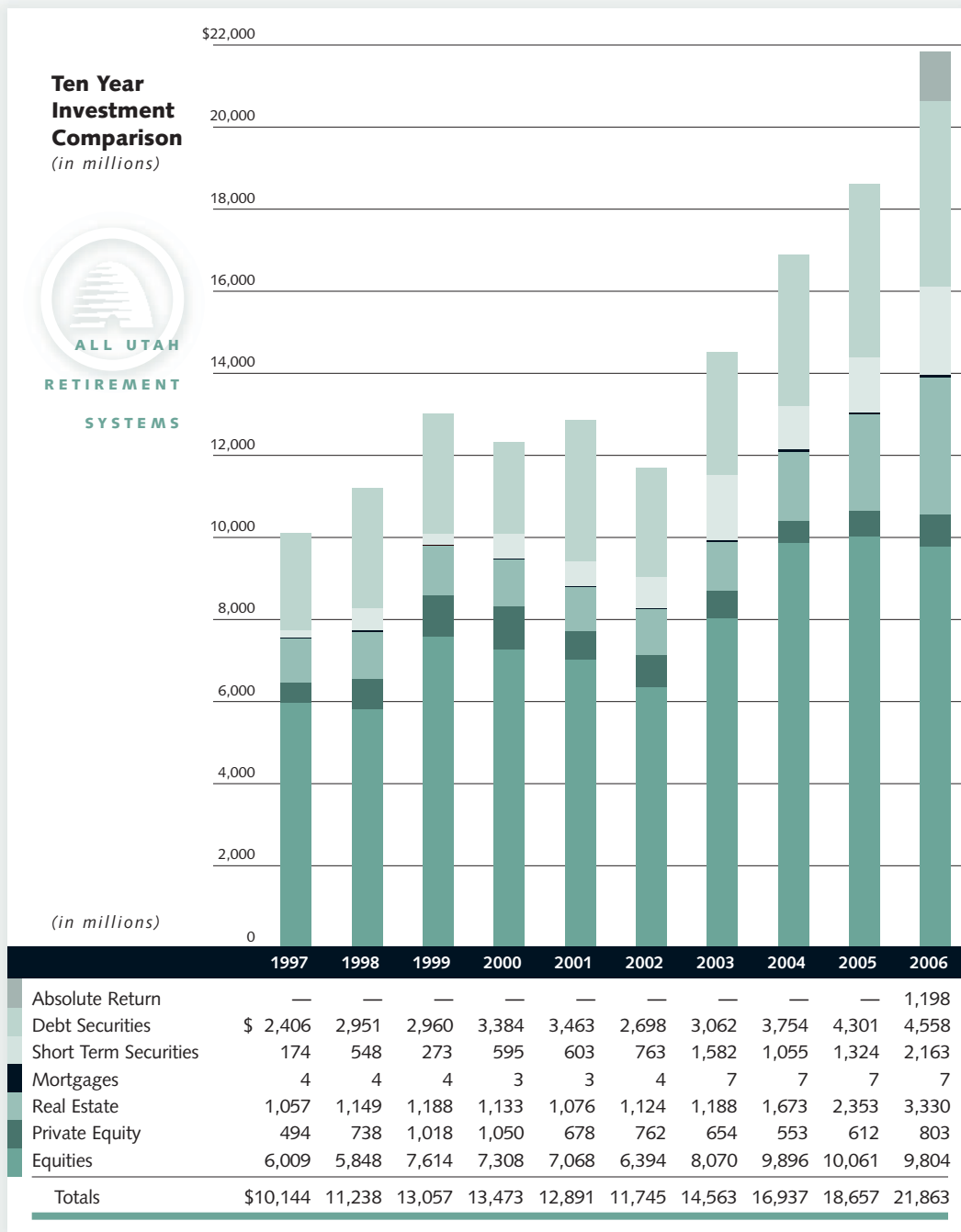
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Defined Benefit Investments

Report on Investment Activity

The economy continued to do well in 2006 with a Gross Domestic Product of 3.3% for the year. Most asset classes were positive with the equity asset classes, both domestic and international, in double digits. Real Estate Investment Trusts (REITs) had another exceptional year with the National Association of Real Estate Investment Trusts (NAREIT) index returning over 35%. Fixed income investments trailed with the Lehman Brothers Aggregate only returning 4.3%. The Federal

Reserve's policy on interest rates remained stable while job creation continued its strong growth with 1.8 million jobs created in the year. Certainly equities benefited in the fourth quarter of the year from declining oil prices. The Treasury yield curve began the year with a slightly positive shape as measured between two year notes and thirty year bonds. By the end of the year, the curve was flat with two year notes and thirty year bonds both yielding 4.8%. As in 2005, the markets continued a period of low volatility creating challenges for active domestic and international equity managers to add excess returns above their benchmarks. The dollar continued its slide. The trade-weighted index was down 5.2%. Inflation continued to remain subdued at 2.5% as measured by the Consumer Price Index.

The U.S. equity market as measured by the S&P 500 was up 15.8% for 2006. The international equity market as measured by the Europe Australia Asia Far East (EAFE) index and the Morgan Stanley Capital International (MCSI) Emerging Markets Free-Unhedged index returned 26.3% and 32.6% respectively. Real Estate as measured

by the National Council of Real Estate Investment Fiduciaries (NCREIF) was up 16.6%.

The Utah Retirement Systems (Systems) posted a very strong 14.8% return for the year. The Systems' gain was helped by its exposure to international equities, both developed and emerging, small cap stocks (both domestic and international), real estate and private equity. In fact, all asset classes produced positive returns. Active management strategies continued to add value net of fees. The Systems' three-year return was 12.4%, down as compared to last year's 16% number. However, the five-year return continued to increase to 10.5% as compared to the five year return a year ago of 6.5%. (One of those years includes a bear market.) Over the past ten years, the Systems' portfolio has returned over 9%, exceeding its actuarial goal of 8%.

During 2006, we continued to further diversify the portfolio into additional active strategies to lower overall market risk. We will continue to diversify the portfolio in 2007 and 2008. However, we expect to maintain our overall return assumption.

As I stated last year, we have been well served by a diversified portfolio. Different asset classes perform well or poorly just about every year. However, this year was an exception in that all asset classes performed relatively well. Because we are a long term investor, we've experienced good years and bad ones. At some time in the future, we will probably report a negative year as we did during the bear market of the beginning of this decade. However, the portfolio is statistically sound and will be able to weather any temporary setbacks. We will continue to provide our participants with the retirement security they need through professional investment.



BRUCE H. CUNDICK, CHIEF INVESTMENT OFFICER



Defined Benefit Investments

Investment Highlights *(Continued)*

Outline of Investment Policies

The governing body of the Utah Retirement Systems (Systems) is the seven member Utah State Retirement Board (Board). The Board is composed of the Utah State Treasurer, who serves as an ex-officio member, and six trustees who are appointed by the Governor. Four board members are appointed for their investment expertise, and two members are appointed to represent employee and employer interests.

The Board has statutory authority to pool pension assets in the Utah Retirement Investment Fund (Fund). Statutes also establish that this Fund shall be invested in accordance with the "prudent person rule". The prudent person rule requires all members of the Board and investment staff to discharge their duties solely in the interest of Systems' participants and beneficiaries and with the care, skill, prudence and diligence which they would exercise in the conduct of their own affairs. To this end a Statement of Investment Policy and Performance Objectives has been created for the Fund and adopted by the Board. The purpose of this Statement is to:

- Outline the expected return and risk profile for the Fund;
- Establish the target asset allocation mix and acceptable rebalancing ranges;
- Describe plan and manager policies and objectives for performance evaluation;
- Communicate investment performance standards to investment managers.

The primary investment objectives are to preserve Fund assets and generate an appropriate level of risk-adjusted return to meet future pension obligations.

The Systems periodically complete an asset allocation and liability study to determine the optimal portfolio diversification to meet those obligations.

The Systems' investment portfolio includes strategic, long term commitments in the following asset classes: Domestic Equities, Domestic Debt Securities, International Equities, International Debt Securities, Real Estate, Private Equity, and Absolute Return. Asset allocation is reviewed in conjunction with the plan liabilities at least every five years.

The Board's policy is to establish a long-term strategic asset allocation that manages overall expected portfolio risk (volatility) and maximizes expected return without unduly constraining the discretionary, tactical decision-making process of the investment managers.

To implement the asset allocation plan, the Executive Director, supported by the Board, staff and consultant, selects appropriate money management experts to invest the Fund assets. This selection process includes the creation of specific search criteria, completion and documentation of analysis and due diligence on potential candidates, and interviews completed by the staff and/or Board. It is not the staff or Board's intention to be involved with the day-to-day decisions made by external investment managers. Internal investment staff also manage segments of the portfolio.

All managers must acknowledge a co-fiduciary status to the Fund. All managers are expected to communicate with the staff at least quarterly.

Managers' portfolios are evaluated both against appropriate market indices and similar manager style groups. The investment policy outlines appropriate benchmarks.

Investment return calculations are prepared using a time-weighted rate of return based on Performance Presentation Standards of the CFA Institute (CFAI), formerly known as AIMR.

Defined Benefit Investments

Investment Highlights (Continued)

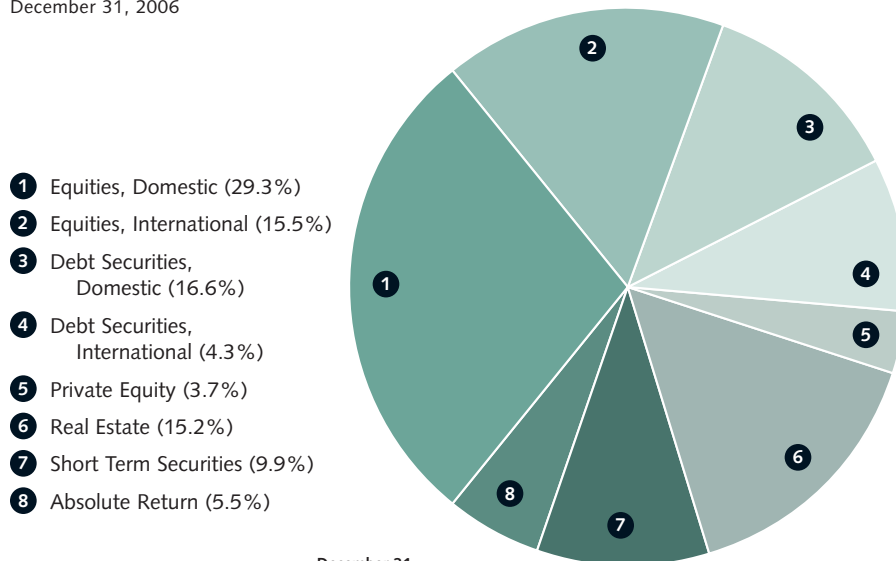
2006 Investment Summary

(dollars in thousands)

	2006 Beginning Fair Value	Purchases	Sales and Redemptions	Increase (Decrease) in Fair Value	2006 Ending Fair Value	Percent of Total Fair Value
Short term securities, domestic	\$ 1,172,613	30,375,516	29,490,739	—	2,057,390	9.41%
Short term securities, international	151,274	16,408,948	16,449,935	(5,164)	105,123	0.48
Debt securities, domestic	3,435,532	17,483,138	17,293,027	(7,258)	3,618,385	16.55
Debt securities, international	865,295	825,550	774,528	23,161	939,478	4.30
Equities, domestic	6,384,323	4,956,751	5,117,727	189,882	6,413,229	29.34
Equities, international	3,676,190	1,479,162	1,930,284	165,812	3,390,880	15.51
Absolute return	—	5,146,354	3,963,463	14,747	1,197,638	5.48
Private equity	611,589	345,800	217,038	62,233	802,584	3.67
Real estate	2,353,273	1,173,927	448,731	251,294	3,329,763	15.23
Mortgage loans	6,864	—	16	—	6,848	0.03
Totals	\$18,656,953	78,195,146	75,685,488	694,707	21,861,318	100.00%

Year-end Asset Allocation at Fair Value

December 31, 2006



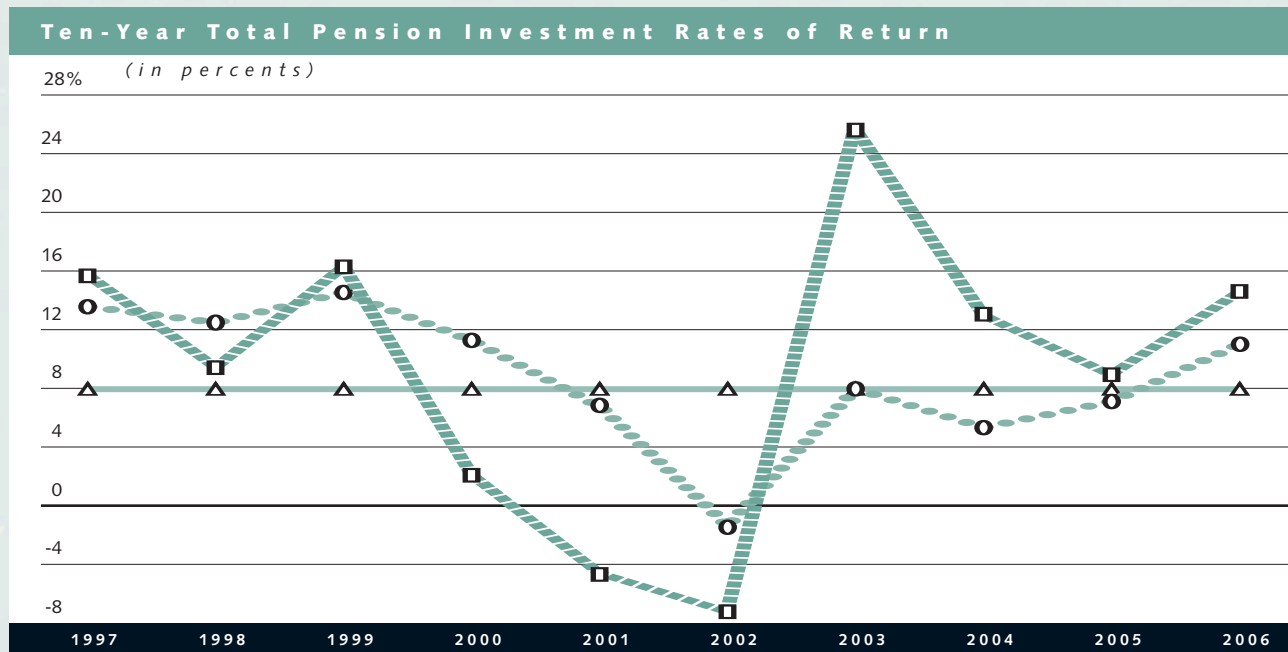
December 31,

	2002	2003	2004	2005	2006
Equities, domestic	37.5%	37.2	38.5	34.2	29.3
Equities, international	16.9	18.2	19.9	19.7	15.5
Debt securities, domestic	17.3	15.6	17.0	18.5	16.6
Debt securities, international	5.7	5.4	5.2	4.6	4.3
Private equity	6.5	4.5	3.3	3.3	3.7
Real estate	9.6	8.2	9.9	12.6	15.2
Short term securities	6.5	10.9	6.2	7.1	9.9
Absolute return	—	—	—	—	5.5
Total portfolio	100.0%	100.0	100.0	100.0	100.0

Defined Benefit Investments

Investment Highlights *(Continued)*

Ten-Year Total Pension Investment Rates of Return



(dollars in millions)

	(1) Total Investment Portfolio Fair Value	(1) Smoothed Expected Rate of Return	(2) Fair Value Rate of Return	(3) Actuarial Assumed Interest Rate
1997	\$ 10,144	13.72	15.75	8.00
1998	11,238	12.64	9.61	8.00
1999	13,057	14.67	16.55	8.00
2000	13,474	11.23	1.86	8.00
2001	12,892	6.80	(4.99)	8.00
2002	11,745	(1.54)	(7.54)	8.00
2003	14,563	8.01	26.00	8.00
2004	16,937	5.32	13.24	8.00
2005	18,657	7.36	8.96	8.00
2006	21,861	11.10	14.77	8.00

(1) **Smoothed Expected Rate of Return** consists of investment income in excess or shortfall of the expected 8% on fair value smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

(2) **Fair Value Rate of Return** consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees). (For 2006, 14.42 net of fees.)

(3) **Actuarial Assumed Interest Rate** is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

Defined Benefit Investments

Investment Highlights (Continued)

Comparative Investment Results (1)(2)(3)

Year Ended December 31, 2006

Investment Option Comparative Index	1 Year	3 Year	5 Year	10 Year
Domestic Equity	14.49%	11.61%	9.24%	9.64%
<i>Russell 3000 Index</i>	15.72	11.19	7.17	8.64
International Equity	26.87	21.56	17.92	8.71
<i>International Equity Benchmark</i>	27.27	21.71	17.05	8.17
<i>Benchmark consisting of:</i>				
80% MSCI EAFE Index				
10% MSCI Emerging Markets Index				
10% Citigroup Extended Markets Index World ex-US				
Domestic Debt Securities	4.03	3.76	4.53	5.68
<i>Lehman Brothers Aggregate Index</i>	4.33	3.70	5.06	6.24
International Debt Securities	9.23	5.47	10.18	5.94
<i>Lehman Brothers Global Aggregate Index</i>	6.64	3.63	7.85	5.52
Real Estate	26.45	21.92	15.71	13.32
<i>Real Estate Benchmark</i>	18.34	17.69	14.19	12.82
<i>Benchmark consisting of:</i>				
90% NCREIF Real Estate Index				
10% NAREIT Index				
Private Equity	17.07	23.86	12.30	11.19
<i>Private Equity Benchmark</i>	19.00	14.47	10.45	11.92
<i>Benchmark consisting of:</i>				
85% Russell 3000 Index + 3.5%				
15% Russell 3000 Index + 2.0%				
Absolute Return — Strategic	2.52	NA*	NA*	NA*
<i>Treasury Bills + 6%</i>	10.85	9.07	8.43	9.81
Short Term	4.84	2.99	2.78	4.74
<i>Treasury Bills</i>	4.85	3.07	2.43	3.81
Total Fund	14.77	12.65	10.70	9.07
<i>Fund Benchmark</i>	15.32	11.98	9.56	8.63
<i>Benchmark consisting of:</i>				
35% Russell 3000 Index				
20% Lehman Brothers Aggregate Index				
18% International Equity Benchmark				
10% Real Estate Benchmark				
7% Private Equity Benchmark				
5% Lehman Brothers Global Aggregate Index				
5% Treasury Bills + 6%				
<i>CAI Public Fund — Large Database Medium</i>	14.53	11.55	9.46	9.01
Inflation	2.53	3.07	2.71	2.46

(1) Callan Associates Inc.

(2) Total rates of return include cash income plus gains and losses due to changes in fair value, whether realized or unrealized.

(3) Investment return calculations were prepared using a time-weighted return in accordance with the Performance Presentation Standards of the CFA Institute (CFI), formerly known as AIMR.

*Not available.

