



A REPORT  
TO THE  
MONTANA  
LEGISLATURE

FINANCIAL AUDIT

# *State of Montana*

*For the Fiscal Year Ended  
June 30, 2024*

MAY 2025

LEGISLATIVE AUDIT  
DIVISION

24-01

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## FINANCIAL AUDITS

The Legislative Audit Division conducts financial audits to determine if the financial statements included in this report are presented fairly, and if the agency has complied with laws and regulations having a direct and material effect on the financial statements. In performing the audit work, the staff uses standards set forth by the American Institute of Certified Public Accountants and the United States Government Accountability Office. Financial audit staff members hold degrees with an emphasis in accounting and many staff members hold Certified Public Accountant (CPA) certificates.

The Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require the auditor to issue certain financial, internal control, and compliance reports in addition to those reports required by *Government Auditing Standards*. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report, which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2025, will be issued during the calendar year 2026.

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# LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor  
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Alexa O'Dell  
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May 2025

The Legislative Audit Committee  
of the Montana State Legislature:

We are pleased to present the opinion on the basic financial statements (BFS) and the in-relation to opinion on the Schedule of Expenditures of Federal Awards (SEFA) of the State of Montana for the fiscal year ended June 30, 2024. The State Financial Services Division (SFSD) of the Department of Administration prepared the BFS, while the Governor's Office of Budget and Program Planning prepared the SEFA.

We issued an unmodified opinion on the SEFA in relation to the amounts presented in the BFS. We also issued unmodified opinions on the 11 opinion units in the BFS, as described in the Independent Auditor's Report on page A-5. This means a reader may rely on the information presented in the BFS.

The report also contains our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements. This report is required by *Government Auditing Standards*. There are two material weaknesses and one significant deficiency in internal controls at various state agencies noted in this report. Those issues also have related findings and recommendations, which are reported in Chapter II of this report.

The prior audit report contained one recommendation related to the timeliness of financial reporting. This recommendation is partially implemented.

The written responses to the audit recommendations are included in the audit report pages B-1 to B-9. We considered the departments' responses to recommendation #1. An internal control issue is classified as a material weakness if 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. While the departments may believe their existing processes to evaluate new and unique financial activities are adequate, they did not timely correct the property tax rebate reporting as it took almost eighteen months to resolve questions after they came up in August of 2023. Additionally, auditing standards require us to consider not only whether a misstatement has actually occurred but also the size and likelihood of future potential misstatements. A material weakness can exist without material misstatements having occurred during the year under audit or without there being a qualified opinion.

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Thus, even though the internal control deficiency discussed in recommendation #1 did not result in a material misstatement in fiscal year 2024, we determined it could in the future if not resolved.

We considered the timeliness prior audit recommendation partially implemented because progress was made, but all entities want more timely financial reporting in the future. A more formalized process of the Governor's Office's role in financial reporting and a process to fully evaluate new and unique financial activities before recording the transactions supports the collective goal of timely financial reporting.

We thank the Department of Administration's director, the State Financial Services Division staff, and the Governor's Office staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

*/s/ Angus Maciver*

Angus Maciver  
Legislative Auditor

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## ELECTED, APPOINTED, AND ADMINISTRATIVE OFFICIALS

### **State of Montana**

Greg Gianforte, Governor

### **Department of Administration**

Misty Ann Giles, Director

#### **State Financial Services Division**

Cheryl Grey, CPA, Administrator

#### **Statewide Accounting Bureau**

Jennifer Thompson, CPA, State Accountant

#### **Statewide Accounting & Financial Reporting Section**

Drew Bisenius, CPA, Manager

Jen Barker, Accountant

Kelly Garber, Accountant

Mike Huotte, CPA, Accountant

Wenruizi Koch, CPA, Accountant

Barbara Walsh, Accountant

### **Governor's Office of Budget and Program Planning**

Ryan Osmundson, Budget Director

Sonia Powell, CPA, Single Audit Coordinator

Chet McLean, CPA, Internal Control Coordinator

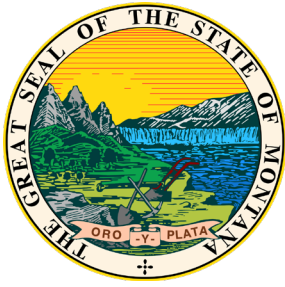
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# MONTANA LEGISLATIVE AUDIT DIVISION

## FINANCIAL AUDIT

State of Montana

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A report to the Montana Legislature

### BACKGROUND

State law requires the Department of Administration (department) to prepare the Basic Financial Statements (BFS) for the State of Montana. The BFS provide legislators, citizens, and other interested parties with a summary of the state's overall financial position as of June 30, 2024, as well as financial information on all operations and activities of state government for the fiscal year then ended.

The Governor's Office of Budget and Program Planning prepares the Schedule of Expenditures of Federal Awards (SEFA), as federal regulations require. The SEFA reports total federal grant expenditures for the fiscal year ended June 30, 2024, of approximately \$5.4 billion, including noncash assistance and loan amounts for certain programs.

As of June 30, 2024, the state's General Fund was approximately \$2.5 billion, an increase from the previous year. Of this, approximately \$989 million is unassigned and available to spend, which is an increase of \$176 million as compared to the prior year. However, \$187 million of the unassigned fund balance is an increase resulting from a change in how property tax rebates were recorded in fiscal year 2024. We found instances where internal controls should be strengthened to prevent potential misstatements in the state's accounting system. To address these concerns, we made three recommendations to enhance internal controls at various state agencies.

### **AUDITOR'S OPINION (page A-1): UNMODIFIED**

We found the state's Basic Financial Statements (BFS) present fairly the activity of the State of Montana and its component units, in all material respects in relation to requirements in Generally Accepted Accounting Principles (GAAP). This means the reader can rely on the information presented in the BFS contained in this report.

We also determined the Schedule of Expenditures of Federal Awards (SEFA) is reasonable in relation to amounts reported in the state's BFS.

For the full context of the department's financial activity, see the financial statements and notes beginning on page A-11. See also the SEFA beginning on page A-202.

### **RECOMMENDATIONS:**

In this report, we issued the following recommendations:

To the Departments of Administration, Revenue, and the Governor's Office: 1

To the Department of Revenue: 1

To the Department of Natural Resources and Conservation: 1

To the legislature: 0

(continued on back)

For the full report or more information, contact the Legislative Audit Division.

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(406) 444-4446

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(704) 430-3930

In this report, we determined the implementation status of recommendations in the prior audit:

Fully Implemented: 0

Partially Implemented: 1

Not Implemented: 0

#### **RECOMMENDATION #1 (page 8):**

##### *Internal Control*

The Department of Administration, Department of Revenue, and the Governor's Office of Budget and Program Planning should enhance internal controls to formalize the process for the Governor's Office of Budget and Program Planning's involvement in the state's accounting and financial reporting. They should also enhance internal controls related to new and unique financial activities.

**Department response: Do Not Concur**

#### **RECOMMENDATION #2 (page 10):**

##### *Internal Control*

The Department of Revenue should implement internal controls to ensure the assumptions and methodologies used for the estimated audit collections fiscal year-end accrual is currently relevant and the resulting estimate is supported and reflects current law.

