Montana Facility Finance Authority

DEPARTMENT OF COMMERCE
(COMPONENT UNIT OF THE STATE OF MONTANA)

Financial Statements

Years Ended June 30, 2024 and 2023
with Independent Auditor's Reports

MaherDuessel

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MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
(COMPONENT UNIT OF THE STATE OF MONTANA)

YEARS ENDED JUNE 30, 2024 AND 2023

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DEPARTMENT OF COMMERCE
(COMPONENT UNIT OF THE STATE OF MONTANA)

YEARS ENDED JUNE 30, 2024 AND 2023

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MaherDuessel

Independent Auditor's Report

The Legislative Audit Committee
Of the Montana State Legislature
and Board of Directors of the
Montana Facility Finance Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Montana Facility Finance Authority (Authority), a component unit of the state of Montana, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
December 30, 2024

Montana Facility Finance Authority
Department of Commerce
A Component Unit of the State of Montana
Management's Discussion and Analysis
Years ended June 2024 and 2023

The following represents Montana Facility Finance Authority (the "Authority") management's discussion and analysis of the Authority's financial performance during the fiscal years ended **June 30, 2024** and **2023.** Please read it in conjunction with the Authority's financial statements and accompanying notes.

Financial Highlights for 2024

- The Authority operating revenues decreased to $777,779 in FY 2024 from $786,756 in FY 2023, which is a decrease of $8,977.
- The Authority did not issue any bond financing in FY 2024 and FY 2023.
- The Direct Loan Program closed eight loans totaling $2,875,322 in FY 2024 and five loans totaling $1,420,001 in FY 2023.
- The Trust Fund Loan Program closed three loans totaling $3,427,000 in FY 2024 and two loans totaling $1,446,868 in FY 2023.
- The Authority committed grants in the amount of $50,000 in FY 2024 and $12,560 in FY 2023.
- The total bonds outstanding financings structured by the Authority decreased to $1,325,109,686 in FY 2024 from $1,372,618,506 in FY 2023 which is a decrease of $47,508,820. The decrease over prior years is attributable to outstanding bonds paying down as per their respective schedules and a slow bond issuance market. The Authority serves as a conduit issuer of tax-exempt debt and is not responsible for the bonds it issues as a conduit.

Financial Highlights for 2023

- The Authority operating revenues decreased to $786,756 in FY 2023 from $1,226,022 in FY 2022, which is a decrease of $439,266. This is due to a decrease in new financings compared to a very active FY 2022.
- The Authority did not issue any bond financing in FY 2023. In FY 2022 there were eleven bond issues for six borrowers totaling $506,987,203.
- The Direct Loan Program closed five loans totaling $1,420,001 in FY 2023 and two loans totaling $738,938 in FY 2022.
- The Trust Fund Loan Program closed two loans totaling $1,446,868 in FY 2023 and two loans totaling $2,500,000 in FY 2022.
- The Authority committed grants in the amount of $12,560 in FY2023 and $42,982 in FY 2022.
- The total outstanding financings structured by the Authority decreased to $1,372,618,506 in FY 2023 from $1,443,602,234 in FY 2022 which is a decrease of $70,983,728. The decrease over prior years is attributable to outstanding bonds paying down as per their respective schedules and a slow bond issuance market. The Authority serves as a conduit issuer of tax-exempt debt and is not responsible for the bonds it issues as a conduit.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Montana Facility Finance Authority's basic financial statements are comprised of two components; the basic financial statements and notes to the financial statements. The Authority is a self-supporting entity and follows enterprise fund reporting. Accordingly, the financial statements are presented using the accrual basis of accounting.

Basic Financial Statements

The Statement of Net Position presents information on all of the Authority's assets, deferred outflows, liabilities, and deferred inflows with the difference between the fourth reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents revenues earned and expenses incurred during the year and classifies activities as either "operating" or "non-operating". The Statement of Cash Flows presents information related to cash inflows and outflows, categorized by operating and investing activities. The reconciliation of operating income to cash provided by operating activities explains the relationship between the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position, showing that increases and decreases in operating assets often require the use or receipt of cash, but do not result in recognition of revenue or an expense.

The basic financial statements can be found at the beginning of the MD&A section of this report.

Capital Assets/Leases

Montana Facility Finance Authority entered a lease contract to obtain the right to use asset such as office building. In accordance with GASB Statement No 87, the Facility records a right-to-use lease asset and a lease liability for the long-term lease of the office building. The asset is amortized over the term of the lease, while the liability is reduced as scheduled lease payments are made. The total amounts of lease asset and associated accumulated amortization is disclosed in the Note 6 – Leases and Capital Assets.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page A-13 of this report.

Financial Analysis of the Authority

Condensed financial statements are presented on the following pages.

The following three fiscal years is marked by a significant amount of bond closings in FY 2022 followed by a quieter FY 2024 & FY 2023. Cash and equivalents decreased from $6.25 million in FY 2022 to $5.02 million in FY 2024. This is largely attributable to the increase in the MFFA Direct Loan Program utilization. Short-term notes receivable rose from $874,047 in FY 2022 to $1.10 million in FY 2024 and long-term receivables rose from $2,200,106 in FY 2022 to $3,829,419 in FY 2024. Service fee revenue decreased to $662,934 in FY 2024 from $1.15 million in FY 2022. This decrease was a result of there being no conduit bonds issued by the MFFA in FY 2023 or FY 2024. The lack of bond issuances is attributed to the difficult interest rate environment, difficulty in securing construction contractors and that the most consistent MFFA clients secured debt at lower rates in FY 2021 and FY 2022 and did not have need for capital funds during the covered period.

Personal services expenses grew with the addition of staff to manage the Montana Commercial Property Assessed Capital Enhancement (C-PACE) Program as well as statutory pay increases. Other operating expenses increased from $175,202 in FY 2022 to $258,602 in FY 2024. A large portion is due to the increase in pension expense from $8,286 in FY 2022 to $58,045 in FY 2024. As a result of the increase in pension expense and other expenses, the MFFA had an operating deficit in FY 2024 of $(81,612).

Investment earnings grew dramatically from $8,324 in FY 2022 to $327,549 in FY 2024. This is attributable to significant increases in STIP returns.

Montana Facility Finance Authority
Management's Discussion and Analysis
Condensed Financial Information
Changes in Net Position and Operating Income
Years Ended June 30, 2024 ,2023, and 2022

	2024	2023	2022
Assets:			
Current Assets:			
Cash & Cash Equivalents	$ 5,025,049	$ 6,311,192	$ 6,257,211
Short Term Notes Receivable	1,108,854	964,537	874,047
Other Current Assets	455,653	287,389	265,314
Total Current Assets	6,589,556	7,563,118	7,396,572
Non-Current Assets:			
Long Term Notes Receivable	3,829,419	2,343,333	2,200,106
Capital Assets	211,914	238,404	65,307
Total Non-Current Assets	4,041,333	2,581,737	2,265,413
Total Assets	10,630,889	10,144,855	9,661,985
Deferred Outflows of Resources:			
Pension Deferred Outflows	49,680	67,041	74,564
OPEB Deferred Outflows	53,509	57,741	63,202
Total Deferred Outflows of Resources	103,189	124,782	137,766
Total Assets and Deferred Outflows	$ 10,734,078	$ 10,269,637	$ 9,799,751
Liabilities:			
Total Current Liabilities	$ 267,899	$ 70,547	$ 67,285
Total Non-current Liabilities	620,642	593,719	346,109
Total Liabilities	888,541	664,266	413,394
Deferred Inflows of Resources:			
Pension Deferred Inflows	13,684	24,981	96,513
OPEB Deferred Inflows	49,902	53,920	18,167
Total Deferred Inflows of Resources	63,586	78,901	114,680
Net Position:			
Net Investment in Capital Assets	(7,839)	(3,346)	(1,086)
Total Unrestricted Net Assets	9,789,790	9,529,816	9,272,763
Total Net Position	9,781,951	9,526,470	9,271,677
Total Net Position and Liabilities	$ 10,734,078	$ 10,269,637	$ 9,799,751

(Continued)

Montana Facility Finance Authority
Management's Discussion and Analysis
Condensed Financial Information
Changes in Net Position and Operating Income
Years Ended June 30, 2024 ,2023, and 2022

(Continued)

	2024	2023	2022
OPERATING REVENUES:			
Service Fees	$ 662,934	$ 713,879	$ 1,152,626
Interest on Loans	108,436	72,877	73,396
Other Operating Revenue	6,409	—	—
Total Operating Revenues	$777,779	$786,75	$1,226,02
OPERATING EXPENSES:			
Personal services	497,120	455,505	373,288
Contracted services	53,669	48,549	50,907
Other operating expenses	258,602	262,800	175,202
Grants	50,000	12,560	42,982
Total operating expenses	859,391	779,414	642,379
Operating income (Loss)	(81,612)	7,342	583,643
NON-OPERATING REVENUES (EXPENSES)			
On-Behalf Pension Revenue	9,544	10,163	6,197
Investment Earnings	327,549	237,288	8,324
Total Non-Operating Revenue	337,093	247,451	14,521
Change in Net Position	255,481	254,793	598,164
Net Position Beginning of Period	9,526,470	9,271,677	8,679,546
Total Net Position as Restated	9,526,470	9,271,677	8,679,418
Total Net Position End of Period	$ 9,781,951	$ 9,526,470	$ 9,271,677

(Concluded)

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
STATEMENT OF NET POSITION-ENTERPRISE FUND
JUNE 30, 2024 AND 2023

ASSETS:	**2024**	**2023**
Current Assets:		
Cash & Cash Equivalents (Note 2)	$5,025,049	$6,311,192
Interest Receivable	24,057	26,381
Accounts Receivable	252,226	252,194
Securities lending Collateral	173,075	-
Short Term Notes Receivable (Note 4)	1,108,854	964,537
Prepaid Expenses	6,295	8,814
Total Current Assets	$6,589,556	$7,563,118
Non-current Assets:		
Long Term Notes Receivable (Note 4)	$3,829,419	$2,343,333
Intangible Right of Use Assets-net (Note 6)	211,914	238,404
Total Non-Current Assets	$ 4,041,333	$2,581,737
Total Assets	$10,630,889	$10,144,855
Deferred Outflows of Resources		
Pension Deferred Outflows (Note 5)	$ 49,680	$67,041
OPEB Deferred Outflows (Note 7)	53,509	57,741
Total Deferred Outflows of Resources	$ 103,189	$124,782
Total Assets and Deferred Outflows of Resources	**$10,734,078**	**$10,269,637**

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

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
STATEMENT OF NET POSITION-ENTERPRISE FUND
JUNE 30, 2024 AND 2023

(Continued)