Defined Benefit Investments

Investment Highlights *(Continued)*

List of Largest Assets Held

December 31, 2006

Largest Equity Holdings *(By Fair Value)*

Description	Shares	Fair Value
General Electric Co.	3,112,153	\$115,803,213
Citigroup Inc.	1,658,380	92,371,766
Microsoft Corp.	2,691,391	80,364,935
Procter & Gamble Co.	1,223,849	78,656,775
Bank of America Corp.	1,454,326	77,646,465
CISCO Systems Inc.	2,579,442	70,496,150
Pfizer Inc.	2,333,490	60,437,391
American International Group Inc.	834,209	59,779,417
JP Morgan Chase & Co.	1,235,705	59,684,552
Johnson & Johnson	884,480	55,752,570

Largest Debt Securities Holdings *(By Fair Value)*

Description	Par Value	Fair Value
FNMA Single Family Mortgage 5% 30 Years Settles January Rating AAA	\$272,600,000	263,144,051
FNMA 30 Year Pass-Throughs 6% 30 Years Settles January Rating AAA.....	96,950,000	97,586,186
FNMA 30 Year Pass-Throughs 5.5% 30 Years Settles January Rating AAA.....	72,700,000	71,836,688
FNMA 15 Year Pass-Throughs 5% 15 Years Settles January Rating AAA.....	63,000,000	61,917,156
FNMA 30 Year Pass-Throughs 6.5% 30 Years Settles January Rating AAA.....	58,720,000	59,821,000
US Treasury Bonds 6.75% Due 08/15/2026 Rating AAA.....	47,066,000	57,894,851
FNMA 15 Year Pass-Throughs 5.5% 15 Years Settles January Rating AAA.....	56,900,000	56,882,247
US Treasury Notes 4.625% Due 11/30/2008 Rating AAA	50,800,000	50,615,444
GNMA 30 Year Single Family Pass-Throughs (SF) 6% 30 Years Settles January Rating AAA	48,840,000	49,511,550
US Treasury Bonds 4.5% Due 02/15/2006 Rating AAA.....	48,598,000	46,213,685

Defined Benefit Investments**Investment Highlights** *(Continued)***Schedules of Fees and Commissions****Broker Commission Fees**

Year Ended December 31, 2006

Broker	Total Commission Fees
Credit Lyoanin Securities Asia	\$ 704
Credit Suisse First Boston	2,216
Goldman Sachs & Co.	116,269
Instinet – France	12,068
Instinet	3,317
Instinet U.K. Limited London	31,722
Investment Technology Group (ITG)	915
Investment Technology Group Dublin	153,656
Jefferies & Company	230,378
Merrill Lynch Fenner & Smith	9,183
Nomura Securities New York	89,464
Pershing Limited London	21,373
Pershing Securities LTD	213
Quantex, New York	143,763
UBS AG (London Equities)	110
UBS Securities Asia	5,549
USB Warburg (Hong Kong) LTD	4,311
UBS Warburg Securities LTD Taiwan	58
Total	\$825,269

Schedule of Investment Fees and Commissions

Year Ended December 31, 2006

Investment advisor fees:	
Equity securities, domestic	\$ 9,208,886
Equity securities, international	15,631,600
Debt securities, domestic	4,776,941
Debt securities, international	3,626,360
Private equity	16,335,944
Real estate	1,130,465
Absolute return	1,809,884
Total investment advisor fees	52,520,080
Investment brokerage fees	825,269
Total fees and commissions	\$53,345,349

Defined Benefit Investments

Investment Highlights *(Continued)*

Investment Professionals

Abbott Capital
Management, LLC
1211 Avenue of the Americas
Suite 4300
New York, NY 10036

AEW Capital
Management L.P.
World Trade Center East
Two Seaport Lane
Boston, MA 02110-2021

Alliance Bernstein
1345 Avenue of the Americas
New York, NY 10105

Arnhold & S. Bleichroeder
Advisors, Inc.
1345 Avenue of the Americas
New York, NY 10105

BlackRock Asset
Management
40 East 52nd Street
New York, NY 10022

Black Rock Realty Advisors
300 Campus Drive
Florham Park, NJ 07932

BNA Realty Advisors
3550 N Central Avenue
Suite 1025
Phoenix, AZ 85012

Brandes Investment
Partners L.P.
11988 El Camino Real
Suite 500
San Diego, CA 92130

Capital Guardian Trust Co.
135 South State College Blvd.
Brea, CA 92821

Capital International
333 South Hope Street
Los Angeles, CA 90071

CB Richard Ellis Investors
515 South Flower Street
31st Floor
Los Angeles, CA 90071

Cornerstone Real Estate
Advisors LLC
One Financial Plaza
Suite 1700
Hartford, CT 06103

Cottonwood Partners
2855 East Cottonwood
Parkway
Suite 560
Salt Lake City, UT 84121

Credit Suisse
11 Madison Avenue
New York, NY 10010

Dimensional Fund
Advisors, Inc.
1299 Ocean Avenue
Santa Monica, CA 90401

Goldman, Sachs & Company
85 Broad Street
New York, NY 10004

Goldman Sachs
Asset Management
32 Old Slip
New York, NY 10005

Hancock Timber
Resources Group
99 High Street
Boston, MA 02110

Hart Realty Advisors, Inc.
One Mill Pond Lane
Simsbury, CT 06070

Henderson Global Investors
One Financial Plaza
Hartford, CT 06103

ING Clarion
230 Park Avenue
New York, NY 10169

Invesco Global (N.A.), Inc.
1360 Peachtree Street
Suite 100
Atlanta, GA 30309

Jennison Associates, LLC
466 Lexington Avenue
New York, NY 10017

JP Morgan Fleming Asset
Management
227 West Monroe
Chicago, IL 60606

Lazard Freres & Co., LLC
30 Rockefeller Plaza
New York, NY 10020

Lord Abbett
90 Hudson Street
Jersey City, NJ 07302

Mazama Capital
One SW Columbia Street
Suite 1500
Portland, OR 97258

Mondrian Investment
Partners Limited
10 Gresham Street
Fifth Floor
London EC2V 7JD, UK

Morgan Stanley
Asset Management
1221 Avenue of the Americas
5th Floor
New York, NY 10020

OPUS Group, LLC
P.O. Box 59110
Minneapolis, MN 55459

Pathway Capital
Management, LLC
5 Park Plaza, Suite 300
Irvine, CA 92614

Portfolio Advisors
9 Old Kings Highway
South Darien, CT 06820

Schneider Capital
Management
460 East Swedesford Road
Suite 1080
Wayne, PA 19087

Security Capital
European Realty
Batchworth House
Batchworth Place Church St.
Rickmansworth, Hertfordshire
WD31JE, England

State Street Global Advisors
State Street Financial Center
One Lincoln Street
Boston, MA 02111

The Praedium Group LLC
825 Third Avenue, 36th Floor
New York, NY 10022

USAA Real Estate Company
9830 Colonnade Blvd.
Suite 600
San Antonio, TX 78230

Waddell & Reed Asset
Management Group
6300 Lamar Avenue
Shawnee Mission, KS 66201

Wasatch Advisors, Inc.
150 Social Hall Avenue
Suite 400
Salt Lake City, UT 84111

Western Asset
Management Co.
385 East Colorado Blvd.
Suite 1000
Pasadena, CA 91101

Utah Retirement Systems Consultants

Albourne America LLC
One Ferry Building
Suite 280
San Francisco, CA 94111

Callan Associates Inc.
101 California Street
Suite 3500
San Francisco, CA 94111

Russell Implementation
Services, Inc.
909 A Street
Tacoma, WA 98402

The Northern Trust Company
50 South LaSalle Street
Chicago, IL 60675



Defined Contributions Investments

Investment Highlights

Introduction

Utah Retirement Systems' 401(k), 457, Roth and Traditional IRA Plans are tax-advantaged retirement savings programs authorized under sections 401(k), 457 and 408 of the Internal Revenue Code. These plans are available to employees of the state, local government and public education employers throughout Utah.

The participants of the plans have a choice of eleven core investment funds and a brokerage window in which their monies may be invested. Each participant may choose one or a combination of the core funds. In addition, there is a Group Annuity Fund that is closed to contributions, but where current balances still exist. The table at the bottom left shows the total investments in the various investment options. The asset graph below shows the asset distribution at December 31, 2006.

Defined Contributions Plan Investments

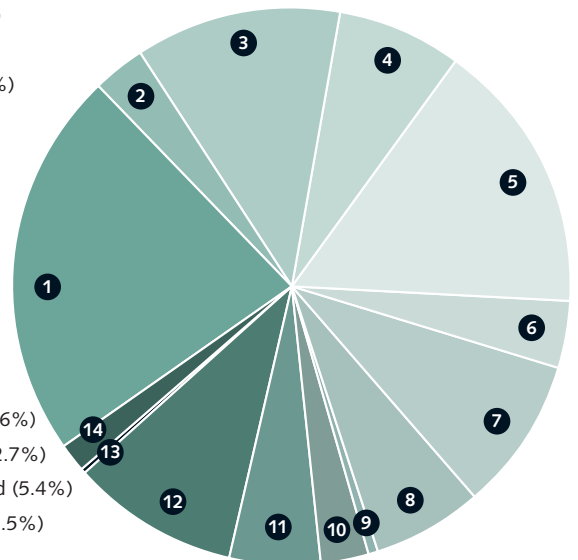
(in thousands)

Investment Options	Total
Income Fund	\$ 592,330
Bond Fund	80,977
Balanced Fund	308,677
Large Cap Stock Value Fund	191,138
Large Cap Stock Index Fund	416,645
Large Cap Stock Growth Fund	97,536
International Fund	237,131
Small Cap Stock Fund	168,380
Brokerage Window	15,484
Short Horizon Fund	69,338
Medium Horizon Fund	140,307
Long Horizon Fund	248,901
HRA Fund	109
Group Annuity Fund (closed to contributions)	43,918
Total	\$2,610,871

Defined Contributions Investments

December 31, 2006

- 1 Income Fund (22.7%)
- 2 Bond Fund (3.1%)
- 3 Balanced Fund (11.8%)
- 4 Large Cap Stock Value Fund (7.3%)
- 5 Large Cap Stock Index Fund (16.0%)
- 6 Large Cap Stock Growth Fund (3.7%)
- 7 International Fund (9.1%)
- 8 Small Cap Stock Fund (6.4%)
- 9 Brokerage Window (0.6%)
- 10 Short Horizon Fund (2.7%)
- 11 Medium Horizon Fund (5.4%)
- 12 Long Horizon Fund (9.5%)
- 13 HRA Fund (0.0%)*
- 14 Group Annuity Fund (1.7%)



*Rounded figure, actual percentage is .004%

Defined Contributions Investments

Investment Highlights *(Continued)*

2006 Investment Summary and Investment Administrative Fees

(dollars in thousands)

Fund	2006 Beginning Fair Value	Purchases	Sales and Redemptions	Increase (Decrease) in Fair Value	2006 Ending Fair Value	Percent of Total Fair Value	Invest- ment Fees	Admin- istrative Fees	Total Fees
Income Fund	\$ 557,832	64,684	53,174	22,988	592,330	22.69%	0.12%	0.23%	0.35%
Bond Fund	77,322	12,182	11,405	2,878	80,977	3.10	0.36	0.23	0.59
Balanced Fund	299,263	10,359	15,706	14,761	308,677	11.82	0.36	0.23	0.59
Large Cap Stock Value Fund	141,845	36,950	12,015	24,358	191,138	7.32	0.42	0.23	0.65
Large Cap Stock Index Fund	377,846	14,087	24,129	48,841	416,645	15.96	0.03	0.23	0.26
Large Cap Stock Growth Fund	111,858	12,985	23,288	(4,019)	97,536	3.74	0.31	0.23	0.54
International Fund	173,069	46,763	16,074	33,373	237,131	9.08	0.35	0.23	0.58
Small Cap Stock Fund	144,081	29,907	21,939	16,331	168,380	6.45	0.41	0.23	0.64
Brokerage Window	—	17,076	1,097	(495)	15,484	0.59	NA	0.23	0.23
Short Horizon Fund	60,408	14,633	7,814	2,111	69,338	2.66	0.29	0.23	0.52
Medium Horizon Fund	108,914	26,925	7,004	11,472	140,307	5.37	0.31	0.23	0.54
Long Horizon Fund	193,149	34,502	4,983	26,233	248,901	9.53	0.28	0.23	0.51
HRA Fund	—	143	34	—	109	0.00	0.37	0.23	0.60
Group Annuity Fund <i>(closed to contributions)</i>	47,219	—	3,430	129	43,918	1.69	1.13	0.23	1.36
Totals	\$2,292,806	321,196	202,092	198,961	2,610,871	100.00%			

Investment and Administrative Expenses

There are no front-end load, redemption, or other hidden fees associated with these plans; although Beneficial Life Insurance Company may impose a penalty on transfers from the Group Annuity Fund. All costs reflected in the table above are deducted from earnings prior to posting to participant accounts and do not appear as separate items on participant statements.

The administrative fee for the brokerage window account is a flat rate of \$25 per quarter. Investment fees and broker commissions are paid by the participant according to the trading and securities selected within the brokerage window.

By administering the defined contribution plans internally rather than through a third party, expenses are kept at very low levels to maximize earnings to each participant. The table above shows these expenses to be nominal when compared to much higher fees on most annuities, mutual funds and insurance contracts.

An annual account maintenance fee of \$15 is assessed to inactive accounts with combined 401(k), 457, Roth and Traditional IRA Plan balances of less than \$5,000. There may also be special service fees for loans and short term trading.

The investments described are not FDIC insured; not deposits or obligations of, or guaranteed by, any financial institution; and not guaranteed by the Utah Retirement Systems or any government agency.

The past performance of any of these funds does not guarantee future results.

Utah Retirement Systems' employees are not registered securities advisors. They cannot offer investment advice or make recommendations. Because the participants make the investment decisions about their accounts, the plans' sponsor, trustees, and others associated with the investments may be relieved of liability for investment performance.

Defined Contributions Investments

Investment Highlights *(Continued)*

Defined Contribution Plans Comparative Annualized Rates of Return

Year Ended December 31, 2006

Investment Option <i>Comparative Index</i>	Annualized			
	1 Year	3 Year	5 Year	10 Year
Income Fund	4.88%	4.15%	4.36%	5.28%
<i>Treasury Bills Index</i>	4.85	3.07	2.43	3.81
<i>Ryan Lab 3 Yr GIC Index</i>	3.77	3.47	4.19	5.25
Bond Fund	5.15	3.45	5.29	NA*
<i>Lehman Aggregate Bond Index</i>	4.33	3.70	5.06	6.24
Balanced Fund	7.41	8.71	6.84	7.91
<i>Balanced Index (1)</i>	11.14	7.77	6.09	8.01
Large Cap Stock Value Fund	18.38	15.43	12.65	NA*
<i>Russell 1000 Value Index</i>	22.25	15.09	10.86	11.00
Large Cap Stock Index Fund	15.53	10.11	5.93	7.89
<i>S&P 500 Index</i>	15.79	10.44	6.19	8.42
Large Cap Stock Growth Fund	0.54	7.70	1.29	NA*
<i>Russell 1000 Growth Index</i>	9.07	6.87	2.69	5.44
International Fund	20.30	18.10	13.61	10.53
<i>MSCI EAFE Index</i>	26.34	19.93	14.98	7.71
Small Cap Stock Fund	16.37	13.12	12.11	NA*
<i>Russell 2000 Index</i>	18.37	13.56	11.39	9.44
Short Horizon Fund	7.11	5.12	5.79	NA*
<i>Short Horizon Index (2)</i>	7.98	5.51	5.59	6.55
Medium Horizon Fund	10.56	8.88	7.61	NA*
<i>Medium Horizon Index (3)</i>	12.24	9.00	7.66	7.61
Long Horizon Fund	13.63	11.52	8.88	NA*
<i>Long Horizon Index (4)</i>	16.34	11.79	8.97	8.14
HRA Fund	4.56	NA*	NA*	NA*
<i>Treasury Bills Index</i>	4.85	3.07	2.43	3.81
Group Annuity Fund (5)	4.77	4.73	5.00	5.63
<i>Treasury Bills Index</i>	4.85	3.07	2.43	3.81

Past performance does not guarantee future results.

All fund returns are reported net of investment management fees and administrative fees. All returns for periods greater than one year are annualized.

Investment return calculations were prepared using a time-weighted return in accordance with the Performance Presentation Standards of the CFA Institute (CFAI), formerly known as AIMR. Comparative indexes below reflect current asset allocation targets.

- (1) Balanced Index: 60% S&P 500 Index, 40% Lehman Brothers Aggregate Bond Index
- (2) Short Horizon Index: 15% Treasury Bills, 55% LB Aggregate Bond, 15% S&P 500, 10% MSCI EAFE, 5% Russell 2000
- (3) Medium Horizon Index: 45% LB Aggregate Bond, 35% S&P 500, 15% MSCI EAFE, 5% Russell 2000
- (4) Long Horizon Index: 20% LB Aggregate Bond, 45% S&P 500, 25% MSCI EAFE, 10% Russell 2000
- (5) The Group Annuity Fund is closed to future contributions. Returns prior to 1998 represent performance of the 401(k) Group Annuity Fund.

**This fund has been available less than the number of years indicated.*

Investment Professionals

Defined Contribution Plans Investment Professionals

Alliance Bernstein
1345 Avenue of the Americas
New York, NY 10105
(Balanced Fund, Large Cap Stock Growth Fund)

Ameriprise Trust Company
50900 AXP Financial Center
Minneapolis, MN 55474
(Income Fund)

Beneficial Life Insurance Co.
Beneficial Life Tower
36 South State Street
Salt Lake City, UT 84136
(Group Annuity Fund)

Capital Guardian Trust Co.
333 South Hope Street
Los Angeles, CA 90071
(International Fund)

Charles Schwab
101 Montgomery Street
San Francisco, CA 94104
(Brokerage Window)

Dimensional Fund Advisors, Inc.
1299 Ocean Avenue
Santa Monica, CA 90401
(Small Cap Stock Fund)

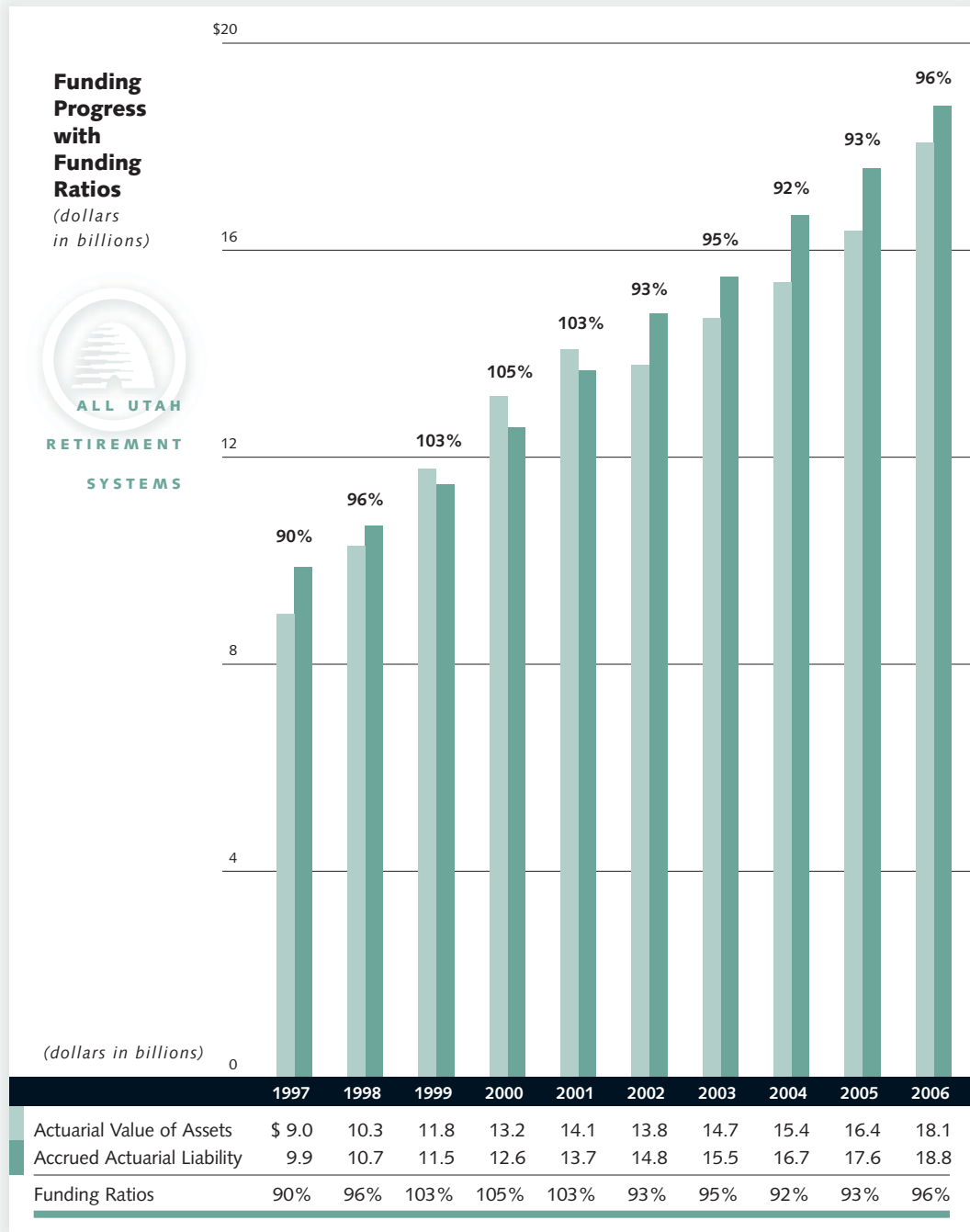
Dodge & Cox
555 California Street
40th Floor
San Francisco, CA 94104
(Bond Fund, Large Cap Stock Value Fund, Balanced Fund)

Northern Trust
50 S. LaSalle Street
Chicago, IL 60603
(HRA Fund)

Utah Retirement Systems
560 East 200 South
Salt Lake City, UT 84102
(Large Cap Stock Index Fund)

All Retirement Systems

Funding Progress with Funding Ratios



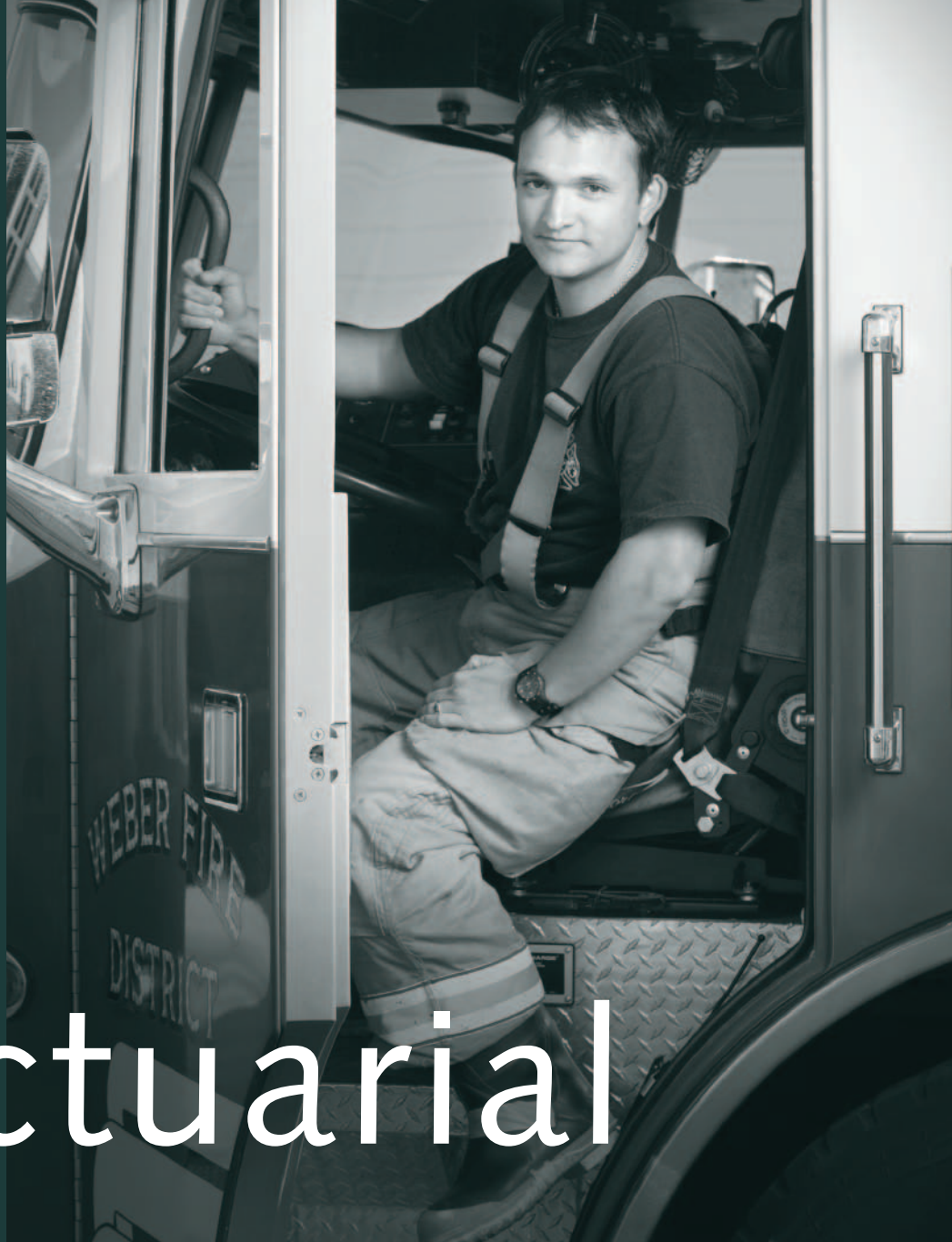
2006

Utah
Retirement
Systems

Comprehensive
Annual
Financial Report

Actuarial

Section



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Actuary's Certification Letter



Gabriel Roeder Smith & Company
Consultants & Actuaries

4600 S. Ulster Street
Suite 700
Denver, CO 80237-2882

303.846.3031 phone
303.846.3028 fax
www.gabrielroeder.com

August 10, 2006

Utah State Retirement Board
560 East 200 South
Salt Lake City, UT 84102

Dear Members of the Board

Subject: Certification of 2006 Actuarial Valuation

This report describes the current actuarial condition of the Utah Retirement Systems (URS), determines the calculated employer contribution rates, and analyzes changes in these contribution rates. Valuations are prepared annually, as of January 1, the first day of the URS plan year.