**Department response: Partially Concur**

#### **RECOMMENDATION #3 (page 12):**

##### *Internal Control*

The Department of Natural Resources and Conservation should implement controls to ensure lease calculations are accurately completed in accordance with lease terms and state accounting policy.

**Department response: Concur**

### **REPORT ON INTERNAL CONTROL AND COMPLIANCE (page B-1):**

In this report, we identified the following:

Material Weaknesses in Internal Control: 2

Significant Deficiency in Internal Control: 1

Material Non-Compliance: 0

Other Matters: 0

For the full context of this information, including the distinction between the types of items reported, see the report beginning on page B-1.

# Chapter I – Introduction and Background

## **Introduction**

We conducted a financial audit of the state of Montana's Basic Financial Statements (BFS) for the fiscal year ended June 30, 2024. The objectives of the audit were to:

1. Determine whether the BFS are presented fairly in accordance with Generally Accepted Accounting Principles (GAAP) and determine the reasonableness of the state's Schedule of Expenditures of Federal Awards (SEFA) in relation to the state's BFS.
2. Obtain an understanding of the internal controls to the extent necessary to support the audit of the financial statements and, where necessary, make recommendations for improvement in the state's management and internal controls.

The Department of Administration (DOA) prepares the BFS for the state of Montana. To prepare the BFS, DOA uses financial data from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) used by all agencies. DOA personnel adjust the SABHRS data to present the financial activity in accordance with GAAP. Adjustments include but are not limited to, correcting errors and eliminating internal balances that roll together for presentation purposes. Additionally, the department obtains and incorporates information into the BFS from separately issued and audited financial statements of its component units and stand-alone programs, like the programs at the Board of Investments.

To address the objectives above, we focused our audit efforts on analyzing financial data, testing the adjustments and corrections made to SABHRS, and reviewing the financial statements and note disclosures to determine whether they were supported and presented in accordance with GAAP. We evaluated the results of audit testing at various agency audits and compared the information in the BFS to separately issued and audited financial statements of the state's component units and stand-alone programs. We also completed work on financial balances and activity at state agencies. Additionally, we performed procedures to determine the reasonableness of the SEFA, as prepared by the Governor's Office of Budget and Program Planning (OBPP), in relation to the amounts presented in the BFS and requirements in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Given the unique nature of governmental financial reporting, we use an opinion unit concept in performing our audit. This concept separates the activity contained in the BFS into 11 separate opinion units which are individually audited and evaluated by our audit team. The opinion units are related to the type of financial statements included in the BFS and the state's determination of major funds in accordance with GAAP requirements. Table 1 (page 2) gives a description of the opinion units and provides a reference to their location in this report.

Table 1  
**Summary of Financial Statements and Related Opinion Units**  
**Contained in the State's Basic Financial Statements**

Related Opinion Units	Description	Statements Starting on Page
Governmental Activities	In general, activities are those supported by fees, taxes, and intergovernmental revenues. For example, the General Fund, State Special Revenue Fund, and Federal Special Revenue Fund activities are all a portion of the Governmental Activities opinion unit.	A-22
Business-Type Activities	Activities supported by fees and charges for services. For example, the Unemployment Insurance enterprise fund activities are a portion of the Business-Type Activities opinion unit.	A-22
Discretely Presented Component Units	Montana State Fund, Montana State University, University of Montana, Facility Finance Authority, the Board of Housing, and the Montana Reinsurance Association.	A-22
General Fund	Presented as individual columns in the Governmental Fund Financial Statements.	A-26
State Special Revenue Fund		
Federal Special Revenue Fund		
Land Grant Permanent Fund		
Coal Tax Permanent Fund		
Unemployment Insurance Enterprise Fund	Presented as individual columns in the Proprietary Fund Financial Statements.	A-33
Municipal Finance Program Enterprise Fund		
Remaining Fund Information	The Fiduciary Fund Financial Statements and the nonmajor columns in the Governmental and Proprietary Fund Financial Statements.	A-38 A-26

**Source: Compiled by the Legislative Audit Division.**

We issued unmodified opinions on the 11 opinion units in the BFS, as described in the Independent Auditor's Report on page A-5. Unmodified opinions mean the readers of the BFS can rely on the information presented. We also issued an unmodified opinion on the SEFA in relation to the amounts presented in the BFS.

The recommendations reported in Chapter II relate to material weaknesses and a significant deficiency in internal controls related to underlying financial activity included in the State of Montana's Basic Financial Statements. Federal regulations require reporting these findings in the state's Single Audit. Due to this additional reporting requirement, we use the Single Audit format for the findings and recommendations in Chapter II.

The prescribed format includes four components described as follows:

- **Criteria** – The policy, regulation or other requirement that defines what should be.
- **Condition** – What happened?
- **Cause** – Why did things go wrong?
- **Effect** – Why is this issue important?

### **Prior Audit Recommendation**

The recommendation included in the prior audit was partially implemented. In fiscal year 2023, we recommended that DOA, “Continue to look for ways to streamline the Basic Financial Statements preparation process,” and to, “Evaluate resource needs and, if necessary, work with the Legislature to secure the additional resources needed to provide a complete financial reporting package for audit in a timely manner.” In fiscal year 2024, the department provided an audit-ready draft of the report in early February, approximately one month earlier than for fiscal year 2023. The department achieved this by:

- Streamlining its procedures, reducing the need for manual entries.
- Standardizing its materiality decisions, minimizing the number of necessary adjustments.

The department also reported that they requested \$200,000 more in funding for the fiscal year 2026-2027 biennium, but the request was not approved. Additional methods should be explored to provide a timely audit-ready financial reporting package within the agreed upon time frame.



## Chapter II - Findings and Recommendations

### Internal Controls Over Financial Reporting

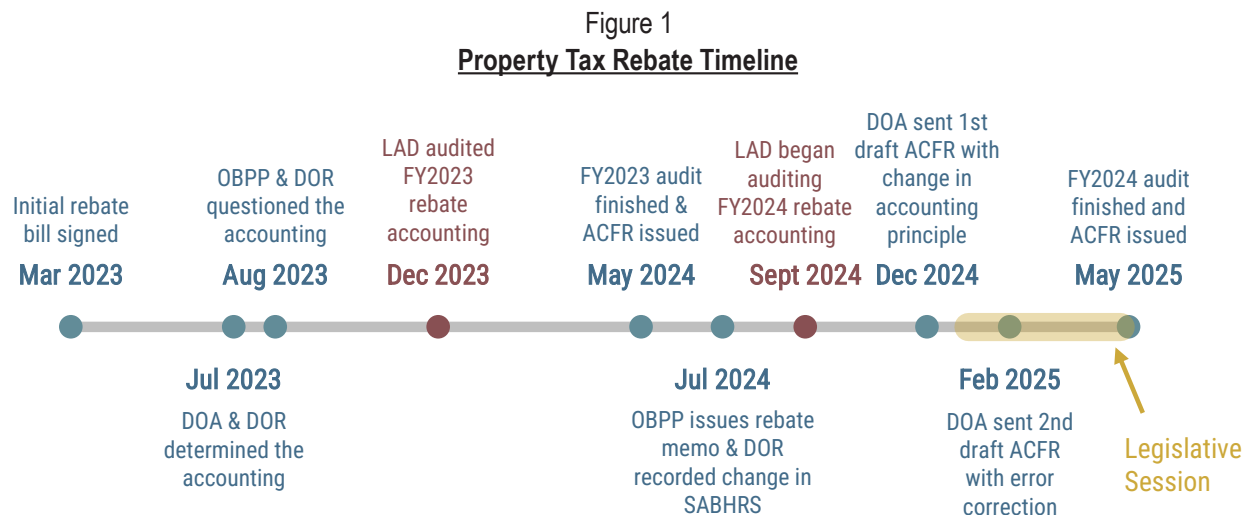
#### Reporting of Property Tax Rebates

##### **Criteria:**

Montana Operations Manual (MOM) Policy 302 states to help facilitate statewide compliance with Generally Accepted Accounting Principles (GAAP), state agencies are responsible for implementing internal control procedures. MOM 399 further states management is responsible for establishing and maintaining an effective internal control system, and that management's internal control policies and procedures should be designed to verify the accuracy and reliability of financial data.