LIABILITIES:	**2024**	**2023**
Current Liabilities:		
Accounts Payable	$ 39,256	$ 17,342
Lease Payable Due within 1 Year (Note 6)	23,113	21,368
Securities Lending Liability	173,075	—
Compensated Absences	32,455	31,837
Total Current Liabilities	$ 267,899	$ 70,547
Non-current Liabilities		
Compensated Absences	$ 16,450	$ 8,697
Lease Obligation (Note 6)	196,640	220,382
Net Pension Liability (Note 5)	383,659	341,223
OPEB Implicit Rate Subsidy (Note 7)	23,893	23,417
Total Non-current Liabilities	$ 620,642	$ 593,719
Total Liabilities	$ 888,541	$ 664,266
Deferred Inflows of Resources		
Pension Deferred Inflows (Note 5)	$ 13,684	$ 24,981
OPEB Deferred Inflows (Note 7)	49,902	53,920
Total Deferred Inflows of Resources	$ 63,586	$ 78,901
Net Position		
Net Investment in Capital Assets	$ (7,839)	$ (3,346)
Total Unrestricted Net Position	9,789,790	9,529,816
Total Net Position	$ 9,781,951	$ 9,526,470
Total Net Position, Deferred Inflows of Resources and Liabilities	**$ 10,734,078**	**$ 10,269,637**

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

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Service Fees	$ 662,934	$ 713,879
Interest on Loans	108,436	72,877
Other Operating Revenue	6,409	—
Total Operating Revenues	$ 777,779	$ 786,756
OPERATING EXPENSES:		
Personal Services	$ 497,120	$ 455,505
Contracted Services	53,669	48,549
Supplies and Materials	8,272	45,555
Communications	7,211	4,343
Benefits	689	3,666
Travel	40,616	26,946
Rent	2,342	1,118
Repairs and Maintenance	3,163	3,849
Other Expenses	111,775	99,344
Pension Expense	58,045	53,322
Grants	50,000	12,560
Amortization	26,489	24,657
Total Operating Expenses	$ 859,391	$ 779,414
Operating Income (Loss)	$ (81,612)	$ 7,342
NON-OPERATING REVENUES (EXPENSES)		
On-Behalf Pension Revenue	$ 9,544	$ 10,163
Investment Earnings	327,549	237,288
Total non-operating revenue	$ 337,093	$ 247,451
Change in Net Position	$ 255,481	$ 254,793
Net Position Beginning of Period	$ 9,526,470	$ 9,271,677
Total Net Position End of Period	$ 9,781,951	$ 9,526,470

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

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	**2024**	**2023**
Receipts for Sales and Services	$ 669,315	$ 715,390
Interest on Loans	108,436	72,877
Payments to Suppliers for Goods and Services	(249,930)	(236,297)
Payments to Employees	(488,749)	(448,710)
Net Cash Provided by (Used for) Operating Activities	$ 39,072	$ 103,260
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash Payments for Operating Loan	$ —	$ —
Net Cash Provided (Used) by Non-Capital Financing Activities	$ —	$ —
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest Payments on Leases and Other	$(2,684)	$ (4,498)
Principal Payments on Leases	(21,997)	(27,818)
Net Cash Provided (Used) by Capital and Related Financing Activities	$ (24,681)	$ (32,316)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Payments for Loans	$ (2,875,322)	$ (1,420,001)
Collection for Principal on Loans	1,244,919	1,186,284
Interest on Investments	329,869	216,754
Net Cash Provided by (Used for) Investing Activities:	$ (1,300,534)	$ (16,963)
Net Increase (Decrease) in Cash and Cash Equivalents	$ (1,286,143)	$ 53,981
Cash & Cash Equivalents, July 1	$ 6,311,192	$ 6,257,211
Prior Period Adjustment	—	—
Cash & Cash Equivalents, June 30	$ 5,025,049	$ 6,311,192

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

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2024 and 2023

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	**2024**	**2023**
Operating Income (Loss)	$ (81,612)	$ 7,342
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Amortization	$ 26,489	$ 24,657
Noncash lease activity	2,689	9,923
Noncash Activity for Pension and OPEB	58,734	56,988
Change in Assets & Liabilities:	$ 87,912	$ 91,568
Increase (Decrease) in Accounts Payable	21,914	(899)
Increase (Decrease) in Compensated Absences Payable	8,371	6,795
Decrease (Increase) in Accounts Receivable	(32)	1,507
Decrease (Increase) in Prepaid Expense	2,519	(3,053)
Total Adjustments	120,684	95,918
Net Cash Provided by (Used for) Operating Activities	39,072	103,260
Schedule of Non-Cash Investing, Capital, and Financing Activities		
Lease Liability for the Acquisition of a Right to Use Lease Asset	—	(256,063)

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MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. Summary of Significant Accounting Policies

Reporting Entity

The Montana Facility Finance Authority (the "Authority") was established by the State of Montana, 2-15-1815 M.C.A., to provide not-for-profit healthcare providers with access to low-cost capital. The Authority provides tax-exempt bond financing, low interest loans and limited planning grants for not-for-profit healthcare organizations and small value-added manufacturers with projects of less than $10 million.

The preceding financial statements are prepared from the Statewide Accounting Budgeting Human Resource System (SABHRS) and include the financial activity of the Authority's account in the Enterprise Fund. These statements are presented as a component unit in the State of Montana's Comprehensive Annual Financial Statement. The enterprise funds of the Authority do not comprise the entire proprietary fund type of the State of Montana.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services related to the principal ongoing operations. Revenue and expenses not meeting this definition, if they occur, are reported as non-operating revenues and expenses. The Authority records all revenues and expenses related to loans receivables and servicing loans as operating revenue and expenses.

Recent GASB Pronouncement:

For the year ended June 30, 2024, the Authority adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 100, Accounting Changes and Error Corrections (GASB 100), defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes, and addresses corrections of errors in previously issued financial statements. Under this statement, the accounting and financial reporting for each type of accounting change and error corrections are prescribed. No specified financial line item is affected by the application of this statement. Implementing GASB 100 itself does not require restating beginning balances for cumulative effect.

Statement No. 101, Compensated Absences (GASB 101), defines compensated absences and aligns the recognition and measurement guidance for the liabilities for compensated absences under a unified model. The Authority early implemented this statement for the year ended June 30, 2024. Under this statement, the Authority is required to recognize compensated absence liabilities for the leaves that meet the criteria set forth in GASB 101. Compared to pre-GASB 101, the major change in accounting treatment for compensated absences for the State of Montana is that the sick leave pool now meets the criteria to be considered as compensated absences and a liability should be recognized for the value of the sick leave pool at fiscal year-end. The compensated absence expenses are reported as General and Administrative operating expenses on the Authority's Statement of Revenues, Expenses, and Changes in Net Position. The compensated absence payable is reported as Accrued Compensated Absences current liability and noncurrent liability on the Authority's Statement of Net Position. The adoption of this statement is applied retroactively. Implementing GASB 101 requires restating compensated absences payable beginning balances for cumulative effect. The liability for the sick leave pool is recorded in the State's governmental fund and has no effect on the Authority. The Authority does not have a restatement of compensated absences payable.

For the year ended June 30, 2023, the Authority adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 91, Conduit Debt Obligations, was issued to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. Since the Authority has no commitments on any of the conduit debt obligations, no changes were required with the Authority's reporting practice.

GASB Statement No. 94, Public – Private and Public – Public Partnerships (PPPs) and Availability Payment Arrangements (APAs), establishes standards of accounting and financial reporting for PPPs and APAs and provides uniform guidance on accounting and financial reporting for those transactions. The Authority has not entered into these types of transactions.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Authority has not entered into these types of transactions.

Basis of Presentation and Use of Estimates

The Authority Enterprise Fund uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Under this basis, revenues are recognized in the accounting period when realizable, measurable, and earned. Expenses are recognized in the period incurred, when measurable. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and revenues and expenses for the period then ended.

Nature of Fund

The fund maintained by the Authority, which conforms with authorizing legislation and Authority resolutions, is described as follows:

> The Enterprise Fund is used to account for operations financed and operated similar to private business enterprises, where the intent of the legislature is that costs are to be financed or recovered primarily through user charges.

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Accounts Receivable

Accounts receivables are comprised of balances for administrative fees under service agreements with participating facilities. Management has evaluated the reported balances and believes them to be materially collectible, therefore, no allowance for uncollectible amounts has been provided.

Compensated Absences

Permanent employees are allowed to accumulate and carry over into a new calendar year a maximum of two times their annual accumulation of vacation leave. Upon termination, qualifying employees having unused accumulated vacation, exempt compensatory and sick leave receive 100 percent payment for vacation and exempt compensatory and 25 percent payment for sick leave. The accompanying financial statements reflect that liability.

Pension Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has three items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, changes in the net pension liability related to projected and actual earnings on pension plan investments and changes to assumptions and changes in the total OPEB liability related to changes to assumptions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two types of items that qualify for reporting in this category, the changes in the net pension liability related to projected and actual earnings on pension plan investments and changes to assumptions and changes in the total OPEB liability related to changes to assumptions.

Classification of Net Position:

Unrestricted Net Position

These are resources over which the governing board has discretionary control.

Net Investment in Capital Assets

The Authority recognized the net investment in capital assets in the amount of $(7,839) for FY 2024 and amount of $(3,346) for FY 2023.

Notes Receivable

Notes receivables are carried at their unpaid principal balance less an allowance for loan loss and are recorded as amounts are disbursed. Management has evaluated the reported balances and believes them to be materially collectible, therefore, no allowance for loan losses has been provided.

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Capital Assets & Lease Liabilities

Right to use leased assets are recognized at the lease commencement date and represent the Authority's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 10 years.

Lease Liabilities represent the Authority's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the Authority.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority uses the Intercap rate as its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments. There are no purchase options that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease asset and liability.

2. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

Cash and Cash Equivalents as presented on the accompanying Statement of Net Position and Statement of Cash Flows represents the Authority's cash of $5,025,049 and $6,311,192 as of June 30, 2024, and June 30, 2023, respectively. Cash and cash equivalents generally are short-term, highly liquid investments with maturities of three months or less at the time of purchase. Short Term Investment Pool (STIP) is an external investment pool managed by the Montana Board of Investments (MBOI). The Authority invests its residual funds, by law, in STIP. An external investment pool is defined as an arrangement that pools the monies of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. Cash and cash equivalents are defined as a short-term, highly liquid investment that is readily convertible to known amounts of cash.

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STIP - This Pool is managed to preserve principal while providing 24-hour liquidity for state agency and local government participants. Funds may be invested for one or more days. STIP participants own STIP shares, not the underlying investments. STIP is managed by MBOI as a fiduciary for the participants. For the fiscal years 2024 and 2023, STIP is presented in the MBOI Statement of Net Asset Value at fair value.