Under URS statutes, the Board of Trustees must certify employer contribution rates annually. These rates are determined actuarially, based on the Board's funding policy. Contribution rates determined by a given actuarial valuation become effective eighteen months after the valuation date. I.e., the rates determined by this January 1, 2006 actuarial valuation will be used by the Board when certifying the employer contribution rates for the year beginning July 1, 2007 and ending June 30, 2008. If new legislation is enacted between the valuation date and the date the contribution rates become effective, the Board may adjust the calculated rates before certifying them, in order to reflect this new legislation. Such adjustments are based on information supplied by the actuary.

Financing objectives and funding policy

In setting contribution rates, the Board's principal objectives have been:

- To set rates so that the unfunded actuarial accrued liability (UAAL) will be amortized over a 20-year period from the current valuation date.
- To set rates so that they remain relatively level over time.

To accomplish this, the Board's funding policy requires that the employer contribution rate be at least equal to the sum of the employer normal cost rate

(which pays the current year's cost) and an amortization rate which results in the amortization of the UAAL over twenty years in installments which increase at the assumed rate of growth in payroll for URS. The current assumed rate of growth in payroll for URS is 4.0%.

The Board uses an open 20-year amortization period. In other words, a 20-year amortization period is used in each valuation, rather than having the period decrease to 19, 18, etc.

Under this policy, the objective of maintaining relatively level contribution rates over time is achieved in normal conditions such as consistent market conditions.

In 2004, the Utah Legislature approved an act (HB83) that allows the Board to set the employer contribution rate at the prior year's rate, if the rate otherwise would decrease and if the funded ratio is less than 110%. In such a case, the rate set by the Board would be higher than the actuarially determined contribution rate. The object of this legislation is to enhance the Board's ability to maintain more-level contribution rates while targeting a 100% – 110% funded level. The Board has followed this policy since 2004, so for some funds, the recommended contribution rate is larger than the actuarially determined rate.

Progress toward realization of financing objectives

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, it should increase over time, until it reaches 100%.

For all systems combined, the funded ratio increased from 92.4% to 93.2%. Most of the individual funds have ratios over 90%, and only the 3% Substantial

Substitute Fund, the Salt Lake City Noncontributory Public Safety Fund, and the Logan Noncontributory Public Safety Fund have funded ratios less than 80%. It should be pointed out that the funded ratio for all systems combined was 76.9% in 1990. Significant progress has been made over the last sixteen years, even though a number of benefit increases have been granted during that time, and even though the 3% substantial substitute was added as a URS liability. If market value had been used in the calculation instead of actuarial value, the aggregate funded ratio for all funds combined would have been 99.1%, compared to 96.5% in the prior year, and 91.7% two years ago.

Benefit provisions

The benefit provisions reflected in this valuation are those which were in effect on January 1, 2006, or which were adopted by the end of the 2006 legislative session and are effective on or before July 1, 2007.

No significant pieces of legislation impacting the benefit provisions of URS were enacted during the 2005 legislative session.

Assumptions and methods

The Board, in consultation with the actuary, sets the actuarial assumptions and methods used in the valuation. Current Board policy is to perform an experience study every three years. In connection with the appropriate valuation, the actuary conducts a thorough review of plan experience for the preceding five years, and then makes recommendations to the Board.

The current actuarial assumptions and methods are the same as used for the prior evaluation. These assumptions and methods were adopted effective January 1, 2005. The next experience analysis is scheduled for 2008.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

It is our opinion that the recommended assumptions

are internally consistent and are reasonably based on past and anticipated future experience of the System. The actuarial assumptions and methods used in this report comply with the parameters for disclosure that appear in GASB 25.

Data

Member data for retired, active and inactive members was supplied as of December 31, 2005 by the URS staff. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. The staff also supplied asset information as of December 31, 2005.

Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of URS as of January 1, 2006. We prepared the accompanying Summary of Actuarial Assumptions and Methods, but the URS staff prepared the other supporting schedules in this section and the trend tables in the financial section based on information supplied in our report. The staff rolls forward to December 31 the actuarial liabilities supplied in our report as of January 1, and the staff computes the actuarial value of assets as of December 31. These procedures have been reviewed by us and found reasonable.

All of our work conforms with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Utah state law and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries and consultants. Mr. Carter and Mr. Conradi are Enrolled Actuaries and Members of the American Academy of Actuaries, and they both meet the qualification standards of the American Academy of Actuaries, and all three are experienced in performing valuations for large public retirement systems.

Sincerely,

Gabriel Roeder Smith & Company



LEWIS WARD
CONSULTANT



J. CHRISTIAN CONRADI, ASA, EA, MAAA
SENIOR CONSULTANT



W. MICHAEL CARTER, FSA, EA, MAAA
SENIOR CONSULTANT

Gabriel Roeder Smith & Company

Summary of Actuarial Assumptions and Methods

December 31, 2006

a) The actuarial valuation was prepared using the entry age actuarial cost method. As described in the certification letter, the contribution rates are set based on the board's funding policy, which states the contribution rate will not be less than the amount needed to amortize the unfunded actuarial accrued liability of each System over a 20-year period from the valuation date (January 1, 2006).

In calculating this minimum, amortization payments are designed to remain level as a percent of payroll, and payroll is assumed to increase 4% per year. Under this method, actuarial gains and losses are identified and amortized as part of the unfunded actuarial accrued liability over a 20-year period

b) The future investment earnings of the assets of the Systems are assumed to accrue at an annual rate of 8.0%, compounded annually. This rate is made up of a 3.0% assumed inflation rate and a 5.0% assumed real rate of return. This assumption was adopted January 1, 2000.

c) The total rates of assumed annual salary increase are shown on the actuarial schedule on page 112. The rates include increases due to promotion and longevity and a 4.75% per annum rate of increase in the general wage level of the membership. Salaries of judges are assumed to increase at 4.00%. Most of these assumptions were adopted January 1, 2001. (Rates for public safety members were adopted January 1, 2002, and rates for judges were adopted January 1, 2005.)

d) Post retirement benefit increases are based on the Consumer Price Index, limited by the provisions of each System. For members of the Public Safety Retirement System, annual increases are assumed to be 2.5%. All other Systems' annual increases are assumed to be 3.0%. Increases are based on the member's original retirement allowance except in the Judges Retirement System where increases are compounded. For current retirees who have received cumulative COLAs less than the total of annual CPI increases since retirement, higher COLAs are assumed, subject to the annual maximum (2.5% for Public Safety and 4% for all other Systems), as long as the member has "banked" CPI increases left.

e) Except for educators, tables of mortality rates for members retired for service and beneficiaries were developed from standard mortality tables. The mortality basis is dependent upon the member's class and gender as shown to the right. Most of these rates were adopted January 1, 2002. Rates for educators and uniformed officers were adopted January 1, 2005. Mortality rates for active members and retired educators were developed from actual experience of that group.

Summary of Actuarial Assumptions and Methods *(Continued)*

As of January 1, 2006



Retired Member Mortality

Class of Member

Educators

Men	EDUM
Women	EDUF

Public Safety and Firefighters

Men	UP94M (-1)
Women	UP94F (0)

Local Government, Public Employees and All Beneficiaries

Men	UP94M (-2)
Women	UP94F (0)

EDUM = Constructed mortality table based on actual experience of male educators

EDUF = Constructed mortality table based on actual experience of female educators

UP94M (xx) = 1994 Uninsured Pensioners Mortality Table for Males adjusted xx years.

UP94F (xx) = 1994 Uninsured Pensioners Mortality Table for Females adjusted xx years.

f) Mortality among disabled members is based on a special 1981 Disability Table developed by a previous actuary from the Systems' experience. Rates for males are based on a 2-year set forward and rates for females are based on a 2-year setback. These rates were modified January 1, 2002.

g) Other demographic assumptions regarding retirement, mortality, disablement and termination from employment are illustrated in the following actuarial schedules.

The retirement assumptions illustrated are for members of the Systems who are eligible to retire with 30 years of service. The rates vary by age and service groupings.

Except for firefighters, rates of assumed termination from employment at any age are assumed to vary during the first five years of employment. The rates of termination illustrated are for members in their first or in their sixth or subsequent year of service; rates at intermediate points fall between the two sets illustrated. Rates for firefighters vary only by years of service and not by age. All rates have been shown for the firefighters. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately. Vested members are assumed to withdraw their contributions and forfeit the right to further benefits at the rates illustrated.

h) The Retirement Board uses the expected rate of return method for calculating the actuarial value of assets. This method is based on the total earnings of the commingled investments and spreads the excess/shortfall of actual investment returns over or under the expected return over five years. One-fifth of the excess/shortfall is recognized each year. The actuarial values of assets under this method were calculated and reported to us by the Systems' staff.

i) All of the actuarial assumptions were renewed or adopted by the Retirement Board in 2005, as recommended by the actuary.

Summary of Actuarial Assumptions and Methods *(Continued)*

As of January 1, 2006

	Percent Retiring Within Next Year Among Active Members							Governors and Legislators Retirement Plan
	Retirement Age	Eligible for Retirement						
		Male			Female			
		State and School Division		Local Government Division	State and School Division		Local Government Division	
	Educators	Public Employees		Educators	Public Employees			
Noncontributory and Contributory Retirement Systems	55	25.00%	18.00%	22.00%	30.00%	20.00%	35.00%	0.00%
Adopted January 1, 2005	56	25.00	18.00	22.00	30.00	20.00	35.00	0.00
	57	25.00	18.00	22.00	30.00	20.00	35.00	0.00
	58	25.00	18.00	22.00	30.00	20.00	35.00	0.00
	59	25.00	18.00	22.00	30.00	20.00	35.00	0.00
	60	35.00	23.00	25.00	50.00	40.00	40.00	0.00
	61	35.00	23.00	15.00	50.00	30.00	25.00	0.00
	62	65.00	40.00	50.00	70.00	60.00	45.00	100.00
	63	35.00	35.00	30.00	50.00	40.00	30.00	100.00
	64	35.00	30.00	30.00	50.00	30.00	30.00	100.00
	65	70.00	50.00	50.00	60.00	45.00	50.00	100.00
	66	30.00	35.00	30.00	35.00	25.00	30.00	100.00
	67	30.00	20.00	30.00	35.00	25.00	30.00	100.00
	68	30.00	20.00	30.00	35.00	25.00	30.00	100.00
	69	30.00	20.00	30.00	35.00	25.00	30.00	100.00
	70	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Percent Retiring Within Next Year Among Active Members Eligible for Retirement						
Retirement Age			Retirement Age			Retirement Age
Public Safety Retirement System	45	30.00%	52	33.00%	59	35.00%
Adopted January 1, 2005	46	30.00	53	33.00	60	38.00
	47	30.00	54	33.00	61	38.00
	48	30.00	55	35.00	62	38.00
	49	30.00	56	35.00	63	38.00
	50	33.00	57	35.00	64	38.00
	51	33.00	58	35.00	65	100.00

Percent Retiring Within Next Year Among Active Members Eligible for Retirement						
Retirement Age			Retirement Age			Retirement Age
Firefighters Retirement System	45	14.00%	52	16.00%	59	18.00%
Adopted January 1, 2005	46	14.00	53	16.00	60	24.00
	47	14.00	54	16.00	61	24.00
	48	14.00	55	18.00	62	24.00
	49	14.00	56	18.00	63	24.00
	50	16.00	57	18.00	64	24.00
	51	16.00	58	18.00	65	100.00

Percent Retiring Within Next Year Among Active Members Eligible for Retirement						
Retirement Age			Retirement Age			Retirement Age
Judges Retirement System	60	30.00%	64	30.00%	68	30.00%
Adopted January 1, 2005	61	30.00	65	30.00	69	30.00
	62	30.00	66	30.00	70	100.00
	63	30.00	67	30.00		

Summary of Actuarial Assumptions and Methods *(Continued)*

As of January 1, 2006

Other Termination of Employment Percent of Active Members Separating Within Next Year

	Age	Male			Female			Governors and Legislators Retirement Plan
		State and School Division		Local Government Division	State and School Division		Local Government Division	
		Educators	Public Employees		Educators	Public Employees		
During the First Year of Service								
Noncontributory and Contributory Retirement Systems Adopted January 1, 2000	25	14.98%	35.36%	18.84%	22.57%	30.44%	27.66%	10.00%
	30	12.68	29.03	15.88	15.87	27.40	25.72	10.00
	35	11.95	25.25	13.73	12.28	24.11	23.52	10.00
	40	11.30	22.79	12.35	11.87	20.88	21.25	10.00
	45	11.52	20.67	11.84	11.35	18.08	19.22	10.00
	50	13.43	18.41	12.28	10.24	16.10	17.99	10.00
	55	17.64	15.90	13.83	8.34	15.24	18.25	10.00
60	18.53	13.22	14.52	8.77	15.79	20.66	10.00	
During the Sixth and Subsequent Years of Service								
Noncontributory and Contributory Retirement Systems Adopted January 1, 2000	25	6.29%	11.85%	8.15%	13.04%	18.70%	13.16%	10.00%
	30	4.30	8.32	6.05	8.38	11.87	8.95	10.00
	35	2.90	5.78	4.63	5.21	7.56	6.18	10.00
	40	2.08	4.10	3.81	3.47	5.26	4.73	10.00
	45	1.62	3.04	3.34	2.74	4.05	4.22	10.00
	50	1.25	2.43	3.11	2.45	3.43	4.21	10.00
	55	0.93	2.42	3.36	2.43	3.34	4.32	10.00
60	0.98	3.24	3.52	2.55	3.75	4.43	10.00	
Public Safety Retirement System Adopted January 1, 2000								
	Age	During the First Year		During the Sixth and Subsequent Years				
	25	9.56%		6.16%				
	30	9.12		4.17				
	35	10.02		2.74				
	40	12.18		1.82				
	45	15.42		1.35				
	50	19.61		1.15				
	55	24.57		1.14				
	60	30.22		1.25				
Firefighters Retirement System Adopted January 1, 2005								
	Years of Service	Years of Service		Years of Service				
	0	7.0%		9		2.0%		
	1	6.0		10		1.5		
	2	5.0		11		1.5		
	3	4.0		12		1.5		
	4	3.0		13		1.5		
	5	2.0		14		1.5		
	6	2.0		15+		0.0		
	7	2.0						
	8	2.0						
Judges Retirement System None assumed.								

Summary of Actuarial Assumptions and Methods *(Continued)*

As of January 1, 2006

	Years of Service	Total Annual Increase in Salary (Male and Female)				
		State and School Division		Local Government Division	Public Safety Retirement System	Firefighters Retirement System
		Educators	Public Employees			
All Retirement Systems	0	15.00%	10.75%	11.75%	10.75%	11.75%
Adopted January 1, 2001	1	10.75	9.25	9.25	7.75	10.50
(Public Safety adopted January 1, 2002)	2	9.25	8.25	8.25	7.50	9.75
	3	9.00	7.75	7.25	7.25	9.25
	4	8.75	7.25	7.00	7.00	8.75
	5	8.50	7.00	6.75	6.75	8.50
	6	8.00	6.50	6.75	6.75	8.25
	7	7.75	6.25	6.50	6.50	8.25
	8	7.50	6.25	6.50	6.50	8.00
	9	7.25	6.00	6.25	6.25	8.00
	10	6.75	6.00	6.00	6.25	7.75
	11	6.50	5.75	5.75	6.00	7.75
	12	6.00	5.50	5.50	5.75	6.75
	13	5.50	5.50	5.25	5.50	5.75
	14	5.00	5.25	5.25	5.25	5.25
	15	4.75	4.75	4.75	4.75	4.75

	Age	Probability Mortality Within the Next Year for Active Members			
		Male		Female	
		Educators	Local Government and Public Employees	Educators	Local Government and Public Employees
Noncontributory and Contributory Retirement Systems	20	0.0150%	0.0585%	0.0420%	0.0325%
Adopted January 1, 2000	25	0.0150	0.0455	0.0180	0.0325
	30	0.0225	0.0520	0.0060	0.0325
	35	0.0225	0.0780	0.0180	0.0390
	40	0.0450	0.0975	0.0360	0.0520
	45	0.0750	0.1235	0.0720	0.0780
	50	0.1500	0.1820	0.1080	0.1235
	55	0.2700	0.3055	0.1500	0.1820
	60	0.4275	0.4940	0.2040	0.2600
	65	0.5400	0.7540	0.2820	0.3575
	70	0.6000	1.0790	0.3900	0.4745

	Years of Service	Percent Electing a Refund of Contributions Upon Termination While Vested					
		Male			Female		
		Educators	Public Employees	Local Government Division	Educators	Public Employees	Local Government Division
Noncontributory and Contributory Retirement Systems	0-3	100%	100%	100%	100%	100%	100%
Adopted January 1, 1993	4	75	86	75	65	80	77
	5	73	83	73	64	79	75
	10	54	73	61	53	64	61
	15	33	63	49	32	52	40
	19	9	29	23	8	22	13
	20	0	0	0	0	0	0

	Probability Mortality Within the Next Year for Active Members			
	Public Safety and Firefighters Employees		Public Safety and Firefighters Employees	
	Age	Age	Age	Age
Public Safety Retirement System and Firefighters Retirement System	20	0.0520%	50	0.2080%
Adopted January 1, 2000	25	0.0520	55	0.3250
	30	0.0520	60	0.4420
	35	0.0520	65	0.5590
	40	0.0715	70	0.6695
	45	0.1235		

	Percent Electing a Refund of Contributions Upon Termination While Vested	
	Years of Service	Public Safety and Firefighters Retirement Employees
Public Safety Retirement System and Firefighters Retirement System	0-3	100%
Adopted January 1, 1993	4	76
	5	74
	10	57
	15	35
	19	15
	20	0

Analysis of Financial Experience

As of December 31

(in thousands)

System	January 1, 2005 Unfunded Actuarial Accrued Liability	Amortization Payments	(Gain) Loss	Liability Asset (Gain)	Changes in Actuarial Assumptions	Change in Benefit Provisions	Asset Transfers	January 1, 2006 Unfunded Actuarial Accrued Liability
Noncontributory	\$1,023,007	(1,684)	(140,986)	72,691	—	—	(3,850)	949,178
Contributory	79,862	11,790	(30,980)	11,247	—	—	3,850	75,769
Public Safety	201,881	9,896	(19,187)	8,840	—	—	—	201,430
Firefighters	(31,797)	888	(3,419)	4,191	—	—	—	(30,137)
Judges	3,396	884	(4,274)	582	—	—	—	588
Utah Governors and Legislators	(1,923)	(28)	189	149	—	—	—	(1,613)

Member and Employer Contribution Rates

As of December 31

System	Year	Contributory			Noncontributory		
		Member	Employer	Employer	Employer	Employer	
Noncontributory and Contributory Retirement System			<i>State and School</i>	<i>Local Government</i>	<i>State and School</i>	<i>Local Government</i>	
	1997	6.00%	9.67%	6.50%	14.16%	10.51%	
	1998	6.00	9.67	6.73	14.16	10.74	
	1999	6.00	9.67	6.73	14.16	10.74	
	2000	6.00	9.19	6.31	13.68	10.32	
	2001	6.00	5.91	4.19	10.40	8.20	
	2002	6.00	5.91	4.68	10.40	8.69	
	2003	6.00	7.21	5.61	11.70	9.62	
	2004	6.00	8.89	7.08	13.38	11.09	
	2005	6.00	8.89	7.08	13.38	11.09	
2006	6.00	9.73	7.58	14.22	11.59		
Firefighters Retirement System		Division A (with Social Security)		Division B (without Social Security)		All Divisions Fire Insurance Premium Tax	
		Member	Employer	Member	Employer		
	1997	13.31%	—%	16.71%	6.43%	8.19%	
	1998	13.31	—	16.71	4.74	8.48	
	1999	13.31	—	16.71	0.54	8.60	
	2000	10.20	—	15.50	—	8.71	
	2001	6.77	—	8.43	—	8.28	
	2002	7.82	—	7.83	—	8.88	
	2003	8.21	—	7.83	—	10.35	
	2004	8.61	—	7.83	—	12.16	
2005	8.61	—	7.83	—	12.16		
2006	10.84	—	8.72	—	12.08		
Judges Retirement System		Contributory		Noncontributory		Judges Court Fees	Governors and Legislative Appropriation
		Member	Employer	Employer			
	1997	8.00%	12.21%	20.21%	24.11%	\$ —	
	1998	8.00	11.00	19.00	22.86	—	
	1999	8.00	7.39	15.39	21.16	—	
	2000	8.00	7.10	15.10	20.29	—	
	2001	5.55	—	5.55	18.93	—	
	2002	4.92	—	4.92	18.40	—	
	2003	7.08	—	7.08	18.06	—	
	2004	2.00	5.14	7.14	19.69	—	
2005	2.00	6.26	8.26	19.19	—		
2006	2.00	7.79	9.79	18.04	—		
Utah Governors and Legislators Retirement Plan							