##### **Condition:**

Management and those charged with governance for the state should enhance internal controls over financial reporting when the Legislature approves new and unique financial activities. The 68th Legislature approved "a property tax rebate on a principal residence based on a certain amount of property taxes paid," and authorized rebates for qualifying 2022 and 2023 property taxes. There was disagreement between personnel in the Department of Administration (DOA), Department of Revenue (DOR), and Governor's Office of Budget and Program Planning (OBPP) regarding the appropriate accounting treatment for these rebates in the State Accounting, Budgeting, and Human Resource System (SABHRS) and the state's Annual Comprehensive Financial Report (ACFR), which stretched across eighteen months, as shown in Figure 1 below.



**Source:** Compiled by the Legislative Audit Division.

The state changed its position on accounting for the rebates multiple times during financial reporting for fiscal years 2023 and 2024, not reaching a final decision until December of 2024. At that time, the state's final decision was to use a different accounting treatment than in the fiscal year 2023 financial reporting. Under GAAP, this decision required the state to either determine that the 2023 financial reporting was done in error or to justify that a change in accounting principle from that used in 2023 was preferable going forward.

Initially, there was no consensus between the DOA, the DOR, and the OBPP personnel regarding whether the state was implementing a change in accounting principle or claiming that the 2023 treatment was done in error. They ultimately decided the 2023 treatment was an error. During the time it took for the state to reach a final decision, the financial reporting process continued, including:

- The fiscal year 2023 audit of the state's basic financial statements was completed and issued,
- Correcting entries were made to the state's accounting system to erase the effect of the fiscal year 2023 treatment before the accounting records closed for fiscal year 2024,
- The first draft of the state's fiscal year 2024 basic financial statements was provided for audit, which contained a disclosure of a significantly different position on the changes in rebate accounting than was included in the final financial statements, and
- Approximately \$290 million of 2022 and 2023 property tax rebates were paid to eligible homeowners.

Collectively, this illustrates that the state needs a more collaborative and comprehensive process to evaluate the accounting and financial reporting implications for new and unique financial activities contemplated by the legislature before recording financial transactions for the activities to ensure the activity is reported on the state's accounting system and financial statements in accordance with GAAP. We consider this to be a material weakness in internal controls over financial reporting.

#### **Effect:**

As previously noted, the state's final position on the accounting treatment for the rebates is different than that used for fiscal year 2023, indicating the state's 2023 accounting records do not reflect what the state believes to be an accounting treatment in accordance with GAAP. The state's fiscal year 2023 accounting records and financial statements account for property tax rebates as a revenue abatement and reflect an approximate \$187 million reduction in property tax revenues with a corresponding accounts payable liability in the general fund. This amount reflects the DOR's July 2023 estimate of 2022 property tax rebates to be paid. The state's fiscal year 2024 financial statements indicate this activity was recorded in error and reflect a \$187 million increase to beginning fund equity to erase the effect of the fiscal year 2023 accounting treatment. Table 2 below summarizes what the state believes was in error in the 2023 ACFR and what the amounts would have been.

Table 2  
**Changes in FY2023 ACFR Reporting**  
*(amounts expressed in thousands)*

Financial Statement Items	Reported Amount	Reported Error	New Amount
Property Tax Revenue	\$162,176	\$187,437	\$349,613
Accounts Payable	\$1,133,001	(\$187,437)	\$945,564
Fund Balance at June 30, 2023	\$1,923,693	\$187,437	\$2,111,130

**Source: Compiled by the Legislative Audit Division from SABHRS records.**



In addition to the fiscal year 2023 accounting records not reflecting what the state believes to be GAAP, significant errors in financial reporting, such as the one disclosed as having occurred in fiscal year 2023, cast doubt on the accuracy and reliability of the state's financial statements. As the legislature continues to pass complex bills in the current and future legislative sessions, it is imperative for the financial reporting process to ensure these are accurately reported in the state's financial statements from the beginning.

Finally, the late timing of the final decision regarding the type of change the state implemented in fiscal year 2024 resulted in a more significant time commitment for agency personnel and our auditors in auditing the activity than would have been the case had a final decision been made prior to fiscal year-end 2024.

**Cause:**

Within state government, the DOA is responsible for prescribing a uniform accounting and reporting system to facilitate compliance with GAAP. Additionally, the DOA personnel within the State Financial Services Division are responsible for statewide accounting and financial reporting for the state. Preparing the state's basic financial statements is a part of that responsibility. Based on discussions with various personnel at the involved agencies, personnel at the DOR and the DOA worked together to determine the accounting treatment used in financial reporting for fiscal year 2023. Shortly after the fiscal year-end, personnel at the DOR and the OBPP started questioning the appropriateness of the accounting treatment. While it is common for the DOA personnel to work with other state agencies recording financial activity on the state's accounting records as part of preparing the state's basic financial statements, it is less common for management at the OBPP to become involved in decisions on statewide accounting and financial reporting. However, when it does occur, it is on an ad hoc basis and not a formal part of the documented control process.

The DOR and the OBPP personnel began to believe the property tax rebates were not true rebates of property taxes paid, as no one's individual tax liability changed, and the rebates were paid exclusively from state sources. A part of the rationale was that while property taxes are state resources, they are statutorily required to be used for specific purposes and were, therefore, not available for the state to use to issue the rebate payments. Adding to the complexity, the 68th Legislature also required property taxes be accounted for in a state special revenue fund account instead of the general fund beginning in fiscal year 2024. This led to concerns over the ability to apply a similar accounting treatment to the tax year 2023 tax rebates in fiscal year 2024 as was applied to the tax year 2022 rebates in fiscal year 2023. Additionally, certain management personnel in the OBPP were concerned with the budgetary implications of the 2023 accounting treatment, citing negative implications on the state's comprehensive annual growth rate calculation. They also expressed that the treatment resulted in a double hit to the state's budget by reducing starting revenues and having an associated appropriation for the payments. While it is reasonable for the state to consider budgetary items, compliance with the budget is separate from compliance with GAAP, and financial reporting considerations must be based on GAAP.

Resolving the difference of opinion between the DOA personnel and those at the DOR and the OBPP took until December 2024, while the state was preparing the 2024 basic financial statements. The DOR staff stated they were focused on the large task of getting both the individual income tax and property tax rebate payments to taxpayers in the short amount of time mandated in the legislation and thus did not have time to fully investigate the accounting questions until after payments were finished in October 2023. At that time, the DOA staff stated they were focused on implementing other changes from the 68th Legislature and believed the rebate accounting was settled. Ultimately, the OBPP management personnel determined the accounting treatment from 2023 was done in error and needed to be disclosed as such. When this decision was reached, there was a miscommunication between personnel and the first draft of the state's financial statements provided to our office in December 2024 did not indicate the 2023 treatment was in error. Better communication among all involved parties is needed as decisions are being made regarding statewide accounting and financial reporting by individuals not within the State Financial Services Division at the DOA.