STIP invests primarily in short-term, high quality, fixed income securities with a maximum maturity of 397 days or less. Variable securities shall have a maximum maturity of 2 years. STIP shall maintain a dollar-weighted average portfolio maturity of 120 days or less. STIP is managed to preserve principal while providing 24-hour liquidity for state agency and local government participants.

Investments

Investments held at June 30, 2024 and 2023 are comprised of the STIP funds described above. In FY 2024 and FY 2023, no assets were deemed to be long term.

Investment Risk Disclosures

The required GASB 40 risk disclosure for the Authority is described below:

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Except for U.S. Government securities, STIP fixed income instruments have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the IPS approved by the Montana Board of Investments Board. Credit risk is managed by constraining portfolio purchases around investment grade NRSRO ratings as appropriate. The U.S. Government guarantees its securities directly or indirectly. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit risk. The Authority's investment is limited to STIP managed by the MBOI. The Authority does not have a policy related to STIP investments.

As a matter of STIP investment policy, the MBOI's fixed income investment staff can only purchase securities from a pre-approved "Approved Issuer" list. By STIP policy, permitted money market investments include only SEC registered 2a-7 Institutional Money Market Funds that are considered "US Treasury" or "US Government" money market mutual funds according to the SEC regulations or short-term investment vehicle available through the custodial bank. As of June 30th, all the STIP money market investments were in US Governmental Money Markets and $166 million was held on deposit in a short-term investment vehicle available through the custodial bank.

STIP participant investments are considered cash equivalents, as participants can redeem their shares daily. STIP investments at fair value are categorized to disclose credit risk and weighted average maturity. Although the STIP investments have been rated by investment security type, STIP as an external investment pool, has not been rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of any single investment per issuer name. Investments directly issued or explicitly guaranteed by the U.S. government and investments in mutual funds are excluded from the concentration of credit risk requirement. The STIP Investment Policy

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Statement (IPS) limits concentration of credit risk by limiting portfolio investment types to 3% in any issuer except for U.S. Treasury and U.S. Agency securities as well as any repurchase agreements with a financial institution. STIP concentration risk was within the policy as set by the Board.

Custodial Credit Risk

STIP is managed by the MBOI. STIP securities are registered in the nominee name for the MBOI and held in the possession of its custodial bank. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the MBOI will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the MBOI's custodial bank must be rated at a minimum at the 6th highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) on an annual basis.

As of June 30th, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee name for the MBOI and held in the possession of the MBOI's custodial bank. The equity index funds, securities held at the State's depository bank, real estate, mortgage, and loan investments were purchased and recorded in MBOI's name. Commingled fund investments are registered in the name of the MBOI. Therefore, MBOI is not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. According to the STIP investment policy "the STIP portfolio will minimize interest rate risk by:

1) structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity;
2) maintaining a dollar-weighted average portfolio maturity (WAM) of 60 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities; and
3) STIP will maintain a reserve account."

STIP investments at fair value are categorized to disclose credit risk and weighted average maturity (WAM). Credit risk reflects the weighted security quality rating by investment type as of the June 30th report date. Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP interest rate risk is determined using the WAM method. The WAM measure expresses investment time horizons – the time when investments are due or reset and payable in days, months, or years – weighted to reflect the dollar size of the individual investments within an investment type. Inclusive of cash and cash equivalents, the WAM averages 115 days for the portfolio. Based on their short weighted average maturity and the relative immaterial difference from their cost to fair value as of June 30th, the MBOI deemed the cash equivalents to have little discernible interest rate risk.

STIP may hold fixed and variable rate securities. Interest payments on variable securities are based on an underlying reference rate, for example, Secured Overnight Financing Rate (SOFR).

Legal and Credit Risk

The Authority's risk is derived from the STIP Pool as a whole, not with specific securities held by the Pool.

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Fair Value Measurement

GASB 72 requires investments to be categorized within the fair value hierarchy established by generally accepted accounting principles as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets that the Board can access as of June 30th.
- Level 2 - Prices determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
- Level 3 – Prices are determined using unobservable inputs which generally results in the Board using the best information available and may include the Board's own data.

The Authority does not have any investments required to be categorized in Level 1, 2 or 3.

STIP – This external investment pool is managed and administered under the direction of the MBOI as authorized by the Unified Investment Program. It is a commingled pool for investment purposes and requested redemptions from the pool are redeemed the next business day. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the investment.

For further information on investments at NAV please contact MBOI at www.investmentmt.com.

Montana Board of Investments
2401 Colonial Dr, 3rd Floor
PO Box 200126
Helena, MT 59620-0126

3. Conduit Revenue Bonds and Notes Outstanding

Resolutions adopted by the Authority have provided for trust and other agreements that establish specific funds to account for the proceeds of the various bond and note issues, mortgage and revenue notes receivable, debt service payments, payments by Borrowers, construction costs, and issuance costs. Specific funds established by agreements are held by trustees, or other participating financial institutions for the purpose of security and liquidity. Revenues are collected and disbursements made only in accordance with the provisions of applicable bond and note documents.

Most loans financed with bond proceeds are secured by first mortgages or security interests in the land, buildings, and related facilities and equipment financed by the Authority and utilized by the Borrower. Other loan payments are secured by a Master Note issued under a Master Trust Indenture of an Obligated Group or by standby letters of credit from financial institutions rated "A" or better.

The Health Care Revenue Bonds financing do not constitute a general obligation debt of the state or obligate the state to appropriate or apply any funds or revenue of the state. The Authority issues no-

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commitment conduit debt, and does not recognize a liability for those debts, therefore discloses the aggregate outstanding principal amount of each conduit debt obligation that share the same type of commitments at the end of the reporting period. These liabilities do not constitute a general obligation debt or liability of the State of Montana, or any political subdivision thereof and accordingly, do not appear on the Statement of Net Position.

Following is a schedule of conduit revenue bonds and note outstanding as of June 30, 2024 and 2023:

Conduit Revenue Bonds & Notes Outstanding:

Issue	Period Outstanding	Type of Interest Rate	Outstanding June 30, 2024	Outstanding June 30, 2023
Development Disability Facility Revenue Bonds (Beartooth Industries) Series 1997	1997-2024	Fixed	$3,627	$19,898
Revenue Bonds (Rimrock Foundation) Series 2009	2009-2030	5-year Fixed	$206,687	$241,983
Taxable Revenue Build America Bonds (Barrett Hospital and Health Care) Series 2010A	2010-2037	Fixed	$21,420,000	$22,560,000
Health Care Facilities Revenue Note (Western Montana Mental Health Center) Series 2010	2010-2030	Fixed	$635,525	$714,054
Acquisition and Refunding Revenue Note (Sapphire Lutheran Homes) Series 2011	2011-2041	5-year Fixed	$3,421,700	$3,566,850
Health Care Facilities Revenue Note (Western Montana Mental Health Center) Series 2012	2012-2033	Fixed	$1,004,090	$1,088,919
Health Facilities Revenue Bonds (St. Peter's Hospital) Series 2013	2013-2024	Fixed	—	$2,150,000
Revenue and Refunding Bond (Missions United) Series 2014	2014-2039	5-year Fixed	$23,061,000	$24,083,000
Health Facilities Revenue and Refunding Bonds (Bozeman Deaconess Health Services Series 2014A	2014-2044	Fixed	$18,985,000	$19,310,000
Banc of America Public Capital Corp Revenue Note (Bozeman Deaconess Health Services) Series 2014	2014-2024	Fixed	$462,838	$1,556,206
Hospital Facilities Revenue Refunding Bond (St. Peter's Hospital) Series 2015	2015-2022	Fixed	$1,635,000	$3,235,000
Health Facilities Revenue Bond (Bozeman Deaconess Health Services) Series 2015C	2015-2035	Variable	$9,455,000	$10,580,000
Prerelease Center Revenue Refunding Bond (Alternatives) Series 2015	2015-2025	Fixed	$1,155,000	$1,705,000
Refunding Revenue Bond (Community, Counseling, and Correctional Services) Series 2015	2015-2026	Fixed	$1,915,000	$2,520,000
Facility Revenue Bond (Intermountain Deaconess Children's Services) Series 2016	2016-2041	Variable	$5,330,551	$5,554,996
Refunding Revenue Bond (North Valley Hospital) Series 2016	2016-2031	Variable	$10,887,458	$12,237,687
Health Care Facilities Revenue Refunding Bonds (Master Loan Program – St. Luke Community Healthcare) Series 2016A	2016-2032	Fixed	$10,415,000	$11,545,000
Refunding Revenue Bond (Boyd Andrew Community Services) Series 2016	2016-2026	Fixed	$1,000,000	$1,315,000

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Issue	Period Outstanding	Type of Interest Rate	Outstanding June 30, 2024	Outstanding June 30, 2023
Hospital Revenue Bonds (Benefis Health System) Series 2016	2016-2041	Fixed	$102,875,000	$109,310,000
Health Care Facilities Revenue Refunding Bonds (Master Loan Program – Northeast Montana Health Services) Series 2017A	2017-2032	Fixed	$5,610,000	$6,225,000
Hospital Revenue Bonds (Benefis Health System) Series 2017A	2017-2030	Variable	$14,390,000	$16,555,000
Health Care Facilities Revenue Refunding Bonds (Master loan Program - Glendive Medical) Series 2017B	2017-2033	Fixed	$15,315,000	$16,475,000
Health Care Facilities Revenue Bonds (Master Loan Program - Marcus Daly Memorial) Series 2017C	2017 - 2037	Fixed	$11,525,000	$12,155,000
Facility Revenue Bonds (Clark Fork Valley Hospital) Series 2018	2018-2036	Fixed	$4,538,666	$4,827,755
Facility Revenue Bonds (Bozeman Deaconess Health Services) Series 2018	2018-2048	Variable	$61,180,000	$62,570,000
Health Care Facilities Revenue Bonds (Kalispell Regional Medical Center), Series 2018A	2018-2026	Fixed	$6,095,000	$8,025,000
Health Care Facilities Revenue Bonds (Kalispell Regional Medical Center), Series 2018B	2018-2048	Fixed	$88,360,000	$88,360,000
Revenue Bonds (Billings Clinic Obligated Group), Series 2018A	2018-2048	Fixed	$49,745,000	$51,460,000
Taxable Revenue Bonds (Billings Clinic Obligated Group), Series 2018B	2018-2038	Fixed	$35,015,000	$36,010,000
Variable Rate Revenue Bonds (Billings Clinic Obligated Group), Series 2018D	2018-2044	Variable	$56,580,000	$56,580,000
Health Care Facilities Revenue Bonds (Big Horn Hospital Association), Series 2018B	2018-2038	Fixed	$8,000,000	$8,000,000
Health Care Facilities Revenue Bonds (Big Horn Valley Health Center), Series 2019	2019-2039	Fixed	$3,385,000	$3,545,000
Revenue Refunding Bonds (Sisters of Charity Health System), Series 2019A	2019-2039	Fixed	$109,540,000	$114,290,000
Health Care Facilities Revenue Bonds (Montana Children's Home and Hospital Project), Series 2020A	2020-2051	Fixed	$32,445,000	$32,735,000
Health Care Facilities Revenue Bonds (Master Loan Program—Montana Children's Home and Hospital Project), Series 2020B	2020-2041	Fixed	$19,140,000	$20,000,000
Health Care Facilities Revenue Bonds (Master Loan Program – Powell County Memorial Hospital) Series 2020	2020-2036	Fixed	$11,395,000	$12,125,000
Health Facilities Revenue Bonds (St. Peter's Hospital) Series 2021	2021-2031	Fixed	$16,353,763	$18,550,723
Health Care Facilities Revenue Bonds (Kalispell Regional Medical Center) Series 2021	2021-2042	Fixed	$63,221,212	$66,116,322
Facility Finance Authority Revenue Bond (Beartooth Billings Clinic) Series 2021	2021-2041	Fixed	$13,532,569	$14,125,113
Hospital Revenue Bonds (Benefis Health System) Series 2021B	2021-2051	Fixed	$100,000,000	$100,000,000
Taxable Revenue Bonds (Billings Clinic Obligated Group), Series 2021A	2021-2051	Fixed	$148,225,000	$150,000,000
Hospital Revenue Bonds (Bozeman Deaconess Health Services Obligated Group), Series 2021A	2021-2051	Fixed	$56,895,000	$56,895,000