Member and Employer Contribution Rates *(Continued)*

As of December 31

System	Year	State of Utah		Other Division A (with Social Security)		Bountiful					
		Member	Employer	Member	Employer	Member	Employer				
Public Safety Retirement System Noncontributory Division A	1997	—	22.94%	—	17.09%	—	20.65%				
	1998	—	23.14	—	17.42	—	22.05				
	1999	—	24.98	—	18.43	—	23.99				
	2000	—	23.62	—	17.40	—	23.18				
	2001	—	19.68	—	14.08	—	19.03				
	2002	—	18.94	—	13.89	—	17.41				
	2003	—	21.15	—	16.24	—	18.63				
	2004	—	23.46	—	19.08	—	19.68				
2005	—	23.46	—	19.34	—	19.68					
2006	—	26.75	—	22.38	—	19.99					
Public Safety Retirement System Contributory Division A	1997	12.29%	12.26%	12.29%	5.62%	11.94%	8.98%				
	1998	12.29	12.26	12.29	5.87	11.94	10.36				
	1999	12.29	14.12	12.29	6.84	—	—				
	2000	12.29	12.98	12.29	5.88	—	—				
	2001	12.29	8.81	12.29	2.41	—	—				
	2002	12.29	8.05	12.29	2.17	—	—				
	2003	12.29	10.02	12.29	4.52	—	—				
	2004	12.29	12.50	12.29	7.70	—	—				
2005	12.29	12.50	12.29	7.95	—	—					
2006	12.29	15.46	12.29	11.01	—	—					
Public Safety Retirement System Noncontributory Division B	1997	—	33.68%	—	24.77%	—	—	—	—	17.29%	
	1998	—	33.68	—	25.49	—	—	—	—	17.07	
	1999	—	36.14	—	25.80	—	—	—	—	19.85	
	2000	—	34.73	—	24.47	—	—	—	—	19.01	
	2001	—	30.72	—	21.06	—	—	—	—	16.75	
	2002	—	28.27	—	17.98	—	14.79%	—	—	17.66	
	2003	—	30.05	—	20.85	—	17.10	—	—	19.42	
	2004	—	32.52	—	24.30	—	20.77	—	—	22.17	
	2005	—	32.52	—	24.30	—	21.25	—	—	22.32	
	2006	—	35.71	—	30.44	—	25.48	—	—	25.49	
	Public Safety Retirement System Contributory Division B	1997	13.74%	21.82%	13.18%	12.65%	11.13%	6.72%	13.54%	12.81%	10.50%
1998		13.74	21.82	13.18	12.90	11.13	7.76	13.54	12.81	10.50	7.11
1999		13.74	24.00	13.18	12.83	11.13	8.28	13.54	13.52	10.50	9.97
2000		13.74	22.56	13.18	12.23	11.13	6.96	13.54	12.58	10.50	8.92
2001		13.74	18.21	13.18	9.08	11.13	2.93	13.54	9.72	10.50	6.43
2002		13.74	15.50	—	—	11.13	3.66	13.54	9.47	10.50	7.34
2003		13.74	17.61	—	—	11.13	5.97	13.54	10.85	10.50	9.47
2004		13.74	19.96	—	—	11.13	10.03	13.54	12.22	10.50	12.35
2005	13.74	19.96	—	—	11.13	10.54	13.54	12.22	10.50	12.47	
2006	13.74	22.99	—	—	11.13	14.61	13.54	15.57	10.50	15.69	

Solvency Tests

(dollars in thousands)

System	Date	(1) Active Members Contributions	(2) Retired and Beneficiaries	(3) Active Member (Employer Financed Portion)
Noncontributory Retirement System	1/01/98	\$ 977,799	2,547,911	4,128,625
	1/01/99	981,227	2,888,469	4,466,035
	1/01/00	974,082	3,019,704	5,012,522
	1/01/01	962,724	3,404,486	5,566,304
	1/01/02	971,496	3,751,586	6,082,942
	1/01/03	955,624	4,171,062	6,637,667
	1/01/04	878,125	4,587,481	6,885,704
	1/01/05	850,926	5,051,930	7,332,588
	1/01/06	822,236	5,504,555	7,691,749
	12/31/06	757,482	6,473,933	7,749,412
Contributory Retirement System	1/01/98	\$ 197,833	499,390	183,276
	1/01/99	214,828	478,808	198,347
	1/01/00	231,996	451,865	210,623
	1/01/01	247,491	447,521	240,787
	1/01/02	267,963	425,956	254,993
	1/01/03	285,260	416,552	275,106
	1/01/04	283,694	409,430	289,445
	1/01/05	296,155	407,905	309,776
	1/01/06	307,907	408,420	310,982
	12/31/06	318,213	436,508	305,693
Public Safety Retirement System	1/01/98	\$ 86,500	394,325	471,275
	1/01/99	87,640	448,200	498,307
	1/01/00	87,169	485,980	532,017
	1/01/01	85,774	540,074	581,028
	1/01/02	85,106	610,272	670,756
	1/01/03	84,479	669,736	704,276
	1/01/04	81,121	742,358	733,279
	1/01/05	94,259	827,157	805,369
	1/01/06	91,737	921,115	821,600
	12/31/06	91,172	1,003,517	869,320
Firefighters Retirement System	1/01/98	\$ 60,314	189,904	134,757
	1/01/99	65,671	204,540	137,492
	1/01/00	70,055	212,537	136,565
	1/01/01	73,003	240,403	142,050
	1/01/02	76,510	257,301	157,463
	1/01/03	78,253	270,842	172,069
	1/01/04	79,177	289,194	181,007
	1/01/05	81,754	306,927	190,210
	1/01/06	82,292	329,322	202,745
	12/31/06	85,157	355,502	214,605
Judges Retirement System	1/01/98	\$ 7,419	34,607	20,380
	1/01/99	7,603	36,433	23,175
	1/01/00	7,990	35,621	24,523
	1/01/01	8,025	38,603	27,334
	1/01/02	8,355	40,022	37,610
	1/01/03	8,639	40,800	41,134
	1/01/04	7,873	47,713	42,316
	1/01/05	8,058	48,904	47,248
	1/01/06	7,893	51,524	47,545
	12/31/06	8,210	54,663	51,145
Utah Governors and Legislators Retirement Plan	1/01/98	\$ 224	4,467	2,307
	1/01/99	215	4,715	2,348
	1/01/00	204	5,573	2,476
	1/01/01	204	5,081	2,623
	1/01/02	203	5,079	2,900
	1/01/03	187	5,212	3,307
	1/01/04	178	5,044	3,590
	1/01/05	169	4,989	3,569
	1/01/06	147	5,268	3,559
	12/31/06	159	5,023	3,740

Actuarial Accrued Liabilities		Portion of Actuarial Accrued Liabilities Covered by Assets			
(4) Total Actuarial Accrued Liabilities	Actuarial Value of Assets	(1)	(2)	(3)	(4)
7,654,335	6,922,583	100%	100%	82%	90%
8,335,731	7,931,193	100	100	91	95
9,006,308	9,237,447	100	100	100	103
9,933,514	10,361,333	100	100	100	104
10,806,024	11,104,334	100	100	100	103
11,764,353	10,848,586	100	100	86	92
12,351,310	11,657,525	100	100	90	94
13,235,444	12,212,437	100	100	86	92
14,018,540	13,069,362	100	100	88	93
14,980,827	14,438,278	100	100	93	96
880,499	809,388	100%	100%	61%	92%
891,983	840,215	100	100	74	94
894,484	878,190	100	100	92	98
935,799	924,573	100	100	95	99
948,912	927,523	100	100	92	98
976,918	899,290	100	100	72	92
982,569	913,949	100	100	76	93
1,013,836	933,974	100	100	74	92
1,027,309	951,540	100	100	76	93
1,060,414	1,013,102	100	100	85	96
952,100	867,151	100%	100%	82%	91%
1,034,147	988,800	100	100	91	96
1,105,166	1,146,331	100	100	100	104
1,206,876	1,286,996	100	100	100	107
1,366,134	1,376,466	100	100	100	101
1,458,491	1,349,435	100	100	85	93
1,556,758	1,448,888	100	100	85	93
1,726,785	1,524,904	100	100	75	88
1,834,452	1,633,022	100	100	75	89
1,964,009	1,809,198	100	100	82	92
384,975	376,178	100%	100%	93%	98%
407,703	423,405	100	100	100	104
419,157	483,374	100	100	100	115
455,456	536,503	100	100	100	118
491,274	569,151	100	100	100	116
521,164	553,589	100	100	100	106
549,378	589,502	100	100	100	107
578,891	610,688	100	100	100	105
614,359	644,496	100	100	100	105
655,264	705,051	100	100	100	108
62,406	59,373	100%	100%	85%	95%
67,211	67,998	100	100	100	101
68,134	78,130	100	100	100	115
73,962	87,139	100	100	100	118
85,987	92,649	100	100	100	108
90,573	90,904	100	100	100	100
97,902	97,412	100	100	99	99
104,210	100,814	100	100	93	97
106,962	106,374	100	100	99	99
114,018	116,879	100	100	100	103
6,998	9,318	100%	100%	100%	133%
7,278	9,988	100	100	100	137
8,253	10,946	100	100	100	133
7,908	11,569	100	100	100	146
8,182	11,710	100	100	100	143
8,706	10,719	100	100	100	123
8,812	10,905	100	100	100	124
8,727	10,650	100	100	100	122
8,974	10,587	100	100	100	118
8,922	10,983	100	100	100	123

Schedules of Active Member Valuation Data

Year Ended December 31

System	Year	Number of Participating Employers	Active Members	Active Members			Inflation Increase (CPI)
				Annual Payroll	Average Pay	Percent Increase	
Noncontributory Retirement System	1997	344	75,599	\$2,200,988,000	30,013	5.01%	1.70%
	1998	349	77,512	2,365,650,000	31,063	3.50	1.60
	1999	356	81,132	2,499,087,000	31,577	1.65	2.70
	2000	367	81,894	2,659,200,000	32,744	3.70	3.40
	2001	374	81,383	2,832,060,000	34,581	5.61	1.60
	2002	376	82,486	2,926,449,000	35,481	2.60	2.40
	2003	380	83,156	2,959,347,000	35,806	0.92	1.90
	2004	391	85,046	3,084,317,000	36,643	2.34	3.30
	2005	401	85,637	3,165,504,000	37,633	2.70	3.40
	2006	409	87,219	3,326,392,000	37,786	0.41	2.50
Contributory Retirement System	1997	209	4,522	\$ 138,231,000	30,860	6.12%	1.70%
	1998	167	4,287	137,042,000	32,296	4.65	1.60
	1999	165	4,101	137,561,000	33,791	4.63	2.70
	2000	163	3,972	141,067,000	35,218	4.22	3.40
	2001	164	3,760	142,882,000	37,627	6.84	1.60
	2002	164	3,649	142,325,000	38,784	3.07	2.40
	2003	161	3,493	139,470,000	39,666	2.27	1.90
	2004	161	3,393	139,362,000	40,821	2.91	3.30
	2005	161	3,198	137,730,000	41,758	2.30	3.40
	2006	161	3,010	133,812,000	43,005	2.99	2.50
Public Safety Retirement System	1997	115	6,041	\$ 195,464,000	32,885	4.63%	1.70%
	1998	115	6,380	212,414,000	33,842	2.91	1.60
	1999	115	6,631	226,057,000	34,819	2.89	2.70
	2000	116	6,839	247,985,000	36,166	3.87	3.40
	2001	116	6,905	260,783,000	37,705	4.26	1.60
	2002	119	6,966	268,478,000	39,004	3.45	2.40
	2003	117	7,041	278,402,000	39,579	1.47	1.90
	2004	119	7,173	293,797,000	40,300	1.82	3.30
	2005	120	7,239	298,756,000	40,737	1.08	3.40
	2006	123	7,474	316,662,000	42,356	3.98	2.50
Firefighters Retirement System	1997	33	1,281	\$ 51,287,000	39,695	4.29%	1.70%
	1998	35	1,349	54,326,000	40,419	1.82	1.60
	1999	38	1,386	57,561,000	42,178	4.35	2.70
	2000	39	1,452	63,274,000	43,403	2.90	3.40
	2001	39	1,498	67,192,000	44,895	3.44	1.60
	2002	40	1,538	71,354,000	46,548	3.68	2.40
	2003	43	1,568	75,619,000	48,132	3.40	1.90
	2004	44	1,591	79,638,000	49,863	3.60	3.30
	2005	48	1,636	84,061,000	50,471	1.22	3.40
	2006	52	1,684	88,682,000	51,549	2.14	2.50
Judges Retirement System	1997	1	102	\$ 9,286,000	92,532	2.42%	1.70%
	1998	1	104	9,388,000	95,531	3.24	1.60
	1999	1	106	10,104,000	97,562	2.13	2.70
	2000	1	104	10,397,000	100,396	2.90	3.40
	2001	1	105	10,924,000	104,298	3.89	1.60
	2002	1	103	11,173,000	106,010	1.64	2.40
	2003	1	106	10,888,000	106,613	0.57	1.90
	2004	1	106	11,646,000	107,237	0.59	3.30
	2005	1	108	11,594,000	110,539	3.08	3.40
	2006	1	106	12,195,000	112,350	1.64	2.50
Utah Governors and Legislators Retirement Plan	1997	1	90	\$ 468,000	5,419	16.11%	1.70%
	1998	1	91	468,000	5,440	0.39	1.60
	1999	1	94	468,000	5,437	(0.06)	2.70
	2000	1	88	464,000	5,533	1.77	3.40
	2001	1	92	556,000	6,422	16.07	1.60
	2002	1	91	556,000	6,454	0.50	2.40
	2003	1	97	556,000	6,388	(1.02)	1.90
	2004	1	95	556,000	5,400	(15.47)	3.30
	2005	1	88	887,000	8,955	65.83	3.40
	2006	1	96	860,000	7,649	(14.58)	2.50

Schedules of Retirants and Beneficiaries

Year Ended December 31

System	Year	Number Added	Number Removed	Total Retirants and Beneficiaries	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
Noncontributory Retirement System	1997	1,429	78	13,223	\$186,262,000	15.66%	\$13,668
	1998	1,482	106	14,599	213,752,000	14.76	14,184
	1999	1,716	119	16,196	243,829,000	14.07	14,577
	2000	1,709	150	17,755	276,878,000	13.55	15,120
	2001	1,577	167	19,165	311,311,000	12.44	15,756
	2002	1,737	236	20,666	348,230,000	11.86	16,351
	2003	1,805	256	22,215	386,791,000	11.07	16,884
	2004	1,803	244	23,774	424,897,000	9.85	17,126
	2005	2,212	276	25,710	469,695,000	10.54	17,731
2006	2,728	284	28,154	533,248,000	13.53	18,387	
Contributory Retirement System	1997	69	545	9,753	\$ 63,884,000	(0.95)%	\$ 5,916
	1998	70	585	9,238	62,249,000	(2.56)	6,168
	1999	88	578	8,748	61,141,000	(1.78)	6,423
	2000	101	557	8,292	60,317,000	(1.35)	6,742
	2001	98	542	7,848	59,575,000	(1.23)	7,078
	2002	120	566	7,402	59,497,000	(0.13)	7,490
	2003	122	582	6,942	57,863,000	(2.75)	7,865
	2004	140	564	6,518	56,992,000	(1.51)	8,039
	2005	178	521	6,175	57,100,000	0.19	8,799
2006	187	510	5,852	58,546,000	2.53	9,503	
Public Safety Retirement System	1997	123	8	1,932	\$ 30,972,000	9.74%	\$14,868
	1998	169	15	2,086	34,374,000	10.98	15,360
	1999	160	22	2,224	38,549,000	12.15	16,248
	2000	151	4	2,371	42,769,000	10.95	16,974
	2001	271	53	2,589	48,607,000	13.65	17,743
	2002	162	30	2,721	53,962,000	11.02	18,801
	2003	183	26	2,878	59,941,000	11.08	19,796
	2004	204	35	3,047	66,329,000	10.66	20,816
	2005	252	31	3,268	74,041,000	11.63	21,724
2006	212	31	3,449	82,499,000	11.42	22,977	
Firefighters Retirement System	1997	43	9	710	\$ 14,321,000	11.12%	\$16,896
	1998	32	6	736	15,741,000	9.92	18,180
	1999	42	5	773	16,955,000	7.71	18,853
	2000	53	1	825	18,738,000	10.52	19,717
	2001	52	10	867	20,778,000	10.89	20,928
	2002	32	14	885	22,288,000	7.27	22,131
	2003	40	4	921	23,520,000	5.53	22,573
	2004	30	18	933	25,263,000	7.41	24,257
	2005	53	12	974	27,269,000	7.94	25,319
2006	44	5	1,013	29,497,000	8.17	26,430	
Judges Retirement System	1997	5	1	73	\$ 2,690,000	8.82%	\$35,796
	1998	3	3	73	3,002,000	11.60	39,912
	1999	1	1	73	3,160,000	5.26	42,032
	2000	2	—	75	3,322,000	5.13	43,018
	2001	4	1	78	3,659,000	10.14	45,547
	2002	1	2	77	3,804,000	3.96	48,014
	2003	8	2	83	4,361,000	14.64	51,023
	2004	2	1	84	4,518,000	3.62	52,243
	2005	5	1	88	4,755,000	5.25	52,465
2006	3	2	89	5,251,000	10.43	57,325	
Utah Governors and Legislators Retirement Plan	1997	12	2	210	\$ 519,000	2.98%	\$ 2,400
	1998	7	4	213	538,000	3.66	2,460
	1999	13	5	221	583,000	8.36	2,556
	2000	5	7	219	662,000	13.55	2,649
	2001	10	—	229	691,000	4.38	2,606
	2002	7	5	231	708,000	2.46	2,648
	2003	3	11	223	726,000	2.54	2,817
	2004	6	8	221	712,000	(1.93)	2,804
	2005	12	3	230	755,000	6.04	2,851
2006	3	11	222	758,000	0.40	2,983	

Noncontributory Retirement System

Summary of Plan Provisions



Noncontributory Retirement System																			
Description	Requirement																		
Membership Eligibility	The Public Employees Noncontributory Retirement System was established on July 1, 1986. All eligible employees of the State and School entities hired subsequent to that date are automatically members of the Noncontributory System. Local government entities had the option of adopting the new System or remaining with the Contributory System. An employee is qualified for membership in the Noncontributory System if his or her employer participates in the System and the employee works at least 20 hours per week and receives benefits normally provided by his or her employer as approved by the Retirement Board, teachers who teach half-time, and classified school employees who work an average of 20 hours or more per week, regardless of benefits provided.																		
Vesting	Retirement benefit becomes vested upon the member's completion of 4 years of qualifying service.																		
Service Retirement	<table border="1"> <thead> <tr> <th>Age</th> <th>Years of Service</th> <th>Allowance Reduction†</th> </tr> </thead> <tbody> <tr> <td>Any age</td> <td>30</td> <td>None</td> </tr> <tr> <td>Any age</td> <td>25</td> <td>Full actuarial before age 60</td> </tr> <tr> <td>60-61</td> <td>20</td> <td>3% each year before age 65</td> </tr> <tr> <td>62-64</td> <td>10</td> <td>3% each year before age 65</td> </tr> <tr> <td>65</td> <td>4</td> <td>None</td> </tr> </tbody> </table> <p>†With fewer than 30 years of service from any combination of Utah Retirement Systems, retiring before age 65 will reduce the monthly benefit approximately 7% for every year under age 60 and 3% for each year between ages 60 and 65.</p>	Age	Years of Service	Allowance Reduction†	Any age	30	None	Any age	25	Full actuarial before age 60	60-61	20	3% each year before age 65	62-64	10	3% each year before age 65	65	4	None
Age	Years of Service	Allowance Reduction†																	
Any age	30	None																	
Any age	25	Full actuarial before age 60																	
60-61	20	3% each year before age 65																	
62-64	10	3% each year before age 65																	
65	4	None																	
Service Benefit Formula	<p>Number of years of service x 2.0% x FAS*.</p> <p>*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</p>																		
Cost of Living Allowance	Up to 4% annually on the original retirement benefit. Eligible after one year.																		
Death Benefits	<p>An active member's death benefit consists of an insurance payment equal to 75% of the highest annual salary with a minimum of \$1,000 and a refund of transferred contributions plus interest. The spouse of a deceased member is eligible for a monthly benefit if they have been married for at least six months and the member meets age and service qualifications or has 15 or more years of service credit.</p> <p>An inactive member's death benefit for someone with fewer than ten years of service consists of a refund of transferred contributions plus interest. For those with ten or more years of service credited to their account prior to July 1, 1987 and who have not withdrawn their contributions, the benefit is the same as for active members.</p> <p>A retired member's death benefit depends on the retirement option selected at retirement. No death benefit is available without a reduced retirement benefit.</p>																		
Refunds	A terminated member who transferred from the Contributory Retirement System is eligible for a 100% refund of transferred member contributions plus interest. There is a 60-day refund processing period after the last day of paid employment.																		
Redeposits	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.																		
Contribution Rates (as of 12-31-06)	Employer rate for State & School (Level A) is 14.22% of covered salary and 11.59% for Local Government (Level B).																		
Interest	Up to 8% on member accounts transferred from the Contributory Retirement System.																		