### **RECOMMENDATION #1**

*We recommend the Department of Administration, Department of Revenue, and the Governor's Office of Budget and Program Planning:*

- A. *Enhance internal controls by developing a formalized process for the Governor's Office of Budget and Program Planning staff to be involved in statewide accounting and financial reporting processes in the appropriate time frames.*
- B. *Enhance internal controls by developing a process to evaluate new and unique financial activities contemplated and approved by the Legislature, aimed at fully vetting financial reporting requirements before recording financial transactions for the activities to ensure they are recorded in accordance with generally accepted accounting principles.*

**Views of Responsible Officials:** The departments do not concur with this recommendation. The departments do not agree that this matter is a material weakness in internal control over financial reporting.

**Rebuttal of Views of Responsible Officials:** We considered the departments' nonconcurrence. As discussed on page one of the Transmittal Letter, the internal control deficiency is correctly classified as a material weakness under *Government Auditing Standards*.

## **Estimating Audit Collections at the Department of Revenue**

### **Criteria:**

Montana Operations Manual (MOM) Policy 302 states to help facilitate statewide compliance with Generally Accepted Accounting principles (GAAP), state agencies are responsible for implementing internal control procedures. MOM 399 further states management is responsible for establishing and maintaining an effective internal control system, and that management's internal control policies and procedures should be designed to verify the accuracy and reliability of financial data.

**Condition:**

The Department of Revenue's (DOR) internal controls over estimating future audit collections for individual income, withholding, and corporate income taxes should be enhanced. The DOR developed a methodology for estimating future audit collections for these activities in the early 2000s, in response to accounting requirements implemented at that time. The methodology is based on analyzing audit collection activity and patterns from the late 1990s and early 2000s. It projects when audit assessments and collections for a specific tax year will occur. That projection is based partly on a presumption that assessments and collections will occur within the DOR's statutes of limitation for modifying returns and assessing additional taxes owed.

For example, for corporate income taxes, the statute of limitations in §15-31-509, MCA, is three years. The DOR's methodology estimates a total anticipated collection amount for each tax year, and then projects that approximately 32.1 percent will be collected within the first year, 29.5 percent within the second year, and 38.4 percent within the third year. The methodology is similar for individual income and withholding, but projects collection activities will occur at varying percentages across five years.

The DOR has neither updated its model and methodology since initial development nor evaluated whether the underlying collection patterns still reflect current conditions. Additionally, the DOR has not updated the methodology for individual income and withholding taxes to reflect a legislative change in the statute of limitations for those tax types. The 2015 Legislative Session modified the statute of limitations for those taxes in §15-30-2605, MCA, from five years down to three.

Using its current methodology, the DOR estimated future audit collections at approximately \$96 million as of June 30, 2024. Staff recorded this amount as an accounts receivable in the state's General Fund. Because the collections had not occurred and were not expected within 60 days of June 30, the state's fund financial statements reported an offsetting deferred inflow of resources. In contrast, the government-wide financial statements recognized the year-over-year change in the estimate as tax revenue.

**Effect:**

The DOR cannot demonstrate that the approximate \$96 million of recorded accounts receivables and related deferred inflows of resources and revenues recorded in the state's accounting records at June 30, 2024, are an appropriately measured estimation of future audit collections.

It is unreasonable for the DOR to use a model estimating future audit collections for individual income and withholding taxes based on a five-year statute of limitations instead of the current three-year period allowed in state law. As part of the audit process, the DOR reanalyzed the collection data from when the original model was developed and updated it to reflect the three-year statute of limitations. Using their updated analysis and applying it to the applicable years, we estimate the accrual should be approximately \$66 million had the statute of limitations been adjusted, or approximately \$30 million less than what was recorded.

Additionally, the DOR does not currently have data available to determine if the collection patterns underlying the methodology for all three tax types are still accurate and reflective of more recent years' collection activities. Because of this, the DOR cannot support that the amounts estimated through the methodology and recorded on the accounting records at June 30, 2024, are reasonable and appropriate. In fiscal year 2024, the DOR collected \$2.45 billion and \$73.5 million in tax revenue and audit collections, respectively, for these three tax types. In relation to the total tax revenues, audit collection revenues, including the associated accrual, are not individually material. As a result, we do not believe the accounting records contain a material misstatement.

**Cause:**

The DOR personnel indicated they review the amount estimated using the current methodology as part of their normal control processes at year-end but have not revisited the methodology itself because they have not had the time or staff resources to do so. They also indicated the DOR's current information system does not contain the type of information needed to analyze collection patterns using more current tax years without significant staff effort. Additionally, management indicated personnel had identified the statutory change from the 2015 Legislative Session as something that needed to be addressed in their process but that it fell off their radar.

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**RECOMMENDATION #2**

*We recommend the Department of Revenue:*

- A. Implement internal controls by developing a process to periodically review the assumptions underlying the estimated audit collections fiscal year-end accrual.*
  - B. Either capture the data necessary to evaluate audit collection patterns or develop new processes to estimate audit collections to ensure future estimates are supported.*
  - C. Update the methodology for the estimated audit collections fiscal year-end accrual to reflect statutory changes to §15-30-2605, MCA, and review other assumptions underlying the accrual methodology for continued relevance and applicability, making changes as considered necessary.*
- 

**Views of Responsible Officials:** The department partially concurs with this recommendation. The department will work with their business experts to determine if there are other methodologies that can be used to reasonably estimate audit collections. However, management cannot commit to completing this analysis before fiscal year end 2025.

**Rebuttal of Views of Responsible Officials:** We considered the department's partial concurrence. Updating the methodology will take time, but is necessary in order for accounting estimates to be supported.

## Lease Calculations - Department of Natural Resources and Conservation

### Criteria:

Montana Operations Manual (MOM) Policy 302 states to help facilitate statewide compliance with Generally Accepted Accounting Principles (GAAP), state agencies are responsible for implementing internal control procedures. MOM 399 further states management is responsible for establishing and maintaining an effective internal control system, and that management's internal control policies and procedures should be designed to verify the accuracy and reliability of financial data.

### Condition:

The Department of Natural Resources and Conservation (DNRC) administers the state's Trust Lands program which uses state-owned lands to generate revenues that support schools and other public institutions. As part of this program, the DNRC manages hundreds of leases such as cabin sites and commercial real estate and must calculate the financial value of the leases under generally accepted accounting principles and state accounting policy. However, during the audit period, the DNRC's internal controls were insufficient to ensure that the financial value of the DNRC's leases was calculated in accordance with state accounting policy.

During the audit, we identified one lease where the rate used to calculate its future value was not supported by the lease terms. The lease stated the lease payment should increase annually by the lesser of two percent or the change in the Consumer Price Index (CPI). The DNRC instead used the greater of the two, resulting in an approximate \$126 million overstatement of lease receivables and deferred inflows in fiscal year 2023 and an approximate \$4.7 million overstatement in fiscal year 2024. Note 2 of the Notes to the Financial Statements includes this previously unidentified fiscal year 2023 misstatement in section C. Correction of Errors in Previously Issued Financial Statements. The DNRC was unaware of these calculation errors until we discovered them through our audit work.