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Issue	Period Outstanding	Type of Interest Rate	Outstanding June 30, 2024	Outstanding June 30, 2023
Hospital Revenue Bonds (Bozeman Deaconess Health Services Obligated Group), Series 2021B	2021-2051	Fixed	$36,185,000	$36,185,000
Health Care Facilities Revenue Bonds (Community Hospital of Anaconda) Series, 2021B	2021-2041	Fixed	$17,135,000	$17,895,000
Health Care Facilities Revenue Bonds (Master Loan Program – Community Hospital of Anaconda) Series 2021A	2021-2041	Fixed	$7,335,000	$7,675,000
Health Care Facilities Revenue Bonds (Marcus Daly Memorial Hospital) Series 2021A	2021-2041	Fixed	$27,000,000	$27,000,000
Health Care Facilities Revenue Bonds (Master Loan Program – Marcus Daly Memorial Hospital), Series 2021B	2021-2041	Fixed	$9,350,000	$9,755,000
Taxable Revenue Bonds (Billings Clinic Obligated Group), Series 2021B	2022-2038	Fixed	$47,750,000	$49,190,000
Revenue Bond (St. John's Lutheran Ministries), Series 2022	2022-2034	Fixed	$36,000,000	$36,000,000
Total Revenue Bonds & Notes Outstanding		Fixed	$1,325,109,686	$1,372,618,506

The conduit revenue bonds and notes are payable solely from loan repayments to be made by eligible facilities pursuant to loan agreements and, further, from the funds created by the indentures and investment earnings thereon.

4. Notes Receivable

The Notes Receivable include loans made under the Authority's Direct Loan Program. The Direct Loan Program provides loans to eligible nonprofit health care facilities to cover smaller capital expenses. Loans are generally up to $300,000 and with a term of no more than seven years. When paired with a Trust Fund Loan, the Direct Loan may be up to $500,000 with a term of ten years. Interest rates are fixed and based on the respective US Treasury rate for that term plus a margin. The Authority receives collateral at least equal to the value of the loan in the form of property, equipment, or pledged cash. The Short-Term Notes Receivable represents the portion of the loans that are due within the year following the balance sheet date. FY 2024 direct loan short term & long-term notes receivables reported on the Statement of Net Position estimated amount of $1,108,854 and $3,829,419 respectively.

Following is a schedule with direct loans **short term notes receivables** as of June 30, 2024.

Borrower	Loan #	Maturity	Year	Principal
Intermountain Children's	178524	10/15/24	17DL	15,280
Big Sandy Medical Center	188725	10/15/25	18DL	9,838
Daniels Memorial Healthcare	188825	10/15/25	18DL	24,627
Alternatives	199126	05/15/26	19DL	18,862
McCone County Health	199226	09/15/26	19DL	4,433

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Job Connection	199829	07/15/29	19DL	30,064
McCone County Health	199926	10/15/26	19DL	10,165
Eastern MT Mental Health Center	1910029	11/15/29	19DL	49,998
Dahl Memorial Healthcare	199426	12/15/26	20DL	25,750
Fallon Medical Complex	199525	06/15/25	20DL	62,446
Missions United	1910125	02/15/25	20DL	69,657
Fallon Medical Complex	2010325	04/15/25	20DL	14,903
Roundup Memorial Hospital	2010430	02/15/30	20DL	39,946
Fallon Medical Complex	219726	05/15/26	22DL	52,126
Central MT Medical Center	2210527	12/15/27	22DL	74,291
Central MT Medical Center	2210632	07/15/30	22DL	45,257
Big Sandy Medical Center	2210727	10/15/27	22DL	16,795
Clark Fork Valley Hospital	2210829	12/15/29	22DL	37,952
All Nations Health Center	2310928	06/15/28	23DL	57,858
Glendive Medical Center	2311128	11/15/28	23DL	47,729
Community Hospital of Anaconda	2311033	2/15/34	24DL	42,394
Mineral County Hospital	2311230	11/15/30	24DL	15,157
Bitterroot Health	2311328	12/15/28	23DL	93,097
Rimrock Foundation	2411526	8/15/26	24DL	156,628
Clark Fork Valley Hospital	2411629	3/15/29	24DL	55,841
Alternatives Inc	2411731	5/15/31	24DL	37,760
Total short term notes receivables				**$1,108,854**

Following is a schedule with direct loans **long term notes receivables** as of June 30, 2024:

Borrower	Loan #	Maturity	Year	Principal
Big Sandy Medical Center	188725	10/15/25	18DL	3,343
Daniels Memorial Healthcare	188825	10/15/25	18DL	8,368
Alternatives	199126	05/15/26	19DL	17,683
McCone County Health	199226	09/15/26	19DL	6,828
Job Connection	199829	07/15/29	19DL	130,053
McCone County Health	199926	10/15/26	19DL	16,545
Eastern MT Mental Health Center	1910029	11/15/29	19DL	234,771
Dahl Memorial Healthcare	199426	12/15/26	20DL	39,617
Roundup Memorial Hospital	2010430	02/15/30	20DL	198,755
Fallon Medical Complex	219726	05/15/26	22DL	48,705
Big Sandy Medical Center	2210727	10/15/27	22DL	41,444

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Clark Fork Valley Hospital	2210829	12/15/29	22DL	193,429
Central MT Medical Center	2210527	12/15/27	22DL	192,354
Central MT Medical Center	2210632	07/15/30	22DL	245,699
All Nations Health Center	2310928	06/15/28	23DL	186,553
Community Hospital of Anaconda	2311033	2/15/34	24DL	444,163
Glendive Medical Center	2311128	11/15/28	23DL	181,328
Mineral County Hospital	2311230	11/15/30	24DL	96,089
Bitterroot Health	2311328	12/15/28	23DL	361,975
Rimrock Foundation	2411526	8/15/26	24DL	191,707
Clark Fork Valley Hospital	2411629	3/15/29	24DL	230,370
Alternatives Inc	2411731	5/15/31	24DL	259,640
St John's United	2411831	7/15/31	24DL	500,000
Total long term notes receivables				**$3,829,419**

FY 2023 direct loan short term & long-term notes receivables reported on the Statement of Net Position estimated amount of $964,537 and $2,343,333 respectively.

Following is a schedule with direct loans **short term notes receivables** as of June 30, 2023:

Borrower	Loan #	Maturity	Year	Principal
McCone Health Center	167823	10/15/23	16DL	8,877
Intermountain Children's	178524	10/15/24	17DL	45,233
Big Sandy Medical Center	188725	10/15/25	18DL	9,559
Daniels Memorial Healthcare	188825	10/15/25	18DL	23,923
Fallon Medical Complex	188923	01/15/24	19DL	9,381
Liberty County Hospital	199026	02/15/26	19DL	44,138
Alternatives	199126	05/15/26	19DL	18,421
McCone County Health	199226	09/15/26	19DL	4,338
Northeast MT Health Services	199723	08/15/23	19DL	21,137
Job Connection	199829	07/15/29	19DL	29,382
McCone County Health	199926	10/15/26	19DL	9,947
Eastern MT Mental Health Center	1910029	11/15/29	19DL	48,868
Dahl Memorial Healthcare	199426	12/15/26	20DL	25,228
Fallon Medical Complex	199525	06/15/25	20DL	61,206
Missions United	1910125	02/15/25	20DL	102,758
Fallon Medical Complex	2010325	04/15/25	20DL	17,558
Roundup Memorial Hospital	2010430	02/15/30	20DL	39,043
Rimrock Foundation	219624	09/15/24	22DL	169,280

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Fallon Medical Complex	219726	05/15/26	22DL	51,088
Central MT Medical Center	2210527	12/15/27	22DL	72,805
Central MT Medical Center	2210632	07/15/30	22DL	44,277
Big Sandy Medical Center	2210727	10/15/27	22DL	16,237
Clark Fork Valley Hospital	2210829	12/15/29	22DL	36,263
All Nations Health Center	2310928	06/15/28	23DL	55,590
Total short term notes receivables				$964,537

Following is a schedule with direct loans **long term notes receivables** as of June 30, 2023:

Borrower	Loan #	Maturity	Year	Principal
McCone Health Center	167823	10/15/23	16DL	—
Intermountain Children's	178524	10/15/24	17DL	15,280
Big Sandy Medical Center	188725	10/15/25	18DL	13,181
Daniels Memorial Healthcare	188825	10/15/25	18DL	32,995
Fallon Medical Complex	188923	01/15/24	19DL	—
Liberty County Hospital	199026	02/15/26	19DL	76,087
Alternatives	199126	05/15/26	19DL	36,545
McCone County Health	199226	09/15/26	19DL	11,261
Northeast MT Health Services	199723	08/15/23	19DL	—
Job Connection	199829	07/15/29	19DL	160,117
McCone County Health	199926	10/15/26	19DL	26,709
Eastern MT Mental Health Center	1910029	11/15/29	19DL	284,770
Dahl Memorial Healthcare	199426	12/15/26	20DL	65,366
Fallon Medical Complex	199525	06/15/25	20DL	62,447
Missions United	1910125	02/15/25	20DL	69,657
Fallon Medical Complex	2010325	04/15/25	20DL	14,903
Roundup Memorial Hospital	2010430	02/15/30	20DL	238,701
Rimrock Foundation	219624	09/15/24	22DL	42,853
Fallon Medical Complex	219726	05/15/26	22DL	100,832
Big Sandy Medical Center	2210727	10/15/27	22DL	58,238
Clark Fork Valley Hospital	2210829	12/15/29	22DL	231,381
Central MT Medical Center	2210527	12/15/27	22DL	266,644
Central MT Medical Center	2210632	07/15/30	22DL	290,956
All Nations Health Center	2310928	06/15/28	23DL	244,410
Total long term notes receivables				**$2,343,333**