Contributory Retirement System

Summary of Plan Provisions



Contributory Retirement System																
Description	Requirement															
Membership Eligibility	The Public Employees Contributory Retirement System includes eligible public employees of the State of Utah and its political subdivisions including public education employees of those entities covered by the System. An employee is qualified for membership in the Contributory System if his or her employer participates in the System and the employee works at least 20 hours per week and receives benefits normally provided by his or her employer as approved by the Retirement Board, teachers who teach half-time, and classified school employees who work an average of 20 hours per week or more regardless of benefits provided.															
Vesting	Retirement benefit becomes vested upon the member's completion of 4 years of qualifying service. Eligible member contributions and interest thereon vest immediately.															
Service Retirement	<table border="1"> <thead> <tr> <th>Age</th> <th>Years of Service</th> <th>Allowance Reduction†</th> </tr> </thead> <tbody> <tr> <td>Any age.....</td> <td>30.....</td> <td>None</td> </tr> <tr> <td>60-61.....</td> <td>20.....</td> <td>3% each year before age 65</td> </tr> <tr> <td>62-64.....</td> <td>10.....</td> <td>3% each year before age 65</td> </tr> <tr> <td>65.....</td> <td>4.....</td> <td>None</td> </tr> </tbody> </table> <p>†With fewer than 30 years of service from any combination of Utah Retirement Systems, retiring before age 65 will reduce the monthly benefit by 3% for each year between ages 60 and 65.</p>	Age	Years of Service	Allowance Reduction†	Any age.....	30.....	None	60-61.....	20.....	3% each year before age 65	62-64.....	10.....	3% each year before age 65	65.....	4.....	None
Age	Years of Service	Allowance Reduction†														
Any age.....	30.....	None														
60-61.....	20.....	3% each year before age 65														
62-64.....	10.....	3% each year before age 65														
65.....	4.....	None														
Service Benefit Formula	<p>1) Number of years of service before 7-1-75 x 1.25% x FAS*. 2) Number of years of service after 6-30-75 x 2.0% x FAS*. 3) Plan 1 allowance = total of 1 and 2.</p> <p>*FAS (Final Average Salary) = highest five years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</p>															
Cost of Living Allowance	Up to 4% annually on the original retirement benefit. Eligible after one year.															
Death Benefits	<p>An active member's death benefit consists of an insurance payment equal to 75% of the highest annual salary with a minimum of \$1,000 and a refund of contributions plus interest. The spouse of a deceased member is eligible for a monthly benefit if they have been married for at least six months and the member meets age and service qualifications, or has 25 years of service.</p> <p>An inactive member's death benefit for someone with fewer than ten years of service consists of a refund of contributions plus interest. For those with ten or more years of service credited to their account prior to July 1, 1987 and who have not withdrawn their contributions, the benefit is the same as for active members.</p> <p>A retired member's death benefit depends on the retirement option selected at retirement. No death benefit is available without a reduced retirement benefit.</p>															
Refunds	A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 60-day refund processing period after the last day of paid employment.															
Redeposits	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.															
Contribution Rates (as of 12-31-06)	Member contribution rate is 6.00%* of covered salary. Employer rate for State and School (Level A) is 9.73% of covered salary and 7.58% for Local Government (Level B). *Employers have the option of paying all or part of member contributions on behalf of their employees.															
Interest	Up to 8% on member accounts.															

Public Safety Retirement System

Summary of Plan Provisions



Public Safety Retirement System			
Description	Requirement		
Membership Eligibility	The Public Safety Retirement System includes eligible state and local government employees directly involved in law enforcement. The Public Safety System consists of the Contributory and Noncontributory divisions. Employees are qualified for membership in the Public Safety System if: (1) they are regularly scheduled to work and be compensated for 2,080 hours a year in a recognized public safety department; (2) they have completed a certified training program; (3) their primary duty is as a peace officer, correctional officer or special function officer; and (4) in the course of employment their life or personal safety is at risk.		
Vesting	Retirement benefit becomes vested upon the member's completion of 4 years of service credit. Eligible member contributions vest immediately.		
Service Retirement	Age	Years of Service	Allowance Reduction
	Any age	20	None
	60	10	None
	65	4	None
Service Benefit Formula	1) $2.5\% \times \text{FAS}^* \times \text{years of service up to 20 years.}$ 2) $2.0\% \times \text{FAS}^* \times \text{years of service over 20 years.}$ 3) Monthly benefit = total of 1 and 2.** <i>*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</i> <i>**Benefits paid cannot exceed 70% of FAS.</i>		
Cost of Living Allowance	Up to 2.5% annually on original retirement benefit. Eligible after one year.		

Public Safety Retirement System
Summary of Plan Provisions *(Continued)*



Public Safety Retirement System	
Description	Requirement
Death Benefits	<p>Division A (with Social Security) If death is in the line of duty, the benefit to the surviving spouse is \$1,000 plus a monthly benefit of 30% of the final average salary. In the noncontributory system only, if the member has 20 years of service credit, the spouse's benefit is the same as for a retired member. If death is not in the line of duty, the benefit is \$1,000 or a refund of contributions for members with fewer than 10 years of service. For more than 10 years of service, the benefit to the surviving spouse is \$500 plus a monthly benefit of 2% of the final average salary for each year of service to a maximum of 30% of the final average salary. If there is no spouse, the settlement is a 100% refund of vested contributions payable to the beneficiary, or \$500, whichever is greater. Dependent children receive no additional benefits. A retired member's death benefit to the surviving spouse is 65% of the monthly benefit.</p> <p>Division B (without Social Security) If death is in the line of duty, the benefit to the surviving spouse is \$1,500 plus a monthly benefit of 37.5% of the final average salary. Each unmarried child under 18 or dependent unmarried mentally or physically disabled child receives \$50 per month if the member had two or more years of service. If death is not in the line of duty, the benefit is a refund of contributions plus 50% of the last 12 months of salary for members with fewer than two years of service. For members with more than two years of service, the benefit is the same as that for death in the line of duty. If there is no spouse, the settlement is a 100% refund of vested contributions payable to the beneficiary, or \$500, whichever is greater. A retired member's death benefit to a surviving spouse is 65% of the monthly benefit. An unmarried child under 18 or dependent unmarried mentally or physically disabled child receives \$50 per month.</p>
Refunds	A terminated member is eligible for a 100% refund of member contributions. There is a 60-day refund processing period after the last day of paid employment.
Redeposits	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.
Contribution Rates <small>(as of 12-31-06)</small>	<p>Noncontributory Option Employer rates for Division A are: State units 26.75%; Bountiful 19.99%; and other units 22.38% of covered salary. Employer rates for Division B are: Salt Lake City 35.71%; Ogden 30.44%, Logan 25.48% and all other units 25.49% of covered salary.</p> <p>Contributory Option Member rates in Division A are: State units 12.29%; and all other units 12.29% of covered salary. Member rates in Division B are: Salt Lake City 13.74%; Logan 11.13%; Provo 13.54%; and other units 10.50% of covered salary.* Employer rates for Division A are: State units 15.46%; and other law enforcement units 11.01% of covered salary. Employer rates for Division B are: Salt Lake City 22.99%; Logan 14.61%; Provo 15.57%; and other units 15.69% of covered salary.</p> <p><i>*Employers have the option of paying all or part of member contributions on behalf of their employees.</i></p>
Interest	Up to 8% on member accounts.

Firefighters Retirement System

Summary of Plan Provisions



Firefighters Retirement System			
Description	Requirement		
Membership Eligibility	<p>The Firefighters Retirement System includes eligible state and local government employees directly involved in fire fighting and whose duties are classified as hazardous. If an employer does not classify the duties as hazardous, the employee will be enrolled in either the Public Employees Contributory or Noncontributory Retirement System. Employees are qualified for membership in the Firefighters System if they are regularly scheduled to work and be compensated for 2,080 hours a year in a regular constituted fire department and are regularly assigned to hazardous duty. Although volunteer firefighters who are on the rolls of a regularly constituted fire department do not contribute to the System and are not eligible for service retirement benefits, they or their beneficiaries receive benefits based on the salary of the lowest paid firefighters in a first-class city if they are disabled or killed in the line of duty.</p>		
Vesting	<p>Retirement benefit becomes vested upon the member's completion of 4 years of service credit. Eligible member contributions vest immediately.</p>		
Service Retirement	Age	Years of Service	Allowance Reduction
	Any age	20	None
	60	10	None
	65	4	None
Service Benefit Formula	<p>1) 2.5% x FAS* x years of service up to 20 years 2) 2.0% x FAS* x years of service over 20 years. 3) Monthly benefit = total of 1 and 2.**</p> <p><i>*FAS (Final Average Salary) = highest three years' earnings converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI. **Benefits paid cannot exceed 70% of FAS, but cannot be less than \$500.</i></p>		
Cost of Living Allowance	<p>Up to 4.0% annually on original retirement benefit. Eligible after one year.</p>		
Disability Benefits	<p>If disability is in the line of duty, the benefit is 50% of the final average salary with no minimum age or service requirements. If disability is not in the line of duty, the benefit is a refund of contributions for members with fewer than five years of service. For members with more than five years of service, the benefit is the same as that for disability incurred in the line of duty. Benefits are suspended while receiving Workers Compensation.</p>		

Firefighters Retirement System
Summary of Plan Provisions *(Continued)*



Firefighters Retirement System (Cont.)	
Description	Requirement
Death Benefits	<p>Division A (with Social Security) If death is in the line of duty, the benefit to the surviving spouse is \$1,500 plus a monthly benefit of 30% of final average salary. If death is in the line of duty, and the member has 20 or more years of service credit, the spouse's benefit is the same as for a retired member. Total benefits cannot exceed 70% of the final average salary.</p> <p>If death is not in the line of duty, the benefit is \$1,000 or a refund of contributions for members with fewer than 10 years of service. For members with more than 10 years of service, the benefit to the surviving spouse consists of \$500 plus a monthly benefit of 2% of the final average salary for each year of service to a maximum of 30% of the final average salary.</p> <p>Division B (without Social Security) If death is in the line of duty, the benefit to the surviving spouse is \$1,500 plus a monthly benefit of 37.5% of the final average salary. Each unmarried child under 21 or dependent unmarried mentally or physically disabled child receives \$75 per month if the member had five or more years of service. If death is in the line of duty, and the member has 20 or more years of service credit, the spouse's benefit is the same as for a retired member.</p> <p>If death is not in the line of duty, the benefit is a refund of contributions plus 50% of the last 12 months of salary for members with fewer than five years of service. For members with more than five years of service, the benefit is the same as that for death in the line of duty. If there is no spouse, the settlement is a 100% refund of vested contributions payable to the beneficiary, or \$500, whichever is greater. Total benefits cannot exceed 70% of the final average salary.</p> <p>A retired member's death benefit to a surviving spouse is 75% of the monthly benefit with a minimum monthly payment of \$350. An unmarried child under 21 or dependent unmarried mentally or physically disabled child receives \$75 per month.</p>
Refunds	A terminated member is eligible for a 100% refund of member contributions. There is a 60-day refund processing period after the last day of paid employment.
Redeposits	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.
Contribution Rates <small>(as of 12-31-06)</small>	<p>Member rate in Division A is 10.84% of covered salary. Member rate in Division B is 8.72% of covered salary.* Employer rate in Division A is 0.00% and in Division B is 0.00% of covered salary. A fire insurance premium tax equal to 12.08% of salaries is also an additional part of the employer contribution rates.</p> <p>Fire insurance premium taxes are collected by the Utah State Treasurer for the Firefighters Retirement System to help fund retirement benefits.</p> <p><i>*Employers have the option of paying all or part of member contributions on behalf of their employees.</i></p>
Interest	Member contributions receive no interest.

Judges Retirement System

Summary of Plan Provisions



Judges Retirement System			
Description	Requirement		
Membership Eligibility	The Judges Retirement System includes justices and judges of the courts of record as authorized in state statutes.		
Vesting	Retirement benefit becomes vested upon the member's completion of 6 years of service credit. Eligible member contributions and interest thereon vest immediately.		
Service Retirement	Age	Years of Service	Allowance Reduction
	Any age	25	None
	55	20	Full actuarial reduction
	62	10	None
	70	6	None
Service Benefit Formula	1) 5.00% x FAS* x years of service up to 10 years. 2) 2.25% x FAS* x years of service between 10 and 20 yrs. 3) 1.00% x FAS* x years of service over 20 years. 4) Monthly benefit = total of 1, 2, and 3.** <i>*FAS (Final Average Salary) = highest two years' earnings in judicial service converted to a monthly average. Yearly salary increases are limited to 10% plus a COLA determined by the CPI.</i> <i>**Benefits paid cannot exceed 75% of FAS.</i>		
Cost of Living Allowance	Up to 4% compounded annually, beginning one year after retirement.		
Death Benefits	An active or inactive member's death benefit to the surviving spouse consists of a refund of member contributions and interest plus 65% of the final average salary on a yearly rate, or a monthly allowance equal to 65% of the amount computed for a service retirement with no early retirement reduction. A retired member's death benefit to the surviving spouse is 65% of the member's monthly benefit at the time of death. If the member elected a reduced monthly benefit, the surviving spouse will receive a death benefit of 75% of the member's monthly benefit.		
Refunds	A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 60-day refund processing period after the last day of paid employment.		
Redeposits	A redeposit with interest may be made in monthly installments, by a lump-sum payment, or by direct transfer from a qualified plan. A redeposit must be completed prior to retirement. Service credit is restored when the redeposit is completed.		
Contribution Rates (as of 12-31-06)	Noncontributory Option — Employer rate includes 9.79% of covered salary and 18.04% from court fees. Contributory Option — Member rate is 2.00% of covered salary. Employer rate includes 7.79% of covered salary and 18.04% from court fees.		
Interest	Up to 8% on member accounts.		

Utah Governors and Legislators Retirement Plan

Summary of Plan Provisions



Utah Governors and Legislators Retirement Plan			
Description	Requirement		
Membership Eligibility	The Utah Governors and Legislators Retirement Plan includes only governors and legislators of the State of Utah.		
Vesting	Retirement benefit becomes vested upon the member's completion of 4 years of service credit.		
Service Retirement	Age	Years of Service	Allowance Reduction
	65	4	None
	62	10	3% each year before age 65
Service Benefit Formula	<p>Governors \$500 per month per term increased semi-annually up to 2% based on the CPI. The amount as of 12-31-06 is \$1,160 per term.</p> <p>Legislators \$10 per month per each year of service as a legislator increased semi-annually up to 2% based on the CPI. The amount as of 12-31-06 is \$25.60.</p>		
Cost of Living Allowance	Up to 4% annually on the original retirement benefit. Eligible after one year.		
Death Benefits	An active or retired member's death benefit to a spouse consists of a monthly pension equal to 50% of the retirement allowance paid, or to which the member would have been entitled to upon reaching age 65, if the member has four or more years of service as a governor or legislator. The deceased member and surviving spouse must have been married at least six months.		
Contribution Rates (as of 12-31-06)	There are currently no required contributions to the Utah Governors and Legislative Retirement Plan.		

Utah Retirement Systems

Summary of Plan Provisions *(Continued)*

Changes in Plan Provisions

The following retirement-related bills were passed by the 2006 Utah Legislature:

Public Employees Retirement System

HB 209 Partial Lump-Sum Option (PLSO)

Allows a member to choose either 12 or 24 months of his/her retirement benefit as a one-time lump-sum payment at retirement with an actuarial reduction of the remaining lifetime benefit.

HB 346 State Employee Retirement Exclusion

Allows certain employees of the governor's office of economic development and legislative leadership offices to exempt from coverage under the Public Employees' Contributory/ Noncontributory Retirement System; makes technical changes.

Public Safety Retirement System

HB 269 Retirement System Continuity

Allows employees in the Public Safety Retirement System who are reassigned to the Department of Technology Services or to the Department of Human Resource Management to remain in the same retirement system.

General

HB 11 Retirement Office Amendments

- Clarifies the purchase of service credit provisions:
 - Defines conditions under which certain purchases of service are permissible.
 - Requires that purchase payments be made to the retirement system in which the member is currently enrolled;
 - Includes public employment in a US territory;
- Requires that a court ordered distribution of benefits be made within 12 months following the death of the member;
- Requires that a United States Bureau of Labor Statistics Consumer Price Index average shall be used in calculating annual cost-of-living adjustments.

HB 224 (SUB) Retirement System Participation

Allows continuing retirement coverage for employees of a private corporation if they are transferred to a subsidiary or another company; allows such companies to continue or withdraw from retirement participation.



Defined Contribution Plans

Summary of Plan Provisions

Introduction

The 401(k), 457, Roth and Traditional IRA Plans administered by the Board are Defined Contribution Savings Plans. These Plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems. These Plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue Code and are available to state, local government, and education employees throughout Utah whose employers have adopted the plans.

Goals and Objectives

The purpose of these plans is to allow public employees throughout Utah to adequately prepare themselves for retirement by investing a portion of their income in one or more of these supplemental retirement plans.

It has long been recognized that in order for people to experience the comfortable and rewarding retirement they desire, they cannot rely entirely upon Social Security and their employer provided retirement. Employees must take the initiative to personally put aside a portion of their salary into some type of long term savings plan. These tax-advantaged plans provide exceptional vehicles to accomplish the goal of a well balanced retirement plan. Employees who begin participating in these plans early in their careers can accumulate sizeable assets by the time they retire.

Employer Contributions

In addition to accepting employee contributions, the 401(k) and 457 plans also accept employer contributions on behalf of their employees. All state and public education employees participating in the Noncontributory Retirement System receive an amount equal to 1.5% of their salary in the 401(k) Plan. All local government employers also have the option of contributing to the 401(k) and 457 Plans on behalf of their employees. Many contribute amounts in excess of the 1.5% the State contributes. Some employers match employee contributions.

Social Security Substitute

Local governments that have exempted themselves from Social Security coverage and have part-time, temporary, or seasonal employees, who are not participating in a qualifying retirement system, must cover these employees with a substitute plan.

Employers may use the 401(k)/457 Plans as a qualifying retirement system for these employees, but must contribute a minimum of 7.5% of salary to the Plan(s) in their behalf for it to be considered a "qualifying system." The employer may contribute the 7.5% themselves, or they may require their employees to pay a portion or all of it.

Summary of Plan Provisions

Deferral Limits

401(k)—Limited in 2006 to an annual maximum of \$15,000. Employer contributions and employee deferrals combined could not exceed the lesser of \$44,000 or 100% of compensation.

457—Limited to an annual maximum of \$15,000 or 100% of includable compensation.

Roth and Traditional IRA—Limited to an annual maximum of \$4,000 into all IRAs owned by the participant.

Coordination of Deferrals

401(k)—Deferrals to the 401(k) and 403(b) plans must be coordinated.

457—Contributions to the 457 must be coordinated with all 457 plans offered by the employer.

Roth and Traditional IRA—All IRA contributions must be coordinated.

Defined Contribution Plans

Summary of Plan Provisions *(Continued)*

Catch-up Provisions

401(k)—An additional \$5,000 for participants 50 or older during the year.

457—An additional \$5,000 for participants age 50 or older during the year. There is an additional “special catch-up” provision for individuals who are within four years of retirement eligibility. It allows participants to double their contributions to a *457* plan during the three years immediately preceding the year they qualify for retirement. However, the special catch-up is limited to unused deferrals allowed in previous years.

Roth and Traditional IRA—An additional \$1,000 for participants 50 or older.

Withdrawals

401(k)—Allowable upon termination of employment, age 59 1/2, retirement, disability, death, or hardship caused by immediate and heavy financial needs.

457—Allowable upon termination of employment, age 70 1/2, retirement, death, or severe unforeseeable financial emergencies.

Roth and Traditional IRA—Allowable at any time, but with possible tax penalties if withdrawn prior to age 59 1/2.

Rollovers

401(k)—Allowable from other eligible retirement plans, or to other eligible retirement plans upon termination of employment or other qualifying events. May be either a direct rollover by the Plan or by the participant within 60 days after distribution.

457—Allowable to other eligible retirement plan or from another *457* plan.

Roth and Traditional IRA—Allowable from other eligible retirement plans or to other eligible plans (depending on acceptance of receiving plan).

Vesting

401(k)—Fully vested.

457—Fully vested.

Roth and Traditional IRA—Fully vested.

Loans

401(k) and *457*—Available up to 50% of member account balance, to a maximum of \$50,000. Only one outstanding loan allowed, per plan.

Roth and Traditional IRA—Not available.

Short Term Trading Fees

Each time money managers purchase or redeem stocks and bonds there are trading costs involved. Because of the costs generated by frequent or short term trading, it became necessary to impose a short term trading fee. Individuals who transfer any or all of their current account between core investment options more often than once every 30 days, are charged 2% of the amount transferred for each additional trade. Each transfer starts a new 30 day period.

Investment Transfer Options

Changes in deferral amounts and in the investment options for future contributions may be made at any time. Participants may make one transfer of accumulated balances within each plan no more frequently than every seven calendar days.

2006 Core Investment Options

Income Fund

The *Income Fund* is a stable value option which invests in a diversified portfolio consisting of U.S. government securities, mortgages, corporate bonds, guaranteed investment contracts, and short term funds. This fund is the most conservative of the investment options and offers the most stable return.

Bond Fund

The *Bond Fund* invests in a diversified portfolio consisting of U.S. government securities, mortgages, corporate bonds, and short term funds.

Balanced Fund

The *Balanced Fund* invests in a portfolio consisting of approximately 60% stocks, and 40% bonds. This fund is considered less risky than most stock investments but has higher risk than most fixed income investments.

Large Cap Stock Value Fund

The *Large Cap Stock Value Fund* invests in a diversified portfolio of common stocks that appear to be undervalued by the stock market but have a favorable outlook for long term growth.

Large Cap Stock Index Fund

The *Large Cap Stock Index Fund* invests in stocks included in the Standard & Poor's 500 Index and is similarly weighted. This fund represents a broad range of industries in the U.S. economy.

Defined Contribution Plans

Summary of Plan Provisions *(Continued)*

Large Cap Stock Growth Fund

The *Large Cap Stock Growth Fund* emphasizes capital appreciation and seeks to identify companies with future relative earnings strength at a reasonable valuation.

International Fund

The *International Fund* invests primarily in stocks of companies outside of the United States. This fund offers international diversification, but adds currency risk and country risk not found in a U.S. fund. Accordingly, the risk and return potential of this fund is considered greater than a large cap U.S. fund.

Small Cap Stock Fund

The *Small Cap Stock Fund* invested in a broad cross-section of U.S. small companies whose size (market capitalization) falls within the smallest 8% of the market universe. The market universe is comprised of companies listed on the NYSE, AMEX, and NASDAQ.