In addition, as part of our follow-up work on a prior audit recommendation from Department of Natural Resources and Conservation (22-17), we identified four leases where the wrong discount rate was used to calculate each lease's present value. Per state accounting policy, the Intermediate Term Capitalization Program (INTERCAP) rate in effect on July 1 of the fiscal year the lease began should be used. The INTERCAP rate is a variable rate determined each February as part of the INTERCAP loan program at the Montana Board of Investments. When calculating the value of these four new leases, the DNRC used the INTERCAP rate that had been updated in February 2024, not the rate in effect on July 1, 2023, as required by state accounting policy. This resulted in a \$1.89 million misstatement in fiscal year 2024.

### Effect:

The DNRC's control deficiencies related to lease calculations resulted in lease receivables and deferred inflows of resources being misstated by \$126 million in fiscal year 2023 and misstated by a net \$2.81 million in fiscal year 2024. Because controls have not been implemented to ensure lease terms are evaluated correctly and significant changes in values are reviewed for reasonableness, the DNRC is at risk of further misstatements and continued non-compliance with state accounting policy.

**Cause:**

Based on discussion with the DNRC personnel, in fiscal years 2023 and 2024, departmental reviews of the miscalculated lease did not correctly identify the lease terms, and the DNRC did not have a procedure to evaluate significant changes in lease values.

Additionally, in response to our prior audit, the DNRC updated its lease calculations to separate new lease agreements and use a different discount rate. The update did not sufficiently outline which INTERCAP rate to use.

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**RECOMMENDATION #3**

*We recommend the Department of Natural Resources and Conservation implement controls to ensure lease calculations are accurately completed in accordance with lease terms and state accounting policy.*

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**Views of Responsible Officials:**

The department concurs with this recommendation.

**Independent Auditor's Report and  
Basic Financial Statements, Required  
Supplementary Information, and Schedule  
of Expenditures of Federal Awards**





Angus Maciver, Legislative Auditor  
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:  
Alexa O'Dell  
William Soller  
Miki Cestnik

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:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the state of Montana's basic financial statements (BFS), and have issued our report thereon dated April 29, 2025. Our report includes a reference to other auditors who audited the financial statements of the component units of Montana State University and the University of Montana, and the Montana State Fund (MSF), the Montana Reinsurance Association (MRA), and the Montana Facility Finance Authority (MFFA) component units as described in our report on the state of Montana's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the component units of Montana State University and the University of Montana were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these component units or that are reported on separately by those auditors who audited the financial statements of the component units of Montana State University and the University of Montana.

***Report on Internal Control Over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

*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. We consider the deficiencies described below to be a material weakness:

- Staff and management from the Department of Revenue, Department of Administration, and Governor's Office of Budget and Program Planning should enhance internal controls over financial reporting when new and unique financial activities are approved by the Legislature. See further information on page 5.
- The Department of Natural Resources and Conservation should enhance internal controls over lease receivable and deferred inflows in the Land Grant Opinion Unit. See further information on page 11.

*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. We consider the deficiency described below to be a significant deficiency.

- The Department of Revenue should enhance internal controls over audit collections estimated to be collected in the future. See further information on page 8.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the state of Montana'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*.

### ***State of Montana's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the state of Montana's response to the findings identified in our audit and described beginning on page B-1 of this report. The state of Montana's response was not subjected to the auditing procedures applied in the audit of the financial schedules and, accordingly, we express no opinion on it.

***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 state of Montana'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 state of Montana's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

*/s/ Alexa O'Dell*

Alexa O'Dell, CPA  
Deputy Legislative Auditor  
Helena, MT

April 29, 2025



Angus Maciver, Legislative Auditor  
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:  
Alexa O'Dell  
William Soller  
Miki Cestnik

## INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee  
of the Montana State Legislature:

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the state of Montana's basic financial statements as follows:

- Statement of Net Position
- Statement of Activities
- Balance Sheet-Governmental Funds
- Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities
- Statement of Fund Net Position-Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds
- Statement of Cash Flows-Proprietary Funds
- Statement of Fiduciary Net Position-Fiduciary Funds
- Statement of Changes in Fiduciary Net Position-Fiduciary Funds.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Montana, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Montana State University (MSU) component units, the University of Montana (UM) component units, the Montana State Fund (MSF), the Montana Reinsurance Association (MRA), or the Montana Facility Finance Authority (MFFA) which represent 50.09 percent, 56.32 percent, and 24.88 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2024.

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts for the component units of MSU and UM, and the MSF, MRA, and MFFA component units, as noted above, is based solely on the reports of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 state of Montana and to meet our other ethical responsibilities, in accordance with 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. The financial statements of MSU's component units and UM's component units were not audited in accordance with *Government Auditing Standards*.

### ***Emphasis of Matters***

As discussed in Note 2B to the financial statements, the 67th Legislative session authorized property tax rebate payments to be paid during fiscal years 2024 and 2025. The state recorded these payments differently in each fiscal year. In fiscal 2023, the state recorded a reduction in revenue offset by a liability to be paid out in fiscal year 2024. In fiscal year 2024, the state considered the rebates an entitlement program which records an expenditure when paid. Therefore, no liability was reported in fiscal year 2024 for payments expected in fiscal year 2025. As a result, the unassigned fund balance in the General Fund in fiscal year 2024 is higher than had the liability been reported. Our opinion is not modified with respect to this matter.

As discussed in Note 2C to the financial statements, the Department of Natural Resources and Conservation overstated lease receivables and Deferred Inflow of Resources by \$127.1 million in fiscal year 2023 in the Land Grant Opinion Unit. These are asset and liability accounts which offset to a \$0 impact on ending fund balance. The recording of leases in the Land Grant Opinion Unit was a control deficiency in fiscal years 2022 and 2023 in our 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*. Our opinion is not modified with respect to this matter.

As discussed in Note 2D to the financial statements, during fiscal year 2024, the state corrected a misclassification to fund balance in the Coal Severance Tax opinion unit. In fiscal year 2023, nonspendable fund balance was understated and committed fund balance was overstated by approximately \$504.2 million. The audit team communicated the misclassification in fiscal year 2024 and the state made the correction. Our opinion is not modified with respect to this matter.

As discussed in the Management's Discussion and Analysis on page A-18, approximately \$400 million in Education Expenditures were reported in the State Special Revenue Fund due to law changes during the 68th Legislative Session. Previously, these expenditures were required to be reported in the General Fund. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the 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 state of Montana'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 GAAS 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 GAAS 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 state of Montana'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 state of Montana'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 Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Pension Plan Information, the Other Postemployment Benefits (OPEB) Plan Information, and the Risk Management Trend Information, and the related notes, 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 the 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Report on Other Legal and Regulatory Requirements**

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2025 on our consideration of the state of Montana'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 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 state of Montana's internal control over financial reporting and compliance.