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Following is a schedule of revenue direct loans outstanding as of June 30, 2024 and 2023:

Total Notes Receivable Outstanding:

Borrower	Period Outstanding	Interest Rate	Outstanding June 30, 2024	Outstanding June 30, 2023
McCone County Health Center, Inc. 167823	2016-2023	2.00 %	$ —	$ 8,877
Intermountain Deaconess Children's Services 178524	2017-2024	2.00 %	15,280	60,513
Daniels Memorial Healthcare Center 188825	2018-2025	2.89 %	32,995	56,918
Big Sandy Medical Center 188725	2018-2025	2.87 %	13,181	22,739
Fallon Medical Complex 188923	2019-2024	2.70 %	—	9,381
Liberty Medical Center 199026	2019-2026	2.52 %	—	120,225
Alternative's, Inc 199126	2019-2026	2.35 %	36,545	54,966
Job Connection Inc 199829	2019-2029	2.26 %	160,117	189,500
Northeast Montana Health Services Inc 199723	2019-2023	2.00 %	—	21,137
McCone County Health Center, Inc 199226	2019-2026	2.15 %	11,261	15,598
McCone County Health Center, Inc 199926	2019-2026	2.15 %	26,710	36,656
Eastern Montana Community Mental Health Center 1910029	2019-2029	2.25 %	284,770	333,638
Dahl Memorial Healthcare 199426	2019-2026	2.03 %	65,366	90,595
Missions United 1910125	2020-2024	2.00 %	69,657	172,415
Roundup Memorial Healthcare 2010430	2020-2030	2.25 %	238,701	277,743
Fallon Medical Complex 2010325	2020-2025	2.00 %	14,903	32,462
Fallon Medical Complex 199525	2020-2025	2.00 %	62,446	123,653
Fallon Medical Complex 219726	2021-2026	2.00 %	100,832	151,920
Rimrock Foundation 219624	2021-2024	2.00 %	—	212,133
Big Sandy Medical Center 2210727	2022-2027	3.35 %	58,238	74,475
Central MT Medical Center 2210527	2022-2027	2.00 %	266,644	339,449
Central MT Medical Center 2210632	2022-2030	2.15 %	290,956	335,233
Clark Fork Valley 2210829	2022-2029	4.48 %	231,381	267,644

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Borrower	Period Outstanding	Interest Rate	Outstanding June 30, 2024	Outstanding June 30, 2023
All Nations Health Center 2310928	2023-2028	3.59 %	244,410	300,000
Alternatives 2411731	2024-2031	4.28 %	297,402	—
Mineral County Hospital 2311230	2024-2030	4.83 %	111,246	—
Glendive Medical Center 2311128	2023-2028	4.77 %	229,057	—
Bitterroot Health 2311328	2023-2028	4.64 %	455,072	—
Community Hospital of Anaconda 2311033	2024-2034	3.84 %	486,557	—
Rimrock Foundation 2411526	2024-2026	4.43 %	348,335	—
Clark Fork Valley Hospital 2411629	2024-2029	3.99 %	286,211	—
St John's United 2411831	2024-2031	4.67 %	500,000	—
Total Revenue Notes Receivable			**$ 4,938,273**	**$ 3,307,870**

5. Employee Benefits

Retirement Benefits – General Plan Information

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pension,* employers are required to recognize and report certain amounts associated with their participation in the Public Employees' Retirement System (PERS). Statement 68 includes requirements to record and report their proportionate share of the collective Net Pension Liability (NPL), Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions. These amounts are included in the Authority's financial statements as of and for the years ended June 30, 2024 and 2023.

The Authority and its members contribute to either the PERS Defined Benefit Retirement Plan (DBRP) or the PERS Defined Contribution Retirement Plan (DCRP) for its employees that have elected the DCRP. Both plans are administered by the Montana Public Employees Retirement Board (PERB) and its staff, the Montana Public Employee Retirement Administration (MPERA). The DBRP is a multiple-employer, cost-sharing plan. Both plans provide retirement, disability and death benefits to plan members and the beneficiaries.

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

Benefits and contribution rates are established by state law and can only be amended by the Legislature. DBRP plan benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service.

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DCRP benefits depend upon eligibility and individual account balances. Participants are immediately vested in their own contributions and attributable income. Participants are vested after five years of membership service in the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the DCRP.

For the purposes of measuring net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position, have been determined on the same accrual basis as they are reported by PERS. For this purpose, member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Investments are reported at fair value. PERS adheres to all applicable GASB statements.

The State of Montana has a funding situation that is not Special Funding whereby the State General Fund provides contributions from the Coal Tax Severance fund. All employers are required to report the portion of Coal Tax Severance income and earnings attributable to the employer.

The plan issues publicly available annual reports that include financial statements and required supplemental information for the plans. Those reports may be obtained from:

Public Employees Retirement Division
PO Box 200131
100 South Park, Suite 220
Helena, MT 59620-0131
406-444-3154

Or online at: http://mpera.mt.gov

The information contained within MPERA's financial statements will only display information in regard to PERS in total and will not display information specific to the Authority as an entity.

Pension liabilities, expense, and deferred inflows and outflows of resources.
As of June 30, 2024 and 2023, the Authority reported a liability for its proportionate share of the total's net pension liability based on the ratio of FFA's contributions to the sum of all employer and non-employer contributions during the measurement period. The State of Montana's proportionate share associated with FFA represents the ratio of contributions for FFA to the total State contributions paid.

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The following table displays the proportionate shares as of June 30, 2024:

	Net Pension Liability	Net Pension Liability %	Change in Net pension Liability %
FFA	$ 383,659	0.015721 %	0.001371 %
State of MT associated with FFA	101,737	0.004169 %	0.000046 %
Total	485,396	0.019890 %	0.001417 %

The following table displays the proportionate shares as of June 30, 2023:

	Net Pension Liability	Net Pension Liability %	Change in Net pension Liability %
FFA	$ 341,223	0.014350 %	0.001442 %
State of MT associated with FFA	98,046	0.004123 %	0.000469 %
Total	439,269	0.018473 %	0.001911 %

The Authority reported a pension expense of $58,045 at June 30, 2024 and $53,322 at June 30,2023 as stated in the Statement of Revenues, Expenditures and Changes in Fund Net Position. The Employer also recognized grant revenue of $9,544 and $10,163 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

Deferred Pension Inflow/Outflow:
At June 30, 2024, the Authority reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	$ 15,280	$ —
Projected Investment Earning vs. Actual Investment Earnings	973	—
Changes in assumptions	—	13,684
Changes in Proportion and Difference Between Employer Contributions and Proportionate share of Contributions	6,294	—
Employer Contributions Subsequent to the Measurement Date	27,133	—
Total	$ 49,680	$ 13,684

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At June 30, 2023, the Authority reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	$ 4,350	
Projected Investment Earning vs. Actual Investment Earnings	10,028	
Changes in assumptions	12,716	24,981
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	15,781	—
Employer Contributions Subsequent to the Measurement Date	24,166	—
Total	$ 67,041	$ 24,981

Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions made subsequent to the June 30, 2022 and 2023, measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023 and 2024, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Recognition in the future years to Pension Expense:

For measurement year ended June 30:	Deferred Outflows/Inflows of Resources
2023	$ 15,929
2024	$ (5,347)
2025	$ (6,147)
2026	$ 22,686
2027	$ (2,329)
Thereafter	$ —

Following are additional required disclosures:

Summary of Benefits:
Member benefits are calculated using a formula based on salary and years of service as follows:

Member's Highest Average Compensation (HAC)
Hired prior to July 1, 2011 – HAC during any consecutive 36 months;
Hired on or after July 1, 2011 – HAC during any consecutive 60 months;
Hired on or after July 1, 2013 – 110% annual cap on compensation considered as part of a member's highest average compensation.

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<u>Eligibility for Benefits</u>

Service retirement:

Hired prior to July 1, 2011:	Age 60, 5 years of membership service; Age 65, regardless of membership service; or Any age, 30 years of membership service.
Hired on or after July 1, 2011:	Age 65, 5 years of membership services; Age 70, regardless of membership service.

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:	Age 50, 5 years of membership service; or Any age, 25 years of membership service.
Hired on or after July 1, 2011:	Age 55, 5 years of membership service.

<u>Vesting</u>

5 years of membership service

Second Retirement (requires returning to PERS-covered employment or PERS service)

Retire before January 1, 2016 and accumulate less than 2 years' additional service credit, or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:

- A refund of member’s contributions plus regular interest (2.02% effective July 1,2018);
- No service credit for second employment;
- Start the same benefit amount the month following termination; and
- Guaranteed Annual benefit Adjustment (GABA) start again in the January immediately following the second retirement

Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:

- A recalculated retirement benefit based on laws in effect at second retirement; and
- GABA starts the January after receiving the new benefit for 12 months

Retire on or after January 1, 2016 and accumulate 5 or more year of service credit*:*

- The same retirement as prior to the return to service;
- A second retirement benefit for second period of service based on laws in effect at second retirement;
- GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months

Monthly Benefit Formula:

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2.0% of HAC per year of service credit.

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Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2.0% of HAC per year of service credit.

Overview of Contributions:

Contribution rates for the plans are specified by State law for periodic member and employer contributions and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The State legislature has the authority to establish and amend contributions rates to the plans. Currently members are required to contribute 7.9% of their compensation. By statute, the 7.9% member contribution is temporary and will be decreased to 6.9% on January 1 of the year when the actuarial valuation results show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

The Authority contributed to pension an amount of $27,132 in FY 2024 and $22,479 for FY 2023. The contribution as a percentage of covered payroll is 9.21% for FY 2024 and 9.09% for FY 2023. The Authority and its participants contributed $36,563 and $35,124 to the DCRP during the fiscal years ended June 30, 2024 and 2023, respectively.