Brokerage Window

The brokerage window is a self-directed brokerage account available through Charles Schwab. The brokerage account offers a wide variety of investment options with varying degrees of risk. The brokerage window allows the participant to choose from mutual funds, stocks, bonds, and exchange traded funds (ETFs).

Horizon Funds

A *Horizon Fund* asset allocation is designed to help those who want to diversify their investment. If they select one of the three Horizon Funds, contributions will be allocated to the investment options according to the following table. The Horizon Funds will generally rebalance quarterly if target ranges are exceeded. Utah Retirement Systems reserves the right to change these percentages as needed.

The *Short Horizon Fund* is designed for investors expecting to withdraw their funds within five years. This fund provides a relatively conservative investment with a more stable rate of return. However, with reduced market risk there is usually a lower rate of return over the long term.

The *Medium Horizon Fund* is designed for investors planning to withdraw their funds in five to ten years. This fund emphasizes moderate risk and moderate earnings potential. It has more risk than the Short Horizon Fund, but less than the Long Horizon Fund.

Horizon Funds Asset Allocations

	Short Horizon Fund	Medium Horizon Fund	Long Horizon Fund
Income Fund	15%	—	—
Bond Fund	55	45	20
Large Cap Stock Value Fund	5	10	10
Large Cap Stock Index Fund	5	15	25
Large Cap Stock Growth Fund	5	10	10
International Fund	10	15	25
Small Cap Stock Fund	5	5	10
Total	100%	100	100

The *Long Horizon Fund* is designed for investors with ten or more years to invest before withdrawing their funds. The fund offers the potential for higher returns over a long period of time. There is higher market risk with this horizon fund, along with higher potential returns.

Health Reimbursement Arrangement

The Health Reimbursement Arrangement (HRA) is a tax-advantaged health savings plan funded by employer contributions to pay for qualified health care expenses incurred after retirement.

Eligibility — Benefits are eligible for the retiree, spouse, and dependents as defined by the Internal Revenue Service.

Contributions — HRA rules require that all contributions be made by the employer and are determined by the employer's personnel policies. Contributions are generally from unused sick leave or other leave.

Refunds, Administration and Fees — Money is available until all the funds are used. Any money remaining in the account rolls over from year to year. For a comprehensive list of eligible expenses, see IRS Publication 502, *Medical and Dental Expenses*.

Contributions are placed in an interest bearing account managed by Northern Trust. Investment management and administrative fee totaling 0.6% are deducted from earnings. There is also a \$2.50 monthly fee for the benefit card and claims processing.

The historical rates of returns for each investment fund are found on page 105.

All Retirement Systems

Deductions by Type



2006

Utah
Retirement
Systems

Comprehensive
Annual
Financial Report

Statistical

Section



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Schedules of Changes in Fund Balance — Defined Benefit Systems

Year Ended December 31

(dollars in thousands)

System	Year	Beginning Net Assets	Member Contributions	Total Employer Contributions		Contributions as a Percent of Covered Payroll	Net Investment Income
				Employer Contributions	Court Fees/ Fire Insurance Tax		
Noncontributory Retirement System	1997	\$ 6,510,470	7,301	294,937	—	13.40%	\$ 1,047,207
	1998	7,712,364	7,698	318,635	—	13.47	734,399
	1999	8,572,101	10,829	338,704	—	13.55	1,421,401
	2000	10,111,101	11,518	352,339	—	13.25	186,787
	2001	10,423,745	10,969	331,951	—	11.72	(5,44,848)
	2002	9,905,802	12,496	291,256	—	9.95	(788,906)
	2003	9,073,766	11,517	314,511	—	10.63	2,315,577
	2004	11,280,140	14,377	369,109	—	11.97	1,547,605
2005	12,786,130	19,817	406,795	—	12.85	1,185,095	
2006	13,892,439	22,646	440,421	—	13.24	2,006,738	
Contributory Retirement System	1997	\$ 912,390	8,537	10,651	—	7.71%	\$ 133,286
	1998	943,494	8,399	10,729	—	7.83	84,692
	1999	954,147	8,525	10,840	—	7.43	17,543
	2000	1,030,515	8,464	10,484	—	7.43	17,543
	2001	946,420	8,604	8,480	—	5.93	(47,761)
	2002	843,982	8,923	6,735	—	4.73	(64,251)
	2003	716,132	8,673	7,297	—	5.23	186,339
	2004	889,808	9,023	9,564	—	6.86	117,340
2005	949,393	10,300	10,357	—	7.52	88,388	
2006	1,018,525	9,534	10,737	—	8.02	144,012	
Public Safety Retirement System	1997	\$ 831,262	4,345	34,217	—	17.51%	\$ 132,490
	1998	970,857	4,463	40,099	—	18.88	92,284
	1999	1,073,781	3,900	45,110	—	19.96	177,027
	2000	1,261,920	4,132	49,113	—	19.90	23,226
	2001	1,296,078	3,976	46,113	—	17.68	(67,688)
	2002	1,229,903	4,258	42,264	—	15.74	(97,816)
	2003	1,124,549	4,448	46,655	—	16.76	288,126
	2004	1,404,167	5,038	56,319	—	19.17	192,784
2005	1,594,043	4,806	61,326	—	20.53	148,071	
2006	1,736,451	4,567	70,466	—	22.25	250,813	
Firefighters Retirement System	1997	\$ 362,555	8,358	2,836	4,552	14.41%	\$ 57,541
	1998	421,184	8,771	2,546	4,391	12.77	39,699
	1999	460,190	9,352	1,221	4,516	9.97	75,242
	2000	532,783	9,617	140	6,615	10.68	9,733
	2001	540,822	7,549	—	8,354	12.43	(28,038)
	2002	508,565	5,800	—	9,454	13.25	(40,198)
	2003	461,323	6,055	—	9,059	11.98	117,392
	2004	570,160	6,292	—	8,659	10.87	77,602
2005	637,979	6,726	—	9,601	11.42	58,827	
2006	686,062	7,761	—	9,518	10.73	98,566	
Judges Retirement System	1997	\$ 55,757	462	1,305	1,901	34.53%	\$ 8,933
	1998	66,299	15	1,792	1,912	39.45	6,260
	1999	73,650	8	1,637	1,681	32.84	12,048
	2000	85,921	8	1,476	1,946	32.91	1,571
	2001	87,731	7	1,007	2,046	27.94	(4,559)
	2002	82,760	5	472	2,381	25.53	(6,564)
	2003	75,753	103	551	1,939	22.87	19,417
	2004	94,467	8	723	1,808	21.73	12,852
2005	105,483	8	792	1,605	20.67	9,762	
2006	113,353	10	995	1,723	22.29	16,287	
Utah Governors and Legislators Retirement Plan	1997	\$ 9,561	—	—	—	—%	\$ 1,481
	1998	10,531	—	—	—	—	973
	1999	10,976	—	—	—	—	1,757
	2000	12,159	—	—	—	—	218
	2001	11,724	—	—	—	—	(595)
	2002	10,448	—	—	—	—	(806)
	2003	8,932	—	—	—	—	2,202
	2004	10,390	—	—	—	—	1,381
2005	11,066	—	—	—	—	997	
2006	11,319	—	—	—	—	1,589	

Transfers from Systems	Total Additions	Benefit Payments	Refunds	Administrative & Actuarial Expense	Transfers to Systems	Total Deductions	Changes in Net Assets	Ending Net Assets
50,333	1,399,778	186,262	4,995	6,323	304	197,884	1,201,894	7,712,364
27,219	1,087,951	213,752	4,500	6,460	3,502	228,214	859,737	8,572,101
28,034	1,798,968	243,829	4,343	7,093	4,703	259,968	1,539,000	10,111,101
51,020	601,664	276,878	5,292	6,850	—	289,020	312,644	10,423,745
5,255	(196,673)	311,311	3,264	6,695	—	321,270	(517,943)	9,905,802
12,166	(472,988)	348,230	3,715	7,103	—	359,048	(832,036)	9,073,766
—	2,641,605	386,791	3,310	8,124	37,006	435,231	2,206,374	11,280,140
10,583	1,941,674	424,897	3,029	7,758	—	435,684	1,505,990	12,786,130
—	1,611,707	469,695	3,189	7,557	24,957	505,398	1,106,309	13,892,439
112	2,469,917	533,248	2,763	7,862	—	543,873	1,926,044	15,818,483
—	152,474	63,884	4,735	794	51,957	121,370	31,104	943,494
1,735	105,555	62,249	4,168	743	27,742	94,902	10,653	954,147
1,770	169,929	61,141	4,232	789	27,399	93,561	76,368	1,030,515
—	36,491	60,317	5,040	680	54,549	120,586	(84,095)	946,420
—	(30,677)	59,575	3,087	654	8,445	71,761	(102,438)	843,982
—	(48,593)	59,497	3,716	624	15,420	79,257	(127,850)	716,132
33,263	235,572	57,863	3,358	675	—	61,896	173,676	889,808
—	135,927	56,992	2,945	618	15,787	76,342	59,585	949,393
19,565	128,610	57,100	1,800	578	—	59,478	69,132	1,018,525
—	164,283	58,546	1,789	576	6,481	67,392	96,891	1,115,416
918	171,970	30,972	611	792	—	32,375	139,595	970,857
1,938	138,784	34,374	639	803	44	35,860	102,924	1,073,781
2,305	228,342	38,549	731	916	7	40,203	188,139	1,261,920
2,027	78,738	42,769	971	840	—	44,580	34,158	1,296,078
1,416	(16,183)	48,607	542	843	—	49,992	(66,175)	1,229,903
1,956	(49,338)	53,962	1,155	899	—	56,016	(105,354)	1,124,549
2,002	341,231	59,941	666	1,006	—	61,613	279,618	1,404,167
4,002	258,143	66,329	960	978	—	68,267	189,876	1,594,043
4,257	218,460	74,041	1,026	985	—	76,052	142,408	1,736,451
3,284	329,130	82,499	562	1,028	—	84,089	245,041	1,981,492
311	73,598	14,321	298	331	19	14,969	58,629	421,184
432	55,839	15,741	274	325	493	16,833	39,006	460,190
466	90,797	16,955	292	361	596	18,204	72,593	532,783
1,303	27,408	18,738	312	319	—	19,369	8,039	540,822
1,517	(10,618)	20,778	543	318	—	21,639	(32,257)	508,565
735	(24,209)	22,288	422	323	—	23,033	(47,242)	461,323
625	133,131	23,520	414	360	—	24,294	108,837	570,160
980	93,533	25,263	106	345	—	25,714	67,819	637,979
601	75,755	27,269	72	331	—	27,672	48,083	686,062
1,825	117,670	29,497	114	345	—	29,956	87,714	773,776
754	13,375	2,690	8	55	80	2,833	10,542	66,299
427	10,406	3,002	—	53	—	3,055	7,351	73,650
116	15,490	3,160	—	59	—	3,219	12,271	85,921
183	5,184	3,322	—	52	—	3,374	1,810	87,731
239	(1,260)	3,659	—	52	—	3,711	(4,971)	82,760
560	(3,146)	3,804	—	57	—	3,861	(7,007)	75,753
1,128	23,138	4,361	—	63	—	4,424	18,714	94,467
204	15,595	4,518	—	61	—	4,579	11,016	105,483
518	12,685	4,755	—	60	—	4,815	7,870	113,353
1,242	20,257	5,251	—	60	—	5,311	14,946	128,299
15	1,496	519	1	6	—	526	970	10,531
16	989	538	—	6	—	544	445	10,976
17	1,774	583	2	6	—	591	1,183	12,159
16	234	662	1	6	—	669	(435)	11,724
18	(577)	691	2	6	—	699	(1,276)	10,448
3	(803)	708	—	5	—	713	(1,516)	8,932
—	2,202	726	—	6	12	744	1,458	10,390
18	1,399	712	5	6	—	723	676	11,066
16	1,013	755	—	5	—	760	253	11,319
18	1,607	758	—	5	—	763	844	12,163

Schedules of Changes in Fund Balance — Defined Contribution Plans

Year Ended December 31

(i n t h o u s a n d s)

System	Year	Beginning Net Assets	Contributions	Net Investment Income / (Loss)	Total Additions
401(k) Plan	1997	\$ 615,343	98,509	118,234	216,743
	1998	802,991	113,422	131,470	244,892
	1999	1,011,435	124,948	170,375	295,323
	2000	1,259,441	137,563	(55,001)	82,562
	2001	1,276,732	145,557	(34,051)	111,506
	2002	1,330,045	160,267	(109,790)	50,477
	2003	1,312,764	161,212	249,313	410,525
	2004	1,653,375	170,958	152,410	323,368
	2005	1,890,555	182,744	142,760	325,504
	2006	2,104,462	193,515	226,668	420,183
457 Plan	1997	\$ 171,502	7,002	28,494	35,496
	1998	194,542	5,824	28,186	34,010
	1999	211,287	6,856	31,340	38,196
	2000	234,988	5,983	(9,061)	(3,078)
	2001	215,605	5,935	(5,395)	540
	2002	199,518	10,353	(13,325)	(2,972)
	2003	171,561	13,812	29,193	43,005
	2004	196,219	17,368	17,118	34,486
	2005	213,271	22,033	14,891	36,924
	2006	230,031	23,282	24,210	47,492
Roth IRA Plan*	2005	\$ —	1,007	53	1,060
	2006	1,027	2,351	282	2,633
Traditional IRA Plan*	2005	\$ —	6,527	353	6,880
	2006	6,556	6,069	1,061	7,130
HRA Plan*	2006	\$ —	161	2	163
All Defined Contribution Plans	1997	\$ 786,845	105,511	146,728	252,239
	1998	997,533	119,246	159,656	278,902
	1999	1,222,722	131,804	201,715	333,519
	2000	1,494,429	143,546	(64,062)	79,484
	2001	1,492,337	151,492	(39,446)	112,046
	2002	1,529,563	170,620	(123,115)	47,505
	2003	1,484,325	175,024	278,506	453,530
	2004	1,849,584	188,326	169,528	357,854
	2005	2,103,826	212,311	158,057	370,368
	2006	2,342,076	225,378	252,223	477,601

*This plan has existed for less than 10 years.

Refunds	Administrative Expenses	Net Transfers Between Affiliated Funds	Total Deductions	Changes in Net Assets	Ending Net Assets
27,678	1,446	(29)	29,095	187,648	802,991
34,383	2,079	(14)	36,448	208,444	1,011,435
44,682	2,632	3	47,317	248,006	1,259,441
61,898	3,373	—	65,271	17,291	1,276,732
54,819	3,374	—	58,193	53,313	1,330,045
63,908	3,850	—	67,758	(17,281)	1,312,764
65,785	4,129	—	69,914	340,611	1,653,375
81,611	4,577	—	86,188	237,180	1,890,555
106,678	4,919	—	111,597	213,907	2,104,462
130,718	5,371	—	136,089	284,094	2,388,556
12,101	355	—	12,456	23,040	194,542
16,819	446	—	17,265	16,745	211,287
13,989	506	—	14,495	23,701	234,988
15,747	558	—	16,305	(19,383)	215,605
16,129	498	—	16,627	(16,087)	199,518
24,498	487	—	24,985	(27,957)	171,561
17,877	470	—	18,347	24,658	196,219
16,937	497	—	17,434	17,052	213,271
19,633	531	—	20,164	16,760	230,031
18,138	570	—	18,708	28,784	258,815
33	—	—	33	1,027	1,027
67	6	—	73	2,560	3,587
315	9	—	324	6,556	6,556
1,232	26	—	1,258	5,872	12,428
34	—	—	34	129	129
39,779	1,801	(29)	41,551	210,688	997,533
51,202	2,525	(14)	53,713	225,189	1,222,722
58,671	3,138	3	61,812	271,707	1,494,429
77,645	3,931	—	81,576	(2,092)	1,492,337
70,948	3,872	—	74,820	37,226	1,529,563
88,406	4,337	—	92,743	(45,238)	1,484,325
83,662	4,599	—	88,261	365,269	1,849,594
98,548	5,074	—	103,622	254,232	2,103,826
126,659	5,459	—	132,118	238,250	2,342,076
150,189	5,973	—	156,162	321,439	2,663,515

Schedules of Benefit Deductions by Type

Year Ended December 31

(in thousands)

System	Year	Service and Disability Benefits	Cost of Living Benefits	Supplemental Benefits	Total Benefits
Noncontributory Retirement System	1997	\$ 159,169	27,093	—	186,262
	1998	182,013	31,739	—	213,752
	1999	207,798	36,031	—	243,829
	2000	236,377	40,501	—	276,878
	2001	265,102	46,209	—	311,311
	2002	294,735	53,495	—	348,230
	2003	327,972	58,819	—	386,791
	2004	360,819	64,078	—	424,897
	2005	397,759	71,936	—	469,695
	2006	450,659	82,589	—	533,248
Contributory Retirement System	1997	\$ 39,784	20,085	4,015	63,884
	1998	38,276	20,419	3,554	62,249
	1999	37,371	20,647	3,123	61,141
	2000	36,662	20,929	2,726	60,317
	2001	36,714	20,528	2,333	59,575
	2002	37,256	20,292	1,949	59,497
	2003	36,520	19,719	1,624	57,863
	2004	36,620	19,041	1,331	56,992
	2005	37,508	18,479	1,113	57,100
	2006	39,635	18,002	909	58,546
Public Safety Retirement System	1997	\$ 25,741	4,347	884	30,972
	1998	28,600	4,923	851	34,374
	1999	32,245	5,494	810	38,549
	2000	35,900	6,105	764	42,769
	2001	41,084	6,801	722	48,607
	2002	45,588	7,689	685	53,962
	2003	50,653	8,638	650	59,941
	2004	56,047	9,670	612	66,329
	2005	62,608	10,859	574	74,041
	2006	69,721	12,237	541	82,499
Firefighters Retirement	1997	\$ 10,836	2,510	975	14,321
	1998	11,987	2,821	933	15,741
	1999	12,950	3,116	889	16,955
	2000	14,496	3,403	839	18,738
	2001	16,207	3,775	796	20,778
	2002	17,314	4,223	751	22,288
	2003	18,270	4,552	698	23,520
	2004	19,757	4,851	655	25,263
	2005	21,405	5,252	612	27,269
	2006	23,122	5,806	569	29,497
Judges Retirement System	1997	\$ 2,216	474	—	2,690
	1998	2,464	538	—	3,002
	1999	2,590	570	—	3,160
	2000	2,704	618	—	3,322
	2001	2,965	694	—	3,659
	2002	3,009	795	—	3,804
	2003	3,508	853	—	4,361
	2004	3,624	894	—	4,518
	2005	3,784	971	—	4,755
	2006	4,167	1,084	—	5,251
Utah Governors and Legislators Retirement Plan	1997	\$ 399	120	—	519
	1998	411	127	—	538
	1999	450	133	—	583
	2000	520	142	—	662
	2001	547	144	—	691
	2002	556	152	—	708
	2003	572	154	—	726
	2004	559	153	—	712
	2005	595	160	—	755
	2006	594	164	—	758

Schedules of Retired Members by Type of Benefit Option

December 31, 2006

System	Amount of Monthly Benefit	Number of Retirees by Benefit Option								
		1	2	3	4	5	6	7	8	9
Noncontributory Retirement System	\$1-1,000	5,603	753	1,459	225	1,964	708	—	—	—
	1,001-2,000	2,660	488	1,264	208	1,579	675	—	—	—
	2,001-3,000	2,092	417	1,652	268	1,913	722	—	—	—
	3,001-4,000	783	149	755	164	569	230	—	—	—
	4,001-5,000	155	31	198	56	125	67	—	—	—
	over-5,000	59	8	88	20	32	15	—	—	—
Contributory Retirement System	\$1-1,000	2,109	1,025	364	83	369	157	—	—	—
	1,001-2,000	577	229	217	67	188	83	—	—	—
	2,001-3,000	116	43	68	15	51	19	—	—	—
	3,001-4,000	24	13	7	1	6	9	—	—	—
	4,001-5,000	1	2	5	—	—	—	—	—	—
	over-5,000	—	2	1	—	—	1	—	—	—
Public Safety Retirement System	\$1-1,000	—	—	—	—	—	—	—	479	—
	1,001-2,000	—	—	—	—	—	—	—	1,143	—
	2,001-3,000	—	—	—	—	—	—	—	1,214	—
	3,001-4,000	—	—	—	—	—	—	—	458	—
	4,001-5,000	—	—	—	—	—	—	—	126	—
	over-5,000	—	—	—	—	—	—	—	29	—
Firefighters Retirement System	\$1-1,000	—	—	—	—	—	—	—	50	—
	1,001-2,000	—	—	—	—	—	—	—	208	—
	2,001-3,000	—	—	—	—	—	—	—	424	—
	3,001-4,000	—	—	—	—	—	—	—	262	—
	4,001-5,000	—	—	—	—	—	—	—	59	—
	over-5,000	—	—	—	—	—	—	—	10	—
Judges Retirement System	\$1-1,000	—	—	—	—	—	—	2	—	—
	1,001-2,000	—	—	—	—	—	—	2	—	—
	2,001-3,000	—	—	—	—	—	—	5	—	2
	3,001-4,000	—	—	—	—	—	—	2	—	—
	4,001-5,000	—	—	—	—	—	—	2	—	2
	over-5,000	—	—	—	—	—	—	38	—	34
Utah Governors and Legislators Retirement Plan*	\$1-1,000	—	—	—	218	—	—	—	—	—
	1,001-2,000	—	—	—	1	—	—	—	—	—
	2,001-3,000	—	—	—	3	—	—	—	—	—
	3,001-4,000	—	—	—	—	—	—	—	—	—
	4,001-5,000	—	—	—	—	—	—	—	—	—
	over-5,000	—	—	—	—	—	—	—	—	—

1—A maximum monthly benefit for the retiree's life. No benefit to a beneficiary.

2—A reduced lifetime benefit to the retiree. A beneficiary receives the balance in retiree's account after the monthly annuity payments are deducted.

3—A reduced lifetime benefit to a retiree and a lifetime benefit equal to the retiree's benefit payable to the retiree's lawful spouse at the time of retirement.