Respectfully submitted,

*/s/ Alexa O'Dell*

Alexa O'Dell, CPA  
Deputy Legislative Auditor  
Helena, MT

April 29, 2025



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

Management of the State of Montana (State) provides this *Management's Discussion and Analysis* of the State of Montana's basic financial statements included in the Annual Comprehensive Financial Report (ACFR). This is a narrative overview and analysis of the financial activities of the State of Montana for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the additional information that is furnished in the State's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

#### Government-wide

The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2024 by \$15.5 billion compared with \$13.7 billion at the end of fiscal year 2023, representing a 13.1% increase in net position. Component units reported net position of \$2.8 billion at the end of fiscal year 2024 compared to \$2.5 billion at the end of fiscal year 2023. More detail is provided in the financial statement overview below.

#### Fund Level

As of the close of fiscal year 2024, the State's governmental funds reported combined ending fund balances of \$8.7 billion compared with \$7.5 billion at fiscal year 2023. This represents a \$1.2 billion (16.1%) increase in total fund balance. Of the 2024 balance, \$2.7 billion is not in spendable form, primarily as permanent fund principal. Thus, \$6.0 billion is available for spending. The fund balance in spendable form is segregated by constraint as follows: \$1.4 billion restricted, \$3.5 billion committed, \$30.5 million assigned, and \$989.2 million unassigned. These changes are discussed in more detail in the financial analysis of the State's major funds presented below.

The State's business-type activity funds reported net position at the close of fiscal year 2024 in the amount of \$813.5 million compared with fiscal year 2023 net position of \$731.6 million. Of the 2024 business-type activity net position, \$53.0 million was reported as net investment in capital assets. Net position of \$760.5 million was in spendable form with \$25.7 million unrestricted and \$734.8 million restricted to expenditure for a specific purpose. This represents a \$56.0 million (8.0%) increase in spendable net position from the fiscal year 2023 balance of \$704.5 million. These changes are discussed in more detail in the financial analysis of the State's major funds presented below.

#### Long-term Debt

The State's total governmental activity bonds and notes payable for governmental activities decreased by \$5.1 million, from \$6.5 million in fiscal year 2023 to \$1.4 million, a (77.8)% decrease in fiscal year 2024. The decrease is due largely to House Bill 251 passed during the 2023 Legislative session. This bill established a Debt and Liability Free account to pay off outstanding bonds, notes and other obligations, as well as forgo or reduce the amount of future general obligation bond issuances. It has been funded with transfers and interest revenues earned by the treasury cash account through fiscal year 2025. The balance in this account can be found within committed General Fund balances, discussed in Note 1, section R. Further detail relating to the State's long-term debt is provided in notes to the financial statement's Note 11.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Montana's basic financial statements. The State's basic financial statements include three components: (1) *government-wide financial statements*, (2) *fund financial statements*, and (3) *notes to the financial statements*. The report also contains additional required supplementary information, which includes budgetary schedules, pension and other post employment benefits plan information, and risk management trends. These components are described below:

### **Basic Financial Statements**

The basic financial statements include two types of financial statements that present different views of the State – the *government-wide financial statements* and the *fund financial statements*. These financial statements also include the *notes to the financial statements*, which provide further detail and information related to the balances of the financial statements.

### **Government-wide Financial Statements**

The *government-wide financial statements* provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. In other words, they follow methods that are similar to those used by most businesses, including all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid. The government-wide financial statements include two statements: The *Statement of Net Position* and the *Statement of Activities*, as defined below.

The *Statement of Net Position* presents all of the government's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information related to the government's net position changes during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods. This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements have separate sections for three different types of state activities. These three types of activities are as follows:

*Governmental Activities* – Activities mostly supported by taxes and intergovernmental revenues, including federal grants. Most services normally associated with state government fall into this category, including education (support for both K-12 public schools and higher education), general government, health and human services, natural resources, public safety, and transportation.

*Business-type Activities* – Functions normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The major business-type activities of the State include the Unemployment Insurance Fund and the Municipal Finance Programs, which assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

*Discretely Presented Component Units* – Operations for which the State has financial accountability, but have certain independent qualities as well. In order to be considered component units, these entities must be legally separate to the extent that they may sue, or be sued, in their own right. For the most part, these entities operate similarly to private sector businesses and the business-type activities described above. The State's component units consist of one financing authority, one housing board, one nonprofit independent public corporation, one nonprofit association, and two universities.

### **Fund Financial Statements - Reporting the State's Major Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the state government, reporting the State's operations in more detail than the government-wide statements. All of the funds can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted individually. The three categories of funds are as follows:

*Governmental Funds* – Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

The State has five governmental funds that are considered major funds for presentation purposes. Each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The State's five major governmental funds are the General Fund, the State Special Revenue Fund, the Federal Special Revenue Fund, the Coal Severance Tax Fund, and the Land Grant Fund.

*Proprietary Funds* – When the State charges customers for the service it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Like the government-wide statements, proprietary fund statements utilize full accrual accounting, the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. Whereas internal service funds report activities that provide supplies and services to the State's other programs and activities.

*Fiduciary Funds* – Resources held for the benefit of parties outside state government are accounted for in fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. Fiduciary fund statements use the full accrual basis of accounting.

### **Notes to the Financial Statements**

The *notes to the financial statements* provide additional information that is essential for a full understanding of the *government-wide* and the *fund financial statements*. The *notes to the financial statements* can be found immediately following the fiduciary fund financial statements.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section contains a budgetary comparison schedule, which includes the reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund and major special revenue funds as presented in the governmental *fund financial statements*. Required supplementary information also includes pension and other post employment benefits plan information, as well as additional risk management trend data.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Montana's overall financial position increased from the last fiscal year, as reflected in the \$1.8 billion increase (13.1%) in net position. This improvement resulted from the continued growth, particularly in investment earnings revenue. Revenue is expected to remain consistent in fiscal year 2025, but expenditures are expected to increase in the next biennium as the initiatives of the Legislative session come to fruition.

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (government and business-type activities) totaled \$15.5 billion at the end of fiscal year 2024. Net position of both governmental and business-type activities increased by \$1.7 billion (13.1%) and increased by \$81.9 million (11.2%), respectively. These changes are explained in detail in the Financial Analysis of the State's Major Funds section.

A portion of the State's net position reflects its investment in capital assets such as land, buildings, equipment, right to use lease assets, and infrastructure (roads, bridges, and other immovable assets) less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current fiscal year, the State reported positive balances in all three categories of Net position, both for the primary government as a whole, and for its separate governmental and business-type activities.