Following the 2013 Legislative Session, PERS employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions increased an additional 0.1% each year for 10 years, through 2024. The employer additional contribution, including the 0.27% added in 2007 and 2009, terminates on January 1 of the year following actuary valuation results that show the amortization period of PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contribution rates. The Employer contribution rate at June 30, 2024 and 2023 is 9.07% and 8.97%, respectively. In addition, the State contributes 0.1% of members' compensation on behalf of local government entities. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

Assumptions and Other Inputs

Actuarial Assumptions:

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The Total Pension Liability (TPL) as of June 30, 2024 and 2023 was determined on the result of the actuarial valuation date of June 30, 2023 and 2022, respectively, using the following assumptions applied to all periods included in the measurement. Among those assumptions were the following:

- General Wage Growth* 3.50 %
  - includes inflation at 2.75%
- Investment Rate of Return 7.30%
- Merit salaries Increases 0% - 4.80 %

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- Postretirement Benefit Increases
  - Guaranteed Annual Benefit Adjustment (GABA)*
- Mortality:
  - Active Participants: PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
  - Disabled Retirees: PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
  - Contingent Survivors: PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
  - Healthy Retirees: PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- For members hired after July 1, 2013 –
  - 1.5% for each year PERS is funded at or above 90%;
  - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%;
  - 0.0% whenever the amortization period for PERS is 40 years or more

The actuarial assumptions and methods utilized in the June 30, 2023 valuation were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

Effective July 1, 2022, the following assumption changes were used:

1. The discount rate was increased from 7.06% to 7.30%
2. The investment rate of return was increased from 7.06% to 7.30%
3. Updated all mortality tables to the PUB2010 tables for general employees
4. Updated the rates of withdrawal, retirement and disability
5. Lowered the payroll growth assumptions from 3.50% to 3.25%
6. The inflation rate was increased from 2.40% to 2.75%

There were no changes in benefits terms

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.30% The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the

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contractually required rates under Montana Code Annotated. The state contributed 0.10 % of salaries paid by local governments and 0.37% paid by school districts.

In addition, the State contributes coal severance tax and interest money from the general fund. The interest is contributed monthly and the severance tax is contributed quarterly. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all of the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

Long-term Expected Rate of Return:

The long-term expected return on pension plan investments is reviewed as part of the regular experience studies prepared for the Plan about every five years The long-term rate of return as of June 30, 2023 is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown in the experience study. Several factors are considered in evaluating the long term rate of return assumption including long term historical data, estimates inherent in current market data, and an analysis in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long term assumption (30 to 50 years) and is not expected to change absent a significant change in asset allocation, a change in the underlying inflation assumption or a fundamental change in the market that alters expected returns in future years

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real
Cash	3.00 %	-0.33%
Domestic Equity	30.00 %	5.90%
International Equity	17.00 %	7.14%
Private Investments	15.00 %	9.13%
Real Assets	5.00 %	4.03%
Real Estate	9.00 %	5.41%
Core Fixed Income	15.00 %	1.14%
Non-Core Fixed Income	6.00 %	3.02%
Total	100.0 %	

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Sensitivity Analysis -DBRP:

The below table represents the employer's sensitivity of the net pension liability to the discount rate. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

Net pension Liability Sensitivity	1.0% Decrease 6.30%	Current Discount Rate (7.30%)	1.0% Increase 8.30%
June 30, 2024	$554,194	$383,659	$240,596
June 30, 2023	$491,889	$341,223	$214,816

Summary of Significant Accounting Policies – DBRP:

DBRP financial statements are prepared using the accrual basis of accounting. The same accrual basis was used for the purposes of measuring the NPL, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, the fiduciary net position and additions to/deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America and applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

PERS has a special funding situation in which the State, as a non-employer contributing entity, is legally responsible for making contributions directly to PERS on behalf of local government, school district and other governmental agency employers. The State, as a non-employer contributing entity, also paid to the Plan coal tax contributions that are not accounted for a special fund for all participating employers.

Changes in proportionate share:

There were no changes between the measurement date of the collective Net Pension Liability (NPL) and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Deferred Compensation Plan:

The Authority's permanent employees are eligible to participate in the State of Montana's deferred compensation plan. The compensation deferred is not available to employees until separation from State service, retirement, death, or upon an unforeseeable emergency, when still employed and meeting IRS specified criteria. The plan is governed by Internal Revenue Service Code (IRC) Section 457 and Title 19, Chapter 50, Montana Code Annotated (MCA). The Small Business Job Protection Act of 1996 resulted in changes to IRC Section 457 and Title 19, Chapter 50, MCA. Assets of the deferred compensation plan are required to be held in trust, custodial accounts or insurance company contracts for the exclusive benefit of

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participants and their beneficiaries. For plans in existence as of August 20, 1996, compliance was required by January 1, 1999.

Health Care:
Authority staff and dependents are eligible to receive medical and dental health care through the State Group Benefits Plan administered by the Montana Department of Administration Health Care & Benefits Division. The State funds claims on a pay-as-you-go basis. Montana DOA established premiums vary depending on family coverage and eligibility. Agencies contribute of $1,054 per month per eligible State of Montana employee, in addition to the employee's monthly contribution, as shown as follows:

Premiums	CY2023 & 2024
Medical	$30- $327.00
Dental (optional)	$0-$28.90
Vision Hardware (optional)	$7.64 - $22.26

The State reimburses all validated medical claims net of member obligations (annual deductibles and coinsurance of the members' selected medical plan). Eligible dental claims are reimbursed at 20% to 100% of the allowable charges, depending on the services provided. The State fund claims on a pay-as-you-go basis and, in addition, maintains a claims fluctuation reserve equivalent to three months projected claims and operating costs.

6. Leases and Capital Assets

Intangible Right-of-use Assets:

	Fiscal Year 2024	Fiscal Year 2023
Building	256,063.00	256,063.00
Less Amortization	44,149.00	17,659.00
Balance June 30 ROU	211,914.00	238,404.00

As of June 30, 2024, the Authority reported total amount of $256,063 Intangible Right of Use building asset-net and the accumulated amortization of the building amount of $44,149.

The facility had two lease contracts during the FY 2023. The first lease contract with Montana Board of Investments leased a space office located at 2401 Colonial Drive, 3rd floor, Helena and the contract ended October 31, 2022. The second lease contract with Montana Board of Investments leased a space office located at 1712 9th Avenue, Helena and the contract started November 1st, 2022.

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The table below shows the balances for the two building leases, building # 1 is located at the 2401 Colonial Drive, 3rd floor in Helena, and the building # 2 is located at 1712 9th Avenue in Helena.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Right to Use Assets							
Right to use leased building #1	$93,296	-	$ (93,296)	-	-	-	-
Right to use leased building #2		256,063		256,063	-	-	256,063
Total right to use leased assets being amortized	93,296	256,063	(93,296)	256,063	-	-	256,063
Less Accumulated Amortization							
Right to use leased building #1	$27,989	$6,998	$(34,987)	-	-	-	-
Right to use leased building #2	-	17,659	-	17,659	26,489	-	44,149
Total accumulated amortization	27,989	24,657	(34,987)	17,659	26,489	-	44,149
Net right to use leased assets	$65,307	$231,406	$(58,309)	$238,404	26,489	-	211,914

Leases:

The lease has been made between the State of Montana Department of Commerce (lessee) and Montana Board of Investments (lessor.) The space being leased is approximately 2,131 gross square feet on the building located at 1712 9th Avenue Helena, Montana. The lease term effective November 1, 2022 through June 30, 2032, with the option of renewal subject to prior approval by the Department of Administration. The Authority leases five offices in the 1712 9th Avenue building. The lease agreement states that the rent will increase by 3% on each July 1st, beginning July 1, 2023.

The prior lease made with the Montana Board of Investments to lease office space located at 2401 Colonial Drive 3rd floor was terminated on October 31, 2022

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Accordingly, for its long-term lease of the 1712 9th Avenue Building offices, the Authority created a right-to-use lease asset and a lease liability. The asset is amortized over the term of the lease, while the liabilities are reduced as scheduled lease payments are made. Under its remaining lease contract, the Authority is required to make annual payments of $2,070 (increasing 3% each July 1st, beginning with July 1, 2023). The lease has an interest rate of 1.55%

The lease principal and interest payment requirements to maturity are presented in the table below:

Fiscal Year	Principal	Interest
2025	$23,113	$3,242
2026	$24,270	$2,876
2027	$25,469	$2,491
2028	$26,712	$2,088
2029	$27,999	$1,665
2030	$29,332	$1,221
2031	$30,713	$757
2032	$32,145	$271
Total	**$219,753**	**$14,611**

As of June 30, 2024, the Authority reported lease payable principal due within one year in the amount of $23,113 and a long-term lease obligation in the amount of $196,640, as shown in the Statement of Net Position and in the table above.

7. OPEB - OTHER POST EMPLOYMENT BENEFITS

General Information about the State Employee Group Benefits (SEGB) OPEB Plan

Plan description. The Authority's defined benefit OPEB plan, the SEGB, provides optional OPEB in accordance with Section 2-18-704, MCA. This coverage applies to the following employees and dependents who elect to continue coverage and pay administratively established contributions: 1) employees and dependents who retire under applicable retirement provisions and 2) surviving dependents of deceased employees. The SEGB OPEB plan is a single-employer defined benefit OPEB plan administered by statute by the Montana Department of Administration (DOA) Health Care and Benefits Division (HCBD). The Fund is reported within the primary government for reporting purposes.

SEGB is not administered through a trust. There are no assets accumulated to offset the total OPEB liability. The State funds the benefits on a pay-as-you-go basis from general assets. Section 2-18-8, MCA gives the authority for establishing and amending the funding policy to the DOA.

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The healthcare OPEB plan allows retirees to participate, as a group, at a rate that does not cover all the related costs. This results in the reporting of total OPEB liability in the related financial statements and note disclosures.

Benefits provided. A retiree may continue coverage with the SEGB if the retiree is eligible to receive a monthly retirement benefit under their particular retirement system at the time of leaving active employment and elect to start medical coverage within 60 days of leaving employment. The Authority's employees retire under either the PERS DBRP or the PERS DCRP.

Non-Medicare retirees may continue the core plan, which includes medical, dental, and basic life insurance. Vision coverage is optional. Medical, dental, and vision coverage is optional for dependents. Medicare eligible retirees may continue medical coverage. Dental and vision coverage is optional, and no life insurance is available. Medical, dental, and vision coverage is optional for dependents. Medicare eligible retirees must enroll in both Part A and Part B Medicare coverage.

A retiree may continue coverage for a spouse who does not work for the State. If coverage is not continued, the spouse may only be added when the spouse loses eligibility for other coverage. If the retiree and spouse both work for the State, the retiree may elect to be covered under the working spouse and retains the right to exercise the transfer option. Dependent medical or dental coverage can only be continued if the retiree continues medical and/or dental coverage.

A surviving spouse may elect to continue their medical, dental, or vision coverage until Medicare age, at which time they will be offered COBRA and no longer be eligible for the plan. For surviving spouses already of Medicare age, they will be offered COBRA and lose eligibility under the plan at the end of the offering month.