4—A reduced lifetime benefit to the retiree and a lifetime benefit equal to half of the retiree's benefit to the retiree's lawful spouse at the time of retirement.

5—Approximately 95% of the benefit in type 3 and the same lifetime benefit for retiree's lawful spouse at the time of retirement. Benefit reverts to 100% at time of spouse's death.

6—Approximately 98% of the benefit in type 4 and a lifetime benefit for equal to half of the retiree's for retiree's lawful spouse at the time of the retirement. Benefit reverts to 100% at time of spouse's death.

7—Normal retirement for age and service and a lifetime benefit of 65% of the retiree's benefit to the retiree's lawful spouse at the time of the retiree's death.

8—Normal retirement for age and service and a lifetime benefit of 75% of the retiree's benefit to the retiree's lawful spouse at the time of the retiree's death.

9—Normal retirement for age and service and a lifetime benefit of 75% of the retiree's benefit to the retiree's lawful spouse at the time of the retirement.

*Utah Governors and Legislators Retirement Plan provides a normal lifetime pension to the retiree and 50% of the retiree's benefit to the retiree's lawful spouse at the time of death if the retiree had four or more years of service.

Schedules of Average Benefit Payments

December 31

System			Years of Credited Service					
			4-10	10-15	15-20	20-25	25-30	30+
Noncontributory Retirement System	2002	Average Monthly Benefit	\$ 327	646	978	1,370	2,493	2,821
		Monthly Final Average Salary	2,148	2,355	2,787	3,255	4,222	4,476
		Number of Active Retired	260	258	222	195	482	320
	2003	Average Monthly Benefit	\$ 303	597	953	1,262	2,332	2,815
		Monthly Final Average Salary	2,009	2,496	2,971	3,103	4,176	4,523
		Number of Active Retired	262	220	258	209	500	356
	2004	Average Monthly Benefit	\$ 301	634	937	1,339	2,363	2,934
		Monthly Final Average Salary	2,169	2,524	2,838	3,218	4,206	4,660
		Number of Active Retired	260	250	266	199	482	346
	2005	Average Monthly Benefit	\$ 324	707	1,145	1,495	2,508	3,182
		Monthly Final Average Salary	2,095	2,640	3,158	3,422	4,200	4,605
		Number of Active Retired	316	276	328	226	615	451
	2006	Average Monthly Benefit	\$ 366	717	1,054	1,388	2,455	3,071
		Monthly Final Average Salary	2,362	2,844	3,169	3,420	4,342	4,806
		Number of Active Retired	346	298	407	299	834	544
Contributory Retirement System	2002	Average Monthly Benefit	\$ 283	424	753	1,005	1,679	2,668
		Monthly Final Average Salary	1,946	1,700	2,305	2,397	3,101	4,602
		Number of Active Retired	10	14	37	25	27	7
	2003	Average Monthly Benefit	\$ 220	542	785	1,063	1,861	1,998
		Monthly Final Average Salary	1,724	2,120	2,361	2,675	3,559	3,637
		Number of Active Retired	9	11	25	35	31	11
	2004	Average Monthly Benefit	\$ 338	672	795	1,067	1,875	2,415
		Monthly Final Average Salary	1,661	2,819	2,403	2,581	3,479	4,201
		Number of Active Retired	5	12	35	32	47	9
	2005	Average Monthly Benefit	\$ 295	587	985	1,235	2,042	2,109
		Monthly Final Average Salary	1,906	2,341	2,674	2,697	3,541	3,468
		Number of Active Retired	7	6	35	33	76	22
	2006	Average Monthly Benefit	\$ —	428	862	1,068	2,114	2,408
		Monthly Final Average Salary	—	1,687	2,519	2,560	3,682	4,134
		Number of Active Retired	—	13	18	49	85	22
Public Safety Retirement System	2002	Average Monthly Benefit	\$ 647	1,238	2,172	2,779	2,968	3,600
		Monthly Final Average Salary	4,537	3,886	3,912	4,359	4,387	4,993
		Number of Active Retired	13	3	42	51	39	14
	2003	Average Monthly Benefit	\$ 1,372	1,073	1,834	2,468	3,241	3,586
		Monthly Final Average Salary	2,832	3,113	3,701	4,432	4,848	5,106
		Number of Active Retired	7	10	59	55	39	13
	2004	Average Monthly Benefit	\$ 723	1,207	1,970	2,282	3,386	3,233
		Monthly Final Average Salary	3,532	3,613	3,969	4,081	4,879	4,697
		Number of Active Retired	7	12	77	62	31	15
	2005	Average Monthly Benefit	\$ 445	1,229	2,175	2,986	3,720	3,256
		Monthly Final Average Salary	2,642	3,249	4,094	4,546	4,779	4,346
		Number of Active Retired	6	7	96	76	49	19
	2006	Average Monthly Benefit	\$ 615	1,259	1,968	2,703	3,318	3,311
		Monthly Final Average Salary	2,623	3,363	4,011	4,419	4,981	4,745
		Number of Active Retired	4	14	77	75	25	17

Schedules of Average Benefit Payments *(Continued)*

December 31

System			Years of Credited Service					
			4-10	10-15	15-20	20-25	25-30	30+
Firefighters Retirement System	2002	Average Monthly Benefit	\$ 359	—	1,972	2,771	3,118	3,543
		Monthly Final Average Salary	2,945	—	4,140	4,584	4,653	5,061
		Number of Active Retired	2	—	10	5	11	4
	2003	Average Monthly Benefit	\$ 800	—	2,036	2,522	3,610	3,263
		Monthly Final Average Salary	3,436	—	4,326	4,594	4,863	4,636
		Number of Active Retired	3	—	5	10	19	3
	2004	Average Monthly Benefit	\$ 890	1,219	2,308	2,666	3,679	3,247
		Monthly Final Average Salary	4,241	3,579	4,040	4,979	5,293	4,532
		Number of Active Retired	4	1	9	5	8	3
	2005	Average Monthly Benefit	\$1,578	2,014	2,784	3,281	3,662	3,539
		Monthly Final Average Salary	3,614	4,028	5,029	5,721	5,359	5,056
		Number of Active Retired	5	2	11	11	18	6
	2006	Average Monthly Benefit	\$1,856	1,032	2,367	2,772	4,141	3,832
		Monthly Final Average Salary	3,712	3,305	4,765	5,099	4,947	5,533
		Number of Active Retired	4	2	7	10	10	11
Judges Retirement System	2002	Average Monthly Benefit	\$ —	—	—	—	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	—	—	—	—	—	—
	2003	Average Monthly Benefit	\$ —	4,882	6,148	7,076	—	7,052
		Monthly Final Average Salary	—	8,604	8,836	9,065	—	8,608
		Number of Active Retired	—	1	4	2	—	1
	2004	Average Monthly Benefit	\$ —	5,079	—	6,631	—	—
		Monthly Final Average Salary	—	8,672	—	8,645	—	—
		Number of Active Retired	—	1	—	1	—	—
	2005	Average Monthly Benefit	\$ —	5,349	6,467	6,377	—	—
		Monthly Final Average Salary	—	8,556	9,002	8,701	—	—
		Number of Active Retired	—	1	2	2	—	—
	2006	Average Monthly Benefit	\$ —	—	6,365	—	—	8,395
		Monthly Final Average Salary	—	—	8,860	—	—	8,995
		Number of Active Retired	—	—	1	—	—	2
Utah Governors and Legislators Retirement Plan	2002	Average Monthly Benefit	\$ 178	—	—	552	—	—
		Monthly Final Average Salary	276	—	—	—	—	—
		Number of Active Retired	6	—	—	1	—	—
	2003	Average Monthly Benefit	\$ 169	—	—	—	—	—
		Monthly Final Average Salary	372	—	—	—	—	—
		Number of Active Retired	3	—	—	—	—	—
	2004	Average Monthly Benefit	\$ 171	—	—	—	—	—
		Monthly Final Average Salary	267	—	—	—	—	—
		Number of Active Retired	6	—	—	—	—	—
	2005	Average Monthly Benefit	\$ 202	302	520	624	—	—
		Monthly Final Average Salary	746	746	746	746	—	—
		Number of Active Retired	9	1	1	1	—	—
	2006	Average Monthly Benefit	\$ 171	284	—	—	—	—
		Monthly Final Average Salary	—	—	—	—	—	—
		Number of Active Retired	2	1	—	—	—	—

Schedules of Active Members by Age and Gender

Year Ended December 31, 2006

System	Ages	Male	Female	Total
Noncontributory Retirement System	Under 20	155	1,567	1,722
	20 to 29	4,068	8,361	12,429
	30 to 39	7,161	9,987	17,148
	40 to 49	8,096	14,346	22,442
	50 to 54	4,399	9,319	13,718
	55 to 59	3,899	8,040	11,939
	60 to 69	2,694	4,659	7,353
	70 and Older	252	216	468
Total		30,724	56,495	87,219

Contributory Retirement System	Under 20	3	13	16
	20 to 29	55	63	118
	30 to 39	96	75	171
	40 to 49	432	436	868
	50 to 54	354	387	741
	55 to 59	294	373	667
	60 to 69	170	233	403
	70 and Older	10	16	26
Total		1,414	1,596	3,010

Public Safety Retirement System	Under 20	—	1	1
	20 to 29	1,342	159	1,501
	30 to 39	2,652	357	3,009
	40 to 49	1,565	276	1,841
	50 to 54	486	90	576
	55 to 59	333	47	380
	60 to 69	131	27	158
	70 and Older	8	—	8
Total		6,517	957	7,474

System	Ages	Male	Female	Total
Firefighters Retirement System	Under 20	1	1	2
	20 to 29	260	15	275
	30 to 39	657	25	682
	40 to 49	413	14	427
	50 to 54	171	4	175
	55 to 59	94	1	95
	60 to 69	28	—	28
	70 and Older	—	—	—
Total		1,624	60	1,684

Judges Retirement System	Under 20	—	—	—
	20 to 29	—	—	—
	30 to 39	1	—	1
	40 to 49	11	6	17
	50 to 54	22	4	26
	55 to 59	27	5	32
	60 to 69	24	6	30
	70 and Older	—	—	—
Total		85	21	106

Governors and Legislators Retirement Plan	Under 20	—	—	—
	20 to 29	—	—	—
	30 to 39	9	3	12
	40 to 49	17	3	20
	50 to 54	17	5	22
	55 to 59	15	5	20
	60 to 69	13	6	19
	70 and Older	3	—	3
Total		74	22	96

Schedules of Retirees by Age and Gender

Year Ended December 31, 2006

System	Ages	Male	Female	Total
Noncontributory Retirement System	Under 55	335	475	810
	55 to 59	1,023	909	1,932
	60 to 64	2,008	2,583	4,591
	65 to 69	2,846	4,202	7,048
	70 to 74	2,633	3,640	6,273
	75 to 79	1,960	2,638	4,598
	80 to 84	1,025	1,381	2,406
	85 to 89	173	284	457
	90 to 94	13	23	36
	95 to 100	1	2	3
Over 100	—	—	—	
	Total	12,017	16,137	28,154

Contributory Retirement System	Under 55	33	49	82
	55 to 59	48	50	98
	60 to 64	119	190	309
	65 to 69	156	315	471
	70 to 74	123	267	390
	75 to 79	206	420	626
	80 to 84	422	845	1,267
	85 to 89	510	1,133	1,643
	90 to 94	197	594	791
	95 to 100	40	130	170
Over 100	—	5	5	
	Total	1,854	3,998	5,852

Public Safety Retirement System	Under 55	649	190	839
	55 to 59	546	106	652
	60 to 64	529	103	632
	65 to 69	366	97	463
	70 to 74	289	82	371
	75 to 79	154	97	463
	80 to 84	81	59	140
	85 to 89	38	35	73
	90 to 94	7	15	22
	95 to 100	1	5	6
Over 100	—	—	—	
	Total	2,660	789	3,449

System	Ages	Male	Female	Total
Firefighters Retirement System	Under 55	160	39	199
	55 to 59	160	17	177
	60 to 64	162	24	186
	65 to 69	129	20	149
	70 to 74	68	19	87
	75 to 79	54	38	92
	80 to 84	50	19	69
	85 to 89	9	27	36
	90 to 94	6	9	15
	95 to 100	—	3	3
Over 100	—	—	—	
	Total	798	215	1,013

Judges Retirement System	Under 55	—	—	—
	55 to 59	4	—	4
	60 to 64	8	2	10
	65 to 69	8	2	10
	70 to 74	10	5	15
	75 to 79	12	8	20
	80 to 84	13	5	18
	85 to 89	2	7	9
	90 to 94	1	1	2
	95 to 100	—	1	1
Over 100	—	—	—	
	Total	58	31	89

Governors and Legislators Retirement Plan	Under 55	—	2	2
	55 to 59	—	2	2
	60 to 64	1	1	2
	65 to 69	23	4	27
	70 to 74	42	11	53
	75 to 79	33	23	56
	80 to 84	29	6	35
	85 to 89	18	11	29
	90 to 94	6	6	12
	95 to 100	1	3	4
Over 100	—	—	—	
	Total	153	69	222

Schedules of Principal Participating Employers

Year Ended December 31, 2006

Rank	Employer	Active Members	Percent of Total Active Members
Noncontributory Retirement System			
1	State of Utah	16,664	19.11%
2	Jordan School District	5,448	6.25
3	Granite School District	5,363	6.15
4	Davis School District	5,187	5.95
5	Alpine School District	4,697	5.39
6	University of Utah	4,480	5.14
7	Salt Lake County	2,909	3.34
8	Salt Lake School District	2,689	3.08
9	Weber School District	2,670	3.06
10	Nebo School District	2,917	2.52
	Other	34,917	40.03
	Total	87,219	100.00%

Rank	Employer	Active Members	Percent of Total Active Members
Contributory Retirement System			
1	State of Utah	508	16.88%
2	University of Utah	216	7.18
3	Uintah County	214	7.11
4	South Jordan City	185	6.15
5	Granite School District	162	5.38
6	Salt Lake City Corp.	156	5.18
7	Salt Lake County	107	3.55
8	Jordan School District	86	2.86
9	Salt Lake School District	83	2.76
10	Duchesne County	79	2.62
	Other	1,214	40.33
	Total	3,010	100.00%

Rank	Employer	Active Members	Percent of Total Active Members
Public Safety Retirement System			
1	State of Utah	2,468	33.02%
2	Salt Lake County	763	10.21
3	Salt Lake City Corp.	448	5.99
4	Weber County Corp.	291	3.89
5	Utah County	223	2.98
6	Davis County	199	2.66
7	West Valley City	159	2.13
8	Ogden City Corp.	114	1.51
9	Sandy City	109	1.46
10	Washington County	107	1.43
	Other	2,594	34.71
	Total	7,474	100.00%

Rank	Employer	Active Members	Percent of Total Active Members
Firefighters Retirement System			
1	Salt Lake City Corp.	330	19.60%
2	Unified Fire Authority	229	17.76
3	Ogden City Corp.	106	6.29
4	West Valley City	88	5.23
5	Provo City Corp.	77	4.57
6	Park City Fire Service	75	4.45
7	City of West Jordan	73	4.33
8	Sandy City	72	4.28
9	Orem City	54	3.21
10	Murray City	51	3.03
	Other	459	27.26
	Total	1,684	100.00%

Rank	Employer	Active Members	Percent of Total Active Members
Judges Retirement System			
1	State of Utah	106	100.00%

Rank	Employer	Active Members	Percent of Total Active Members
Utah Governors and Legislators Retirement Plan			
1	State of Utah	105	100.00%

Schedule of Utah Retirement Office Employees

Year Ended December 31, 2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Employees	119	129	134	135	142	148	156	160	156	154

Schedule of Participating Employers

N = Public Employees Retirement System — Noncontributory
 C = Public Employees Retirement System — Contributory
 PS = Public Safety Retirement System
 F = Firefighters Retirement System
 D = 457 Plan
 K = 401(k) Plan

Employer	N	C	PS	F	D	K
School Districts and Education Employers						
Academy for Math, Engineering and Science	N					K
Alpine School District	N	C			D	K
American Leadership Academy	N					K
Beaver School District	N					K
Box Elder School District	N	C			D	K
Cache School District	N	C			D	K
Carbon School District	N	C			D	K
College of Eastern Utah	N	C			D	K
Daggett School District	N	C			D	K
Davis School District	N	C			D	K
Davis Applied Technology College	N					K
Dixie College	N	C	PS			K
Duchesne School District	N	C			D	K
East Hollywood High School	N					K
Emery School District	N	C			D	K
Garfield School District	N	C				K
Grand School District	N	C				K
Granite School District	N	C			D	K
Intech Collegiate High School	N					K
Iron School District	N	C			D	K
Jordan School District	N	C			D	K
Juab School District	N	C			D	K
Kane School District	N	C			D	K
Logan School District	N	C			D	K
Millard School District	N	C				K
Morgan School District	N				D	K
Murray School District	N	C			D	K
Nebo School District	N	C			D	K
Noah Webster Academy Inc.	N					K
North Sanpete School District	N	C			D	K
North Summit School District	N	C			D	K
Ogden School District	N	C			D	K
Park City School District	N	C			D	K
Piute School District	N	C				K
Provo School District	N	C			D	K
Rich School District	N	C				K
Salt Lake Arts Academy	N					
Salt Lake Community College	N	C			D	K
Salt Lake School District	N	C			D	K
San Juan School District	N	C			D	K
Sevier School District	N	C			D	K
Snow College	N	C			D	K
South Sanpete School District	N	C			D	K
South Summit School District	N					K
Southern Utah University	N	C	PS			K
Thomas Edison Charter School	N					K
Tintic School District	N	C				K
Tooele School District	N	C			D	K
Uintah School District	N	C			D	K

Employer	N	C	PS	F	D	K
University of Utah	N	C	PS			K
Utah State University	N	C	PS		D	K
Utah Valley State College	N	C			D	K
Wasatch School District	N	C			D	K
Washington School District	N	C			D	K
Wayne School District	N				D	K
Weber County School District	N	C			D	K
Weber State University	N	C				K
Academic Achievement	N					K
Active Re Entry Incorporated	N					K
Bridgerland Applied Technology Center	N					K
Davis Applied Technology Center	N					K
Educators Mutual Insurance	N	C			D	K
Fast Forward Charter High School	N					K
High School Activity Association	N	C				K
Mountainland Applied Technology College ...	N					K
Northern Utah Academy of Math, English and Science	N					K
Ogden-Weber Area Vocation	N	C				K
Soldier Hollow Charter School	N					K
Southwest Applied Technology College	N					K
Southwest Educational Development Center	N					K
Space Dynamics Lab	N					K
Success Academy	N					K
Summit Academy Charter School	N					K
Summit Employment	N					K
Tuacahan High School	N					K
Uintah Basin Applied Technology Center	N	C			D	K
Utah Education Association	N	C			D	K
Utah School Boards Association	N					K
Utah School Boards Risk Man Mut Ins Assn	N					K
Utah School Employee Association	N				D	K
Utah Uniserv	N	C			D	K
Utah Valley Care and Training Center						K
Wasatch Front South Applied Technology Center	N					K
State and Other Employers						
State of Utah (also participates in the Judges Retirement System and the Governors and Legislative Pension Plan)	N	C	PS	F	D	K
Utah Communications Agency Network	N					K
Utah Dairy Commission/Dairy Council of Utah/Nevada	N					
Utah Housing Finance Agency	N	C				K
Utah Industries for the Blind	N					K
Utah Retirement Systems	N				D	K
Utah Safety Council	N					K
Utah Technology Finance Corp.	N					K
Workers Compensation Fund	N	C			D	K

Schedule of Participating Employers (Continued)