**Net Position**  
**June 30, 2024**  
*(expressed in thousands)*

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
Current and other assets	\$ 11,313,521	\$ 11,741,140	\$ 840,457	\$ 909,496	\$ 12,153,978	\$ 12,650,636
Capital assets	7,652,288	8,194,082	31,523	58,002	7,683,811	8,252,084
Total assets	18,965,809	19,935,222	871,980	967,498	19,837,789	20,902,720
Deferred outflows of resources	690,297	510,610	4,260	3,912	694,557	514,522
Long-term liabilities						
Due in more than one year	2,931,660	2,848,570	21,882	21,933	2,953,542	2,870,503
Other liabilities	2,776,145	2,113,954	118,713	131,976	2,894,858	2,245,930
Total liabilities	5,707,805	4,962,524	140,595	153,909	5,848,400	5,116,433
Deferred inflows of resources	979,992	800,158	4,029	3,979	984,021	804,137
Net investment in capital assets	7,445,044	7,972,553	27,162	53,045	7,472,206	8,025,598
Restricted	3,779,800	4,075,595	680,995	734,780	4,460,795	4,810,375
Unrestricted	1,743,465	2,635,002	23,459	25,697	1,766,924	2,660,699
Total net position	\$ 12,968,309	\$ 14,683,150	\$ 731,616	\$ 813,522	\$ 13,699,925	\$ 15,496,672

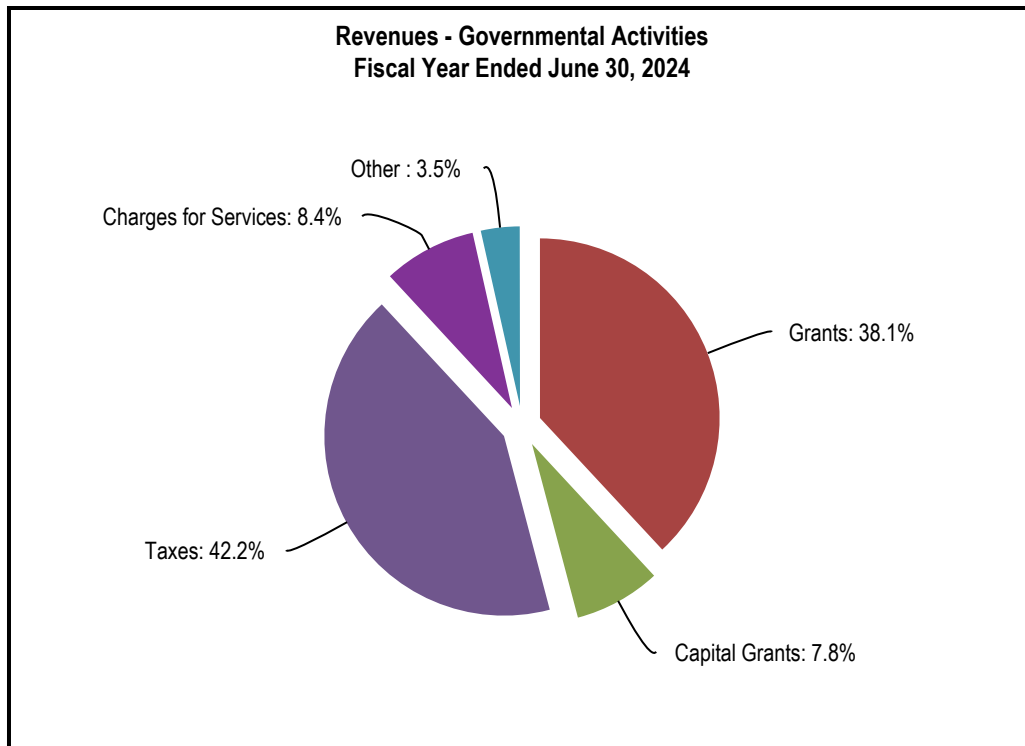
The following condensed financial information was derived from the government-wide Statement of Activities, and reflects how the State's net position changed during the fiscal year:

**Changes in Net Position**  
**For Fiscal Year Ended June 30, 2024**  
*(expressed in thousands)*

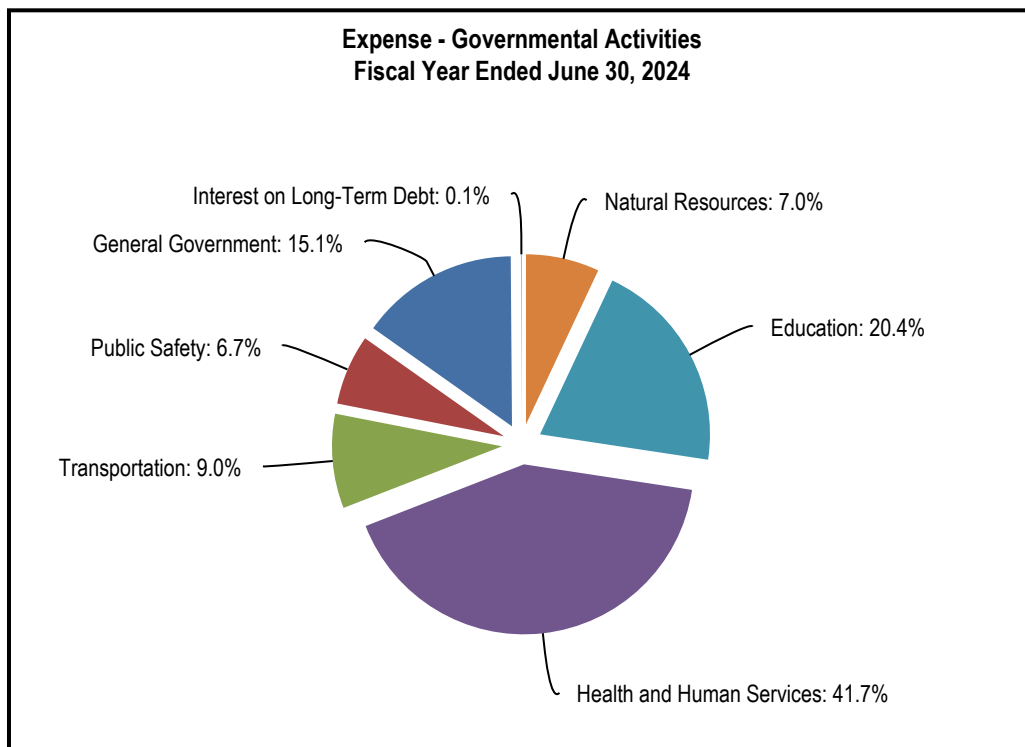
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 774,053	\$ 819,963	\$ 596,678	\$ 610,563	\$ 1,370,731	\$ 1,430,526
Operating grants	3,880,301	3,740,305	76,202	90,360	3,956,503	3,830,665
Capital grants	626,115	770,583	756	1,395	626,871	771,978
General revenues						
Taxes	3,422,505	4,143,813	40,777	41,733	3,463,282	4,185,546
Other	234,898	344,409	9,475	13,915	244,373	358,324
Total revenues	8,937,872	9,819,073	723,888	757,966	9,661,760	10,577,039
<b>Expenses:</b>						
General government	995,815	1,260,778			995,815	1,260,778
Public safety	537,966	563,562			537,966	563,562
Transportation	778,571	749,969			778,571	749,969
Health and human service	3,533,017	3,481,957			3,533,017	3,481,957
Education	1,691,553	1,707,303			1,691,553	1,707,303
Natural resources	452,532	585,829			452,532	585,829
Interest on long-term debt	4,956	5,709			4,956	5,709
Unemployment Insurance			150,070	127,590	150,070	127,590
Liquor Stores			123,174	125,759	123,174	125,759
State Lottery			123,231	132,586	123,231	132,586
Municipal Finance Programs			2,157	4,231	2,157	4,231
Hail Insurance			1,451	922	1,451	922
Other Services			85,139	85,695	85,139	85,695
Prison Funds			7,589	8,702	7,589	8,702
MUS Group Insurance			118,521	124,896	118,521	124,896
MUS Workers Comp			2,627	2,779	2,627	2,779
Total expenses	7,994,410	8,355,107	613,959	613,160	8,608,369	8,968,267
Increase (decrease) in net position before transfers	943,462	1,463,966	109,929	144,806	1,053,391	1,608,772
Transfers	61,428	64,142	(61,428)	(64,142)	—	—
Change in net position	1,004,890	1,528,108	48,501	80,664	1,053,391	1,608,772
Net position, beg of year (as adjusted)	11,963,419	13,155,042	683,115	732,858	12,646,534	13,887,900
Net position, end of year	\$ 12,968,309	\$ 14,683,150	\$ 731,616	\$ 813,522	\$ 13,699,925	\$ 15,496,672