Authority staff and dependents are eligible to receive medical and dental health care through the SEGB. The State funds claims on a pay-as-you-go basis. Montana DOA established premiums vary depending on family coverage and eligibility. Agencies contribute $1,054 per month per eligible current State employee in addition to the employee's monthly contribution as shown below:

Premiums	Calendar Years 2023 & 2024
Medical	$484.00 - $2,362.00
Dental (optional)	$42.34 - $71.27
Vision Hardware (optional)	$7.64 - $22.26

Total OPEB Liability

For fiscal year 2024 the Authority's total OPEB liability of $23,893 measured on March 31, 2024. The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to March 31, 2024.

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For fiscal year 2023 the Authority's total OPEB liability of $23,417 measured on March 31, 2023. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to March 31, 2023.

Basis of Accounting

The OPEB liability is reported on an accrual basis. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable.

Schedule of Changes in Total OPEB Liability

The following table presents the other items related to, and changes in, the total OPEB liability:

Beginning Balance April 1,2023	$ 23,417
Service Cost	130
Interest	940
Difference between expected and actual experience	(746)
Changes of assumptions or other inputs	-
Benefit Payments	152
Net Changes	476
Balance at March 31, 2024	**$ 23,893**

Beginning Balance April 1,2022	$ 60,965
Service Cost	1,326
Interest	2,051
Difference between expected and actual experience	(27,891)
Changes of assumptions or other inputs	(12,381)
Benefit Payments	(653)
Net Changes	(37,548)
Balance at March 31, 2023	**$ 23,417**

Actuarial Assumptions

The total OPEB liability (TOL) measured under GASB 75 is based upon service cost and more standardized reporting assumptions than prior GASB Statements. For a pay-as-you-go public entity, GASB 75 requires a 20-year current municipal bond discount rate to establish an Actuarially Determined Contribution (ADC). The GASB 75 valuation is further required to show both historical and projected future net changes in TOL, as well as sensitivity to changes in key underlying assumptions. Actuarially determined amounts are subject to continual revisions, meaning actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

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The State's OPEB plan TOL actuarial valuation on December 31, 2022, rolled forward to the measurement dates March 31, 2024 and 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Retiree/Surviving Spouse	Spouse
Contributions (weighted		
Before Medicare eligibility	$15,372	$7,370
After Medicare eligibility	$5,592	$5,213
Actuarial valuation date	December 31, 2022	
Measurement date	March 31, 2024 and 2023	
Actuarial funding method	Entry age normal	
Amortization method	Level percent of payroll, open	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial assumptions:		
Interest/discount rate	4.12%-2024; 3.98%-2023	
Projected payroll increases	3.50%	
Average retirement age		
Active Employees	59.80-2024; 59.75 -2023	
Inactive Employees	70.01-2024; 69.01-2023	
Participation	40% of future retirees and 70% of future retirees who elect medical coverage and are married are assumed to elect spousal coverage as well.	
Marital status	Actual spouse information is used for current retirees. Marital status at retirement for future members assumed to be 70%. Males are assumed to be 3 years older than females.	
Healthcare cost trend rates	The 2023medical health care cost trend rate is 6.5%. Annual decreases begin in 2024 with an ultimate rate of 3.9%. The 2023 prescription health care cost trend rate is 9.0%. Annual decreases start in 2024, with an ultimate rate of 3.9%.	
Retiree Contribution Increases	Current year was based on actual trend. For pre-65 contributions, it starts with 4.0% in 2023, increases to 6.7% in 2024 and then decreases annually with an ultimate rate of 3.9%. For post-65 contributions, it starts with 3.9% in 2023, increases to 6.7% in 2024 and then decreases annually with an ultimate rate of 3.9%.	

Mortality - Contributing Members: For general MPERA members, mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021.

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Mortality - Retired: For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.

Mortality - Surviving Beneficiaries: For general MPERA survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males and females, projected generationally using MP-2021.

Mortality - Disabled: For general MPERA retirees, mortality follows the Pub-2010 General Disabled table set forward 1 year for males and females, projected generationally using MP-2021.

The actuarial discount rate changed from 3.98 % in 2023 to 4.12% in 2024.

***Sensitivity of the total OPEB liability to changes in the discount rate*.**

The following presents the total **FY 2024** OPEB liability of the Authority's, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate (DR) that is 1-percentage-point lower (DR-1 percent) or 1-percentage-point higher (DR+1 percent) than the current discount rate:

	1% Decrease (3.12%)	Current Discount Rate (4.12%)	1% Increase (5.12%)
Total OPEB liability (asset)	29,733	23,893	19,447

***Sensitivity of the total OPEB liability to changes in the discount rate*.**

The following presents the total **FY 2023** OPEB liability of the Authority's, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate (DR) that is 1-percentage-point lower (DR-1 percent) or 1-percentage-point higher (DR+1 percent) than the current discount rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Total OPEB liability (asset)	29,219	23,417	19,018

***Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates*.**

The following presents the total **FY 2024** OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability (asset)	19,513	23,893	29,649

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***Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates*.**

The following presents the total **FY 2023** OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability (asset)	19,124	23,417	29,058

OPEB Expense & Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reported an OPEB expense of $2,002 as of June 30 2024 and $4,368 as of June 30 2023.

Actuarial valuation as of March 31, 2024 for Authority OPEB deferred outflows & inflows of resources.

As of 3/31/2024	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflow/Inflow of Resources
Differences Expected to Actual	3,863	(2,182)	1,681
Changes in Assumptions	1,833	(2,582)	(749)
Total Balances	5,696	(4,764)	932

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Total Deferred inflows/outflows balances reported by the Authority in FY 2024.

Facility Finance Authority FY 2024					
	Deferred Outflows		Deferred Inflows		
Fiscal Year Ending	Difference Expected to Actual	Changes in Assumptions	Difference Expected to Actual	Changes in Assumptions	Net Outflow / (Inflow) Total
Total	50,292	24,009	(28,807)	(33,066)	12,428
3/31/2018	—	—	(75)	(5)	(80)
3/31/2019	—	49	(75)	(5)	(31)
3/31/2020	1,248	287	(75)	(272)	1,188
3/31/2021	3,863	1,819	(75)	(272)	5,335
3/31/2022	3,863	1,819	(75)	(1,573)	4,034
3/31/2023	3,863	1,833	(2,182)	(2,523)	991
3/31/2024	3,863	1,833	(2,182)	(2,582)	932
Balance	33,592	16,369	(24,068)	(25,834)	59
Sum of the Above	$49,961		$(49,902)		
Contributions	$3,548		$—		
TOTAL	$53,509		$(49,902)		

Actuarial valuation as of March 31, 2023 for Authority OPEB deferred outflows & inflows of resources.

As of 3/31/2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflow/Inflow of Resources
Differences Expected to Actual	3,863	(2,182)	1,681
Changes in Assumptions	1,833	(2,523)	(690)
Total Balances	5,696	(4,705)	991

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Total Deferred inflows/outflows balances reported by the Authority in FY 2023.

Facility Finance Authority FY 2023					
	Deferred Outflows		Deferred Inflows		
Fiscal Year Ending	Difference Expected to Actual	Changes in Assumptions	Difference Expected to Actual	Changes in Assumptions	Net Outflow / (Inflow) Total
Total	50,292	24,009	(28,807)	(32,320)	13,174
3/31/2018	—	—	(75)	(5)	(80)
3/31/2019	—	49	(75)	(5)	(31)
3/31/2020	1,248	287	(75)	(272)	1,188
3/31/2021	3,863	1,819	(75)	(272)	5,335
3/31/2022	3,863	1,819	(75)	(1,573)	4,034
3/31/2023	3,863	1,833	(2182)	(2,523)	991
Balance	37,455	18,202	(26,250)	(27,670)	1,737
Sum of Above	$55,657		$(53,920)		
Contributions	2,084		—		
Total	$57,741		$(53,920)		

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense
2025	$932
2026	$932
2027	$932
2028	$932
2029	$932
Thereafter	$(4,601)

Total Projected Claims Cost

To determine total projected costs for the valuation period, an analysis of claims experience for the medical and prescription drug plans was completed based on information provided by the State of Montana. For purposes of the valuation, all medical plans are grouped together, and all prescription drug plans are grouped together.

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Medical and prescription drug claims were based on the most recent contribution rate development calculations for retirees, utilizing the most current claims cost experience and adjusting for the following:

- A factor to trend historical claims from the midpoint of the experience periods to the midpoint of the valuation base period.
- An adjustment to restate paid claims on an incurred basis, incorporating actual paid claims data for historical periods and best estimates of future claim lags based on State of Montana historical data. Separate adjustments were made for medical and prescription drugs.
- Benefit adjustments to account for changes in plan design components between the experience periods and the valuation base period.
- Vendor contract adjustments to reflect changes in underlying discounts, fees and financial arrangements.

Administrative costs are then added to the medical claims. The result is total projected costs for the period January 1, 2024 to December 31, 2024 for the March 31, 2024 measurement date and January 1, 2022 to December 31, 2022 for the March 31, 2022 measurement date for the two plans.

General Information about the DCRP OPEB Plan:
Per statute, participants that choose the PERS-DCRP retirement system are covered by the PERS-DCRP long-term disability plan. The disability plan is a multiple employer plan that provides disability benefits to plan members who are vested in the plan and are currently ineligible for retirement. A separate trust has been established for purposes of providing disability benefits to members and is accounted for as a fiduciary fund of the State of Montana. The assets are held in a trust capacity for the beneficiaries. The PERA issues publicly available annual reports which include financial statements and required supplemental information for the plan. Those reports may be obtained online (http://mpera.mt.gov) or by contacting the PERA at 100 North Park, Suite 200, PO Box 200131, Helena, MT 5620-0131.

8. Reserve Balances

Capital Reserve Accounts as of June 30, 2024 and 2023:

Net Position	Funded 2024	Requirement 2024	Funded 2023	Requirement 2023
Capital Reserve Account A	778,398	10,913,340	1,494,665	11,525,840
Capital Reserve Account B	1,330,902	1,029,153	1,280,265	1,265,668
Direct Loan Program	6,002,724	6,000,000	5,040,930	4,905,556
Working Capital Fund	1,669,926	1,669,926	1,710,610	1,710,610
Total	**$9,781,950**	**$19,612,419**	**$9,526,470**	**$19,407,674**

Capital Reserve A
The Montana Legislature approved the creation of Capital Reserve Accounts in section 90-7-317, MCA, as security for the payment of loans in connection with certain bonds or loans issued by the Authority. The

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Capital Reserve Account A is security that applies to all bonds issued under the Master Loan Program. These bonds are enhanced by the MBOI through the MBOI's contract with the Authority to replenish the debt service reserve fund, if necessary. The Authority designates certain funds up to 10% of the par amount of the enhancements provided by the MBOI, based upon the previous fiscal year end balance, to be deposited to Capital Reserve Account A.