Employer	N	C	PS	F	D	K	Employer	N	C	PS	F	D	K	Employer	N	C	PS	F	D	K
Counties and County Organizations							Ephraim City	N		PS			K	New Harmony Town	N					K
Beaver County	N		PS		D	K	Escalante Town.....	N		PS				Nibley City	N					K
Box Elder County	N	C	PS		D	K	Eureka City.....	N						North Logan City	N	C	PS	F		K
Cache County	N	C	PS	F	D	K	Fairview City	N						North Ogden City	N	C	PS		F	
Carbon County	N	C	PS		D	K	Farmington City	N		PS	F			North Salt Lake City	N		PS		D	K
Cottonwood Heights.....	N			D	K		Farr West City	N				D	K	Oakley City			C			K
Daggett County	N		PS				Ferron City	N						Ogden City	N	C	PS	F	D	K
Davis County	N		PS		D	K	Fillmore City.....	N				D	K	Orangeville City	N					K
Duchesne County.....		C	PS		D	K	Fountain Green City	N		PS				Orderville Town.....	N					
Emery County	N	C	PS		D	K	Francis City	N						Orem City	N	C	PS	F	D	K
Garfield County.....	N	C	PS		D	K	Fruit Heights City	N						Panguitch City.....	N					K
Grand County	N	C	PS				Garden City.....	N						Paragonah Town			C			
Iron County.....	N	C	PS		D	K	Garland City.....		C	PS				Park City	N	C	PS			
Juab County.....	N	C	PS				Goshen Town	N						Parowan City.....	N	C	PS			K
Kane County	N		PS				Grantsville City.....	N		PS		D	K	Payson City	N		PS	F		K
Millard County	N	C	PS		D	K	Green River City.....	N						Perry City	N		PS			K
Morgan County.....	N		PS				Gunnison City	N		PS		D	K	Plain City.....	N					K
Piute County	N		PS				Harrisville City	N	C	PS				Pleasant Grove City.....	N		PS	F		
Rich County		C	PS				Heber City.....	N		PS	D	K		Pleasant View City	N	C	PS		D	K
Salt Lake County	N	C	PS	F	D	K	Helper City.....	N		PS				Price City.....	N	C	PS	F		K
San Juan County	N	C	PS		D	K	Herriman Town	N						Providence City	N					K
Sanpete County	N	C	PS				Highland City	N				D	K	Provo City	N	C	PS	F	D	K
Sevier County.....	N	C	PS		D		Hinckley Town.....	N						Randolph Town	N					
Summit County.....	N	C	PS				Holden Town.....	N						Redmond	N					
Tooele County.....	N	C	PS	F	D	K	Holladay City	N						Richfield City.....	N	C	PS		D	
Uintah County		C	PS		D	K	Hooper City	N						Richmond City	N					K
Utah County	N	C	PS		D		Huntington City	N				D	K	Riverdale City	N	C	PS	F		K
Wasatch County.....	N		PS				Hurricane City	N		PS	F			Riverton City	N	C		F	D	K
Wasatch Co. Fire District				F		K	Hyde Park	N						Roosevelt City	N		PS	F	D	K
Washington County	N		PS		D	K	Hyrum City	N						Roy City	N	C	PS	F	D	K
Wayne County	N		PS				Ivins City	N		PS	F			Salem City	N		PS		D	K
Weber County.....	N	C	PS		D	K	Kamas City.....	N		PS		D	K	Salina City	N		PS			
Weber County Fire		C		F	D	K	Kanab City	N		PS		D	K	Salt Lake City Corp.....	N	C	PS	F	D	K
							Kanosh Town	N						Sandy City.....	N	C	PS	F	D	
							Kaysville City.....	N	C	PS				Santa Clara City	N		PS			K
							La Verkin City.....		C	PS				Santaquin City.....	N		PS			K
							Layton City	N	C	PS	F	D		Saratoga Springs Town...	N			F		K
							Leeds Town	N						Smithfield City.....	N		PS	F		K
							Lehi City.....	N	C	PS	F			South Jordan City.....		C	PS	F		K
							Levan Town.....	N						South Ogden City	N		PS	F		K
							Lewiston City	N						South Salt Lake City	N		PS	F	D	K
							Lindon City	N						South Weber City.....	N					K
							Logan City	N	C	PS	F	D	K	Spanish Fork City	N		PS			
							Lone Peak							Spring City			C	PS		
							Safety District.....	N		PS	F			Springdale Town.....	N		PS			K
							Manila Town		C					Springville City	N	C	PS	F		
							Manti City	N						St. George City.....	N	C	PS		D	K
							Mantua City	N		PS				Sunnyside City	N					D
							Mapleton City	N		PS				Sunset City	N	C	PS	D	D	K
							Marriott/Slaterville City	N						Syracuse City.....	N		PS	F	D	K
							Meadow Town	N						Taylorville.....	N		PS			K
							Mendon City	N						Tooele City	N	C	PS		D	
							Midvale City.....	N	C	PS	F	D		Tremonton City	N	C	PS		D	K
							Midway City.....	N	C					Vernal City	N	C	PS			K
							Milford City	N		PS				Washington City	N			F		K
							Millville City	N				D	K	Washington Terrace.....	N		PS		D	K
							Minersville.....	N						Wellington City	N		PS			K
							Moab City	N	C	PS		D	K	Wellsville City	N					K
							Monroe City	N						Wendover City.....	N		PS		D	K
							Monticello City.....	N		PS				West Bountiful City		C	PS			K
							Morgan City.....	N						West Haven	N					K
							Moroni City.....	N		PS				West Jordan City	N	C	PS	F	D	
							Mt Pleasant City.....	N	C	PS				West Valley City	N	C	PS	F		
							Murray City.....	N	C	PS	F	D	K	West Point	N					K
							Myton City.....	N						Willard City	N		PS			
							Naples City.....		C	PS				Woods Cross City.....	N	C	PS		D	K
							Nephi City	N		PS		D	K							

Schedule of Participating Employers (Continued)

Employer	N	C	PS	F	D	K	Employer	N	C	PS	F	D	K
Other Government Entities													
Ash Creek Special Service District					D	K	Mountain Regional Water Special Service District	N					K
Ashley Valley Sewer Management Board	N						Mountainland Association of Governments	N	C			D	K
Ashley Valley Water & Sewer	N						Nebo Credit Union.....	N					K
Bear Lake Special Service District	N					K	North Davis County Sewer	N	C				
Bear River Association of Governments.....	N				D	K	North Davis Fire District.....	N			F		
Bear River Health District.....	N	C			D	K	North Emery Water Users Association.....	N					
Bear River Mental Health.....	N				D	K	North Fork Special Service District.....	N					
Bear River Water Conservancy.....	N					K	North Pointe Solid Waste Special Service District	N					K
Beaver County Special Service District.....	N					K	North View Fire Agency.....	N			F		
Beaver Valley Hospital.....	N					K	Oquirrh Recreation and Parks District	N					K
Benchland Water Compnay	N					K	Park City Fire Service District	N			F		K
Bona Vista Water Improvement	N				D	K	Price River Water Improvement	N				D	K
Bountiful Water District	N				D	K	Provo Housing Authority	N					
Box Elder County Mosquito District	N					K	Provo Reservoir Water Users.....	N					
Cache Metro Planning Organization.....	N					K	Provo River Water Users.....	N				D	K
Castle Valley Special Service District.....	N	C				K	Roosevelt City Housing Authority	N					
Cedar City Housing Authority	N					K	Roy Water Conservancy District.....	N					K
Cedar City Library.....	N	C				K	SLC Employees Credit Union	N					K
Central Davis Sewer.....	N				D	K	SLC Library	N					K
Central Utah Public Health	N					K	SLC Mosquito Abatement.....	N					K
Central Utah Water District.....	N				D	K	SLC School Credit Union.....	N					K
Central Weber Sewer District.....	N	C			D	K	SLC Sub. Sanitation #1	N					K
Children's Aid Society—Utah	N					K	SLC Sub. Sanitation #2	N					K
Copperton Improvement District.....	N					K	SL County Service Area #2.....	N				D	K
Cottonwood Improvement District.....	N				D	K	SL County Service Area #3.....	N				D	K
Davis & Weber County Canal.....		C				K	SL County Sewer Improvement District #1....	N	C			D	K
Davis Behavioral Health	N				D	K	San Juan Mental Health/ Substance Abuse District	N					K
Davis County Mosquito Abatement.....	N					K	Sandy Sub. Improvement District.....	N					K
Davis County Housing		C				K	Six-County Association of Governments	N	C			D	K
Davis County Solid Waste Management.....	N				D	K	Snyderville Basin	N	C			D	K
DDI Advantage.....		C				K	Solitude Improvement District.....	N					K
Duchesne County Mosquito District		C					South Davis County Sewer Improvement District.....	N	C			D	K
Duchesne County Water Conservancy District.....	N						South Davis County Water Improvement District.....	N					K
East Duchesne Culinary Water Imp District.....	N					K	South Davis County Fire Department.....	N			F	D	K
Emery County Nursing Home		C			D	K	South Davis Metro Fire Agency	N			F		K
Emery County Recreation Special Service District	N					K	South Davis Recreation Center	N					
Emery Water Conservancy District.....	N					K	Southeastern Utah A.O.G.....	N	C			D	K
Five-County Association of Governments	N	C			D	K	Southeastern Utah Health.....	N	C				K
Four Corners Mental Health	N	C			D	K	South Utah Valley Animal Services Special Service District.....	N					
Grand County Solid Waste Management.....	N					K	South Utah Valley Electric Service District	N					K
Grand County Water Conservancy District ..	N						Southern Utah Valley Power System	N					K
Granger-Hunter Improvement District.....	N				D	K	South Ogden Conservancy District	N				D	K
Gunnison Valley Hospital	N	C				K	South SL County Mosquito Abatement	N					K
Heber Light & Power	N				D	K	Southwest Center	N					K
Heber Valley Historic Railroad Authority	N					K	Southwest Utah District Health.....	N	C			D	K
Heber Valley Special District.....	N						South Utah Valley Solid Waste.....	N					K
Hooper Water Improvement District.....	N						South Valley Water Reclamation Facility	N					K
Housing Authority of Carbon	N					K	St. George Housing Authority	N					K
Housing Authority of Ogden City.....	N						Summit Park Water Special Service District	N					K
Housing Authority of SLC	N	C				K	Taylorville—Bennion Improvement	N				D	K
Housing Authority of SL County.....	N						Timber Lakes Special Service District	N					K
Jordan Valley Water Conservancy District	N	C			D	K	Timpanogos Special Service District.....	N	C				
Jordanelle Special Service District.....	N					K	Tooele County Housing	N					K
Kane Water Conservancy District.....	N						Trans-Jordan Cities.....	N				D	K
Kearns Improvement District.....	N	C				K	Tri-City Golf Course	N					K
Leeds Area Special Service District				F			Tridell-Lapoint Water District	N					K
Maesar Water District	N					K	Twin Creeks Special Service District.....	N					K
Magna Mosquito Abatement.....	N					K	Uintah Basin Assistance Council.....	N					
Metro Water District—SLC	N				D	K	Uintah Basin Association of Governments....	N					
Midvalley Improvement District	N												
Midway Sanitation District.....	N					K							
Moab Valley Fire District.....	N			F		K							

Schedule of Participating Employers (Continued)

Employer	N	C	PS	F	D	K
Uintah Basin Tri-County Mental Health	N					K
Uintah County Mosquito Abatement.....	N					K
Uintah Health Care Special Service Dist.	N					K
Uintah Special Service District.....	N					K
Uintah Water Conservancy District.....	N					K
Unified Fire Authority	N		PS	F		K
Upper Country Water District.....	N					
Utah Association of Counties.....	N					K
Utah Counties Insurance Pool.....	N					K
Utah County Housing Authority	N	C			D	
Utah Lake Distributing Co.	N					
Utah League of Cities & Towns.....		C				
Utah Local Governments Trust.....	N					
Utah Municipal Power Agency	N					K
Utah Public Employees Association	N	C				K
Utah State Fair Corporation	N					K
Utah Telecommunication Open Infrastructure Agency	N					K
Utah Zoological Society	N	C				K
Valley Emergency Communication Center....	N				D	K
Valley Mental Health	N	C			D	K
Wasatch Front Regional Council		C			D	K
Wasatch Mental Health	N	C			D	K
Washington County Association for Retarded Citizens.....	N					K
Washington County Solid Waste #1	N					K
Washington County Water District		C				K
Weber Basin Water Conservancy	N				D	K
Weber County Mosquito Abatement.....	N				D	K
Weber Human Services.....	N				D	K
Weber River Water Users.....		C				K
Western Kane County Special Service District #1.....	N					K
White City Water Improvement District.....	N					K
Total Participating Employers						436
Noncontributory						409
Contributory						161
Public Safety						123
Firefighters.....						52
Judges.....						1
Governor and Legislative						1
457 Plan						154
401(k) Plan						354

Employer	
Inactive Units with Retirees	
American Fork Hospital	
Bay Area Refuse Disposal	
Bingham City	
Box Elder County Nursing Home	
Carbon County Hospital	
Carbon Nursing Home	
Coalville Health Center	
Dixie Center at St. George	
Dixie Hospital	
Emery Medical Center	
Four Corners Regional Hospital	
Genola Town	
Grand Co. Road Special Service Dist.	
Hiawatha Town	
Honeyville Town	
I. W. Allen Hospital	
Juab County Hospital	
Marysville Town	
Metro Water District — Provo	
Midvale Wastewater Treatment	
Morgan County Library	
Mountain America Credit Union	
Payson City Hospital	
Pioneer Care Center	
Reg 2 Law Enforcement Plan Agency	
Salt Lake County Fair	
San Juan County Hospital	
Six-County Economic Development	
Snow College South	
Sugarhouse Park Authority	
Tooele Valley Hospital	
Trail Incorporated	
U of U Research Institute	
USU Community Credit Union	
Uintah Basin Counsel Inc	
Uintah Basin Medical Center	
Uintah County Council on Aging	
Uintah County Hospital	
Utah Local Governments Trust	
Utah Partnership for Education Economics	
Wasatch County Hospital	
Wasatch County Special Service Area I	
Weber County Hospital	
Weber Economic Development Corporation	
West Millard Hospital	

Utah Retirement Systems

A Highlight History



- 1907** The Legislature authorizes the organization of local teacher retirement associations.
- 1908** Salt Lake City institutes the first teacher retirement commission. Ogden follows in 1933 and Provo in 1934.
- 1919** First statewide pension plan for all full-time paid and volunteer firemen. Actuarially unsound, the system would be transferred to the Retirement Office in 1965.
- 1921** First police pension plans in Salt Lake, Ogden, Provo and Logan. Actuarially unsound, these plans would be transferred to the Public Safety Retirement System in 1969.
- 1927** The Prison and Industrial School Guards Retirement System is enacted. Industrial school guards join the teachers retirement system in 1937. Prison guards transfer to the Public Safety Retirement System in 1970.
- 1934** The Utah Education Association prepares a teacher retirement plan to present to the Legislature. This plan will form much of the basis for a new retirement system.
- 1937** First statewide teachers retirement system. Seven member board hires Ray L. Lillywhite as the first executive secretary.
- 1943** Utah Supreme Court rules that a retiree's statutory retirement benefit cannot be reduced, affirming the principle of vested rights. The Court would later affirm that a vested retirement benefit may not be reduced without providing a "substantial substitute".
- 1947** The State Officers' and Employees' Retirement System is created with a 3% contribution rate each by employee and employer. Teachers in local systems are required to join the State Teachers Retirement System.
- 1948** The Utah Supreme Court permits service credit for prior service in parochial schools.
- 1949** The State Officers and Employees Retirement System is renamed The Public Employees Retirement System; it will cover all public employees and judges. Retirement benefit ceiling is \$100 a month.
- 1952** Ray Lillywhite resigns; Leonard W. McDonald is hired as 2nd executive secretary of the Teachers Retirement System.
- 1953** The short-lived Teachers Retirement System is liquidated in favor of Social Security.
- 1954** The Teachers Retirement System is replaced by the Utah School Employees Retirement System and integrated with Social Security to preserve its solvency. Local teacher retirement associations are terminated.
- 1957** Minimum monthly retirement benefit is \$85.
- 1959** The Utah State Public Employees Association is formed with the intent to produce a comprehensive plan for a statewide public employee retirement system.
- 1961** The Public Employees Retirement System is created with a seven member board. The public employees and teachers retirement systems retain separate boards but unite under a single administrator and office.
- 1963** Creation of a single board for all retirement systems is the crowning achievement in Utah public retirement history and the birth of today's Utah Retirement Systems.
- 1967** The heretofore separate school and public retirement systems are consolidated into a single Utah State Retirement System.
- 1969** The Utah Public Safety Retirement Act covers all public safety employees engaged full time in hazardous duty. Benefits would be uniform in each jurisdiction, but contribution rates would vary.
- 1971** Members gain a salary deferral program.
- 1975** Current service formula rises from 1.25% to 2%. The cost-of-living ceiling rises to 4%.
- 1976** Leonard W. McDonald retires. Bert D. Hunsaker becomes executive director.
- 1977** Governor Scott Matheson dedicates the new Leonard W. McDonald Building for the Utah Retirement Systems.
- 1979** Board gains custody of the retirement fund and greater investment authority.
- 1982** The court affirms that the Board is independent of the executive department and has authority to hire its own legal counsel.

Utah Retirement Systems — A Highlight History *(Continued)*

- 1983** The Retirement Board sees its first actuarial surplus as new investments prove their worth; hires a full time investment manager.
- 1986** The Public Employees Noncontributory Retirement System debuts: Employers pay all contributions; 3-year final average salary; State and education employers pay 1.5% of salary into URS' 401(k) plan. Employees forfeit access to contributions, but the new system portends a superior career retirement.
- 1987** A "25-and-out" retirement incentive plan permits public employees to retire after 25 years with no actuarial reduction, and increases to 2% the value of each year of service credit. Over 3000 employees take advantage of its 6-month window.
- 1989** The U.S. Supreme Court rules that if federal retirement benefits are taxable, then state-provided retirement benefits cannot be exempt. Legislature grants a 3% substantial substitute benefit for affected members.
Bert Hunsaker steps down.
Dee Williams becomes executive director.
The Public Safety Noncontributory Retirement System is created.
The Systems' assets nearly quadruple from \$1 billion to \$3.85 billion during the 1980s.
- 1990** Public Employees Noncontributory Retirement members receive 2% for all years of service.
- 1994** URS begins dividing pension, death, and DC benefits after court rules that a former spouse may be awarded death and retirement benefits, whether or not the spouse remarries.
- 1995** Members with 25 years of service in the Public Employees Noncontributory System may buy future service credit to permit immediate retirement.
- 1996** URS recovers 100% of member assets originally invested in Guaranteed Investment Contracts which failed when Confederation Life Insurance Company of Canada was declared insolvent in August, 1994.
- 1997** Judges Noncontributory Retirement System is created.
The URS DC video receives a Telly Award — the commercial equivalent of an "Oscar" for motion pictures; URS' publication for retirees, *Cycles*, places 2nd worldwide among corporate and institutional newsletters.
Legislature affirms the Board's authority to define provisions and terms of the retirement code.
- 1998** The 401(k) plan launches a bold marketing program to help members better map a retirement investment strategy. Investment options are enhanced and expanded.
State employees at retirement may defer 25% of accumulated sick leave to the 401(k) plan, convert it to paid-up health or Medicare supplement insurance or take it as cash.
- 1999** Members may buy up to 5 years of future service credit, even if it exceeds the years required to retire.
Leonard W. McDonald, director of the Utah Retirement Systems 1952-1976 and to whom much of the structure of the Systems can be attributed, dies.
Dee Williams retires. Robert V. Newman becomes executive director.
Systems assets rise from \$3.85 billion to over \$13 billion during the 1990s.
- 2000** 401(k) plan participants may now apply for a fixed rate loan for any purpose of up to 50% of his or her 401(k) account balance.
- 2001** A value stock fund joins the menu of DC investment options.
URS web site calculators invite members to estimate pension benefits and compute potential 401(k)/457 earnings.
- 2002** The Olympic Winter Games are staged in Salt Lake City. URS adopts telecommuting.
457 plan permits deferrals up to 100% of includable compensation; offers a new catch-up feature; drops irrevocable withdrawal decisions; allows rollovers to any acceptant 457, 403(b), 401(k), or IRA; allows use for URS pension redeposits or to buy URS service credit.
Internet-based personal retirement account manager, *myURS*, allows members to view and transfer account balances, alter deferrals, estimate payouts, integrate Social Security benefits, and more.
- 2003** To protect 401(k) and 457 investors from the costs of others' adverse trading activities, URS restricts frequent trading privileges. Systems assets are \$14.2 billion.
- 2004** Ray L. Lillywhite, executive secretary of the Teachers Retirement System from 1937 to 1952, dies.
- 2005** Legislature repeals 1998 benefit allowing 25% of a state employee's accumulated sick leave to be converted to other retirement benefits.
- 2006** Members gain a partial lump-sum payment option (PLSO) at retirement.

Systems and Plans Statistical Highlights

Year Ended December 31

Utah Retirement Systems	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators	Averages And Totals All Systems
Membership Information							
<i>Total Membership</i>	142,646	10,310	12,392	2,796	205	413	168,762
Active	87,219	3,010	7,474	1,684	106	96	99,589
Terminated vested	27,273	1,448	1,469	99	10	95	30,394
Retired	28,154	5,852	3,449	1,013	89	222	38,779
<i>2006 Active Members</i>	87,219	3,010	7,474	1,684	106	96	99,589
Average age	44.9	51.2	38.7	39.5	56.0	52.1	44.5
Average years of service	10.1	19.7	8.8	10.5	11.1	5.8	10.3
Average annual salary	\$ 37,786	43,005	42,356	51,549	112,350	7,649	38,570
<i>2006 Retirees</i>							
Number	2,728	187	212	44	3	3	3,177
Average age	61.4	59.9	53.0	54.8	63.5	64.6	60.7
Average years of service	23.5	25.7	23.1	26.2	31.9	8.4	23.7
Final average annual salary	\$ 44,421	38,185	51,244	61,215	107,400	4,595	44,763
Average annual benefit	\$ 20,982	18,804	29,000	37,038	90,754	2,479	21,660
Average annual benefit— all retirees	\$ 18,387	9,503	22,977	26,430	57,325	2,983	17,666
Financial Information							
Changes in Net Assets	<i>(in thousands)</i>						
Contributions	\$ 463,067	20,271	75,033	17,279	2,728	—	578,378
Investment income	2,006,738	144,012	250,813	98,566	16,287	1,589	2,518,005
Pension benefits	536,011	60,335	83,061	29,611	5,251	758	715,027
Net assets at market value	15,818,483	1,115,416	1,981,492	773,776	128,299	12,163	19,829,629
Actuarial Information							
Funding Progress	<i>(dollars in thousands)</i>						
Actuarial value of assets	\$14,438,278	1,013,102	1,809,198	705,051	116,879	10,983	18,093,491
Actuarial accrued liability	\$14,980,827	1,060,414	1,964,009	655,264	114,018	8,922	18,783,454
Unfunded actuarial accrued liability	\$ 542,549	47,312	154,811	(49,787)	(2,861)	(2,061)	689,963
Funded ratios	96.4%	95.5%	92.1%	107.6%	102.5%	123.1%	96.3%
Defined Contribution Plans							
	401(k)	457	Roth IRA	Traditional IRA	Health Reimbursement Arrangement (HRA)		
Membership Information							
Number of active employees eligible to participate	95,329	82,603	99,589	99,589	183		
Employee contributions (excluding employer contributions):							
Number of employees contributing	44,765	6,729	427	22	NA		
Percent of eligible employees contributing	47.0%	8.1%	0.4%	0.0%	NA		
Average percent of salary deferred by employees	6.2%	7.8%	4.2%	3.8%	NA		
Total participants	132,382	14,937	714	242	183		
Average participant account balance	\$ 18,043	17,327	5,025	51,355	705		
Financial Information							
Changes in Net Assets	<i>(in thousands)</i>						
Contributions	\$ 193,515	23,282	2,351	6,069	161	225,378	
Net investment income	226,668	24,210	283	1,061	2	252,224	
Refunds	130,718	18,138	67	1,232	34	150,189	
Net assets at market value	\$2,388,556	258,815	3,588	12,428	129	2,663,516	

Utah Retirement Systems

560 East 200 South

Salt Lake City

Utah 84102-2021

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