Therefore, the Authority has designated a certain portion of the Total Net Position for loan repayments to the MBOI, upon demand, under the Capital Reserve Agreements. The table below shows enhancements provided by the MBOI, the Capital Reserve Account requirement and the amount of the Capital Reserve Account requirement that was funded:

	MBOI Enhancements	Capital Reserve A Account Requirement	Capital Reserve A Account Funded
2024	103,963,000	10,913,340	778,398
2023	109,133,401	11,525,840	1,494,665

Capital Reserve B

Effective July 1, 1999, the Montana Legislature required the MBOI to allow the Authority to make loans totaling up to $15,000,000 of the Permanent Coal Tax Trust Fund for capital projects in section 17-6-308, MCA. Until the Authority makes a loan pursuant to Title 90, Chapter 7, MCA, the funds under its administration must be invested by the MBOI. The MBOI and the Authority calculate the interest rate on each loan. In FY 2024, three loans were originated under this program in the total amount of $3,427,000. In FY 2023, two new loans were originated under this program in the total amount of $1,446,868.

The Authority designates certain funds up to 10% of the par amount of outstanding loans made from the program as a loan repayment, to be used in the event of a borrower default, in the Capital Reserve Account B. These funds are represented in the Total Net Position as Capital Reserve Account B.

As of June 30, 2024 the total Capital Reserve Account B requirement was $1,029,153, and it was funded at $1,330,902.

As of June 30, 2023, the total Capital Reserve Account B requirement was $1,265,668, and it was funded at $1,280,265.

Direct Loan Program

The Legislature authorized the Authority to create and fund a revolving Direct Loan Program that provides short-term loans to its non-investment grade clients to finance small capital projects. The Authority has designated a certain portion of the Total Net Position for this revolving loan program. Deposits to the Direct Loan Program include applicable loan repayments, annual fees, and investment earnings.

As of June 30, 2024, the funding requirement for the program was $6,000,000, and it was funded at $6,002,724

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As of June 30, 2023, the funding requirement for the program was $4,905,556 and it was funded at $5,040,930

Working Capital Fund

The Authority has designated a working capital fund equal to twice its annual budget. For fiscal years 2024 and 2023 the fund requirement equaled $1,669,926 and $1,710,610 respectively.

9. Subsequent Events

On July 20, 2024, the Authority authorized an amount of $1,639,475 for Old Soldier Enterprises, LLC under the C-PACE program with the purpose to provide funds for energy efficient renovation of a commercial building. C-PACE financings are loans made by private lenders to private businesses. As program administrator, the Authority oversees the program and coordinates financings, but does not loan funds.

On August 28, 2024, the Authority authorized an amount of $247,488 for Xerxes Investments, LLC under the C-PACE program with the purpose to provide funding for solar panels on a hotel.

On October 15, 2024, the Authority authorized an amount of $231,074 for Hormzid Investments, LLC under the C-PACE program with the purpose to provide funding for solar panels on a hotel.

On October 2, 2024 the Authority paid and closed a Montana Capital Assistance Program Grant for $25,000to Alternative, Inc in Billings for the purpose of Capital Planning Report for their building facilities.

On November 15, 2024, the Authority issued a direct loan in the amount of $334,896 to the Bitterroot Health for the purpose of purchase of imaging equipment for it new clinics.

On December 2, 2024, the Authority issued a direct loan in the amount of $275,800 to the Fallon Medical Complex for the purpose of purchase of a mammography machine.

On December 3, 2024, the Authority authorized an amount of $235,010 for Darius Investments, LLC under the C-PACE program with the purpose to provide funding for solar panels on a hotel.

REQUIRED SUPPLEMENTARY INFORMATION

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Required Supplementary Information

Other Post-Employment Benefits (Financial Statements Note 7)

The State of Montana State Employee Group Benefits (SEGB) OPEB plan allows retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in the reporting of an "implied rate" subsidy in the related financial statements and footnotes.

Total OPEB Liability and Related Ratios

	Total Authority OPEB Liability	Proportionate Share of the Collective Total OPEB Liability as a Percentage	Covered Employee Payroll	OPEB Liability as a Percentage of Covered Payroll
FY 2024	23,893	0.08%	215,294	11.10%
FY 2023	23,417	0.08%	208,013	11.26%
FY 2022	60,965	0.05%	233,379	26.12%
FY 2021	72,740	0.05%	210,079	34.84%
FY 2020	17,428	0.03%	72,141	24.16%
FY 2019	1,943	0.01%	24,513	7.93%
FY 2018	--	--%	148,647	--%

Total OPEB Liability and Related Ratios

For the fiscal year ended June 30 2024	Total FFA OPEB Liability	Proportionate share of the collective total OPEB liability as a percentage	Covered Employee Payroll	OPEB Liability as a percentage of covered payroll
	$23,893	0.08 %	$215,294	11.10 %

Total OPEB Liability and Related Ratios

For the fiscal year ended June 30 2023	Total FFA OPEB Liability	Proportionate share of the collective total OPEB liability as a percentage	Covered Employee Payroll	OPEB Liability as a percentage of covered payroll
	$23,417	0.08 %	$208,013	11.26 %

Note to Schedule: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Factors that significantly affect trends in the amounts reported for OPEB Liabilities:

2024 Changes in Assumptions include:

1. An inflow of $746 due to an increase in the interest rate from 3.98% to 4.12%.

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Schedule of Proportionate Share of PERS Net Pension Liability

Employee Benefit Plans (Financial Statements Note 7)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net pension liability (asset)	$129,848	$156,463	$283,928	$192,036	213,287	228,584	303,603	$234,056	$341,223	$383,659
Proportion of the net pension liability (asset)	0.01042 %	0.01119 %	0.01730 %	0.00986 %	0.010219%	0.010935%	0.011508%	0.012908%	0.014350%	0.015721%
Covered payroll	116,523	129,056	204,601	120,870	167,639	183,040	217,301	$230,465	$247,121	$294,474
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	111.436 %	121.234 %	138.770 %	158.880 %	127.30 %	124.88 %	140.00 %	101.56 %	138.08 %	130.29 %
Plan fiduciary net position as a percentage of total pension liability	79.90 %	78.40 %	74.70 %	73.80 %	73.50 %	73.90 %	68.90 %	79.90 %	73.70 %	73.93 %

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Schedule of Contributions

Employee Benefits (Financial Statements Note 7)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contributions	$ 10,250	$ 11,404	$ 27,397	$ 10,238	$ 14,529	$ 16,053	$ 19,275	$ 20,673	$ 22,479	$ 27,132
Contributions made	10,250	11,404	27,397	10,238	14,529	16,053	19,275	20,673	22,479	27,132
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Share covered payroll	116,523	129,058	204,601	120,780	167,639	183,040	217,301	230,465	247,121	294,474
Contributions as a percentage of covered payroll	8.80 %	8.84 %	13.41 %	8.74 %	8.67 %	8.77 %	8.87 %	8.97 %	9.10 %	9.21 %

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Changes of assumptions: Since reporting year 2016, assumptions for GABA, second retirements, and defined contribution (DC) law have been updated to match current law and plan provisions. Since reporting year 2018, assumptions for working retirees, terminations, refunds, disabled DC members, and special funding have been updated to reflect changes in law and plan provisions.

Factors that significantly affect trends in the amounts reported for Pension Liabilities:

Changes in benefit terms
The following changes to the plan provision were made as identified:

2015 Legislative Changes:
General Revisions - House Bill 101, effective January 1, 2016
Second Retirement Benefit - for PERS

1. Applies to PERS members who return to active service on or after January 1, 2016. Members who retire
   before January 1, 2016, return to PERS-covered employment , and accumulate less than 2 years of service credit before retiring again:
   a. Refund of member's contributions from second employment plus regular interest (currently 0.25%);
   b. No service credit for second employment;
   c. Start same benefit amount the month following termination; and
   d. GABA starts again the January immediately following second retirement.
2. For members who retire before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:
   a. Member receives a recalculated retirement benefit based on laws in effect at second retirement;
      and
   b. GABA starts the January after receiving recalculated benefit for 12 months.
3. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:
   a. Refund of member's contributions from second employment plus regular interest (currently 0.25%);
   b. No service credit for second employment;
   c. Start same benefit amount the month following termination; and
   d. GABA starts again the January immediately following second retirement.
4. For members who retire on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:
   a. Member receives the same retirement benefit as prior to return to work
   b. Member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
   c. GABA starts on both benefits in January after member receives original and new benefit for 12 months.

MONTANA FACILITY FINANCE AUTHORITY
DEPARTMENT OF COMMERCE
A COMPONENT UNIT OF THE STATE OF MONTANA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024 and 2023

2017 Legislative Changes

General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations - for PERS

If a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Terminating Employers - Recovery of actuary costs - for PERS

Employers who terminate participation in PERS must pay the actuarial liability associated with that termination. Starting July 1, 2017, the terminating employer must also pay for the cost of the actuarial study used to determine that liability.

Refunds

1. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2. Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refunds must do so within 90 days of termination of service.
3. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lumpsum payment.

Family Law Orders

If a Family Law Order (FLO) is silent regarding the apportionment of post-retirement benefit adjustments such as the Guaranteed Annual Benefit Adjustment (GABA), the FLO is presumed to require apportionment of the post-retirement benefit adjustment in the same percentage as the monthly retirement benefit is apportioned.

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who become disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have normal retirement age of 60 and are eligible for disability benefit until age 65.

PERS Statutory Appropriation - House Bill 648, effective July 1, 2017

Revenue from coal severance taxes and interest income from the coal severance tax permanent fund previously statutorily-appropriated to PERS defined benefit trust fund will be replaced wit the following statutory appropriations:

1. FY2018 - $31.386 million
2. FY2019 - $31.958 million
3. Beginning July 1, 2019 through at least June 30, 2025, 101% of the contribution from the previous year from the general fund to the PERS defined benefit trust fund, as follows:
    a. FY2020 - $32.277 million
    b. FY2021 - 32.6 million
    c. FY2022 - 32.926 million
    d. FY2023 - 33.255 million
    e. FY2024 - 33.588 million
    f. FY2025 - 33.924 million

Montana Facility Finance Authority

DEPARTMENT OF COMMERCE
(COMPONENT UNIT OF THE STATE OF MONTANA)

Independent Auditor's Report
in Accordance with
Government Auditing Standards

Years Ended June 30, 2024 and 2023

MaherDuessel

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Legislative Audit Committee
Of the Montana State Legislature
and Board of Directors of the
Montana Facility Finance Authority

We have audited, in accordance with the 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, the financial statements of the Montana Facility Finance Authority (Authority), a component unit of the State of Montana, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
December 30, 2024

MONTANA FACILITY FINANCE AUTHORITY

DEPARTMENT OF COMMERCE
(COMPONENT UNIT OF THE STATE OF MONTANA)

SCHEDULE OF FINDINGS AND RESPONSES

YEARS ENDED JUNE 30, 2024 AND 2023

NONE