**Governmental Activities**

The following chart depicts revenues of the governmental activities for the fiscal year:



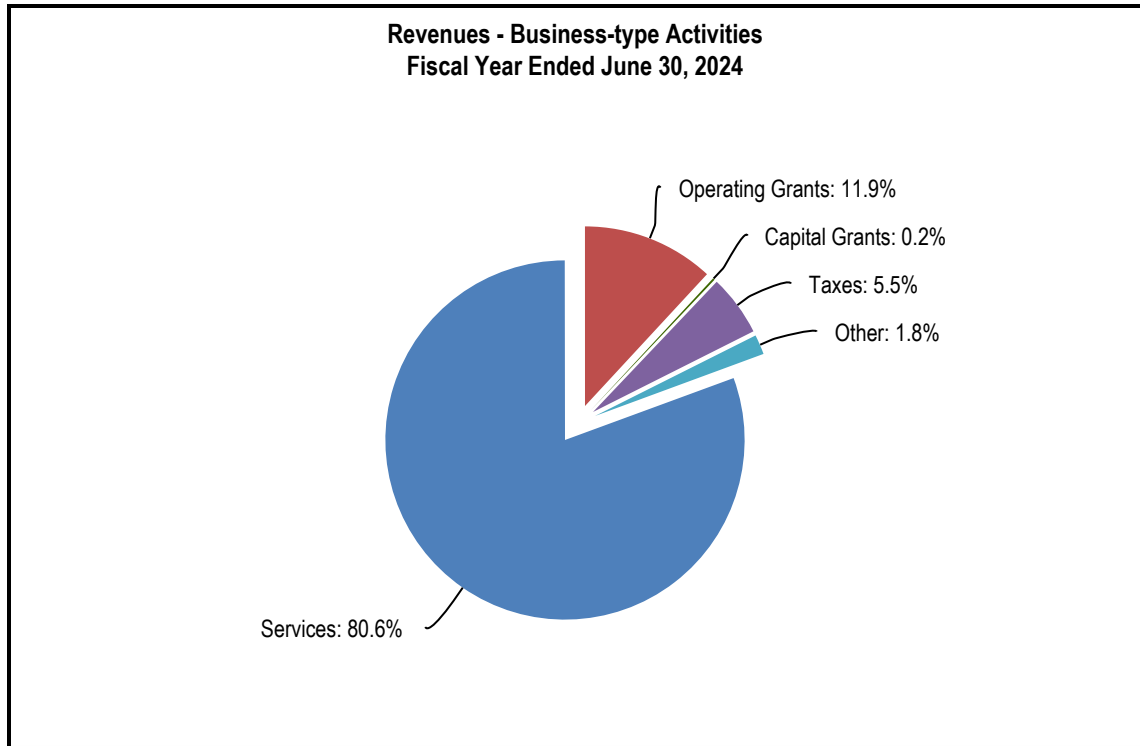
The following chart depicts expenses of the governmental activities for the fiscal year:



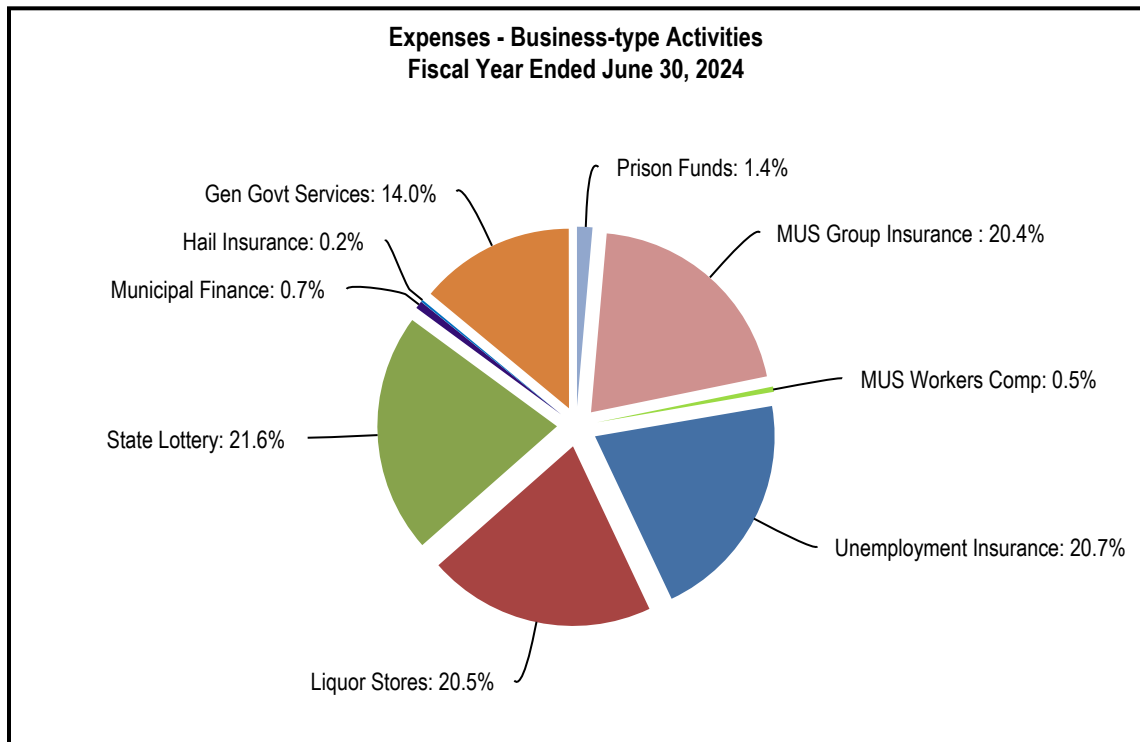


### Business-type Activities

The following chart depicts revenues of the business-type activities for the fiscal year:



The following chart depicts expenses of the business-type activities for the fiscal year:



## FINANCIAL ANALYSIS OF THE STATE'S MAJOR FUNDS

As the State completed the year, its governmental funds reported fund balances of \$8.7 billion. Of this total, \$6.0 billion (68.6%) constitutes spendable fund balance and \$2.7 billion (31.4%) is classified as non-spendable. The analysis of the following major funds, providing the majority of the fund balance for the government, follows.

### General Fund Revenues and Expenditures

The General Fund is the chief operating fund of the State. For fiscal year 2024, the total fund balance of the General Fund was reported at approximately \$2.5 billion. Of this balance, \$65.4 million is non-spendable. The remaining balance is spendable with \$1.4 billion committed, \$23.6 million assigned, and \$989.2 million unassigned. This spendable fund balance of the General Fund represents 40.9% of the \$6.0 billion spendable governmental fund balances for all governmental funds. The assigned fund balance, \$23.6 million, represents outstanding encumbrances at the end of the fiscal year. The committed fund balance of \$1.4 billion relates to funding set aside by the Legislature for specific initiatives such as the budget stabilization reserve, property tax rebates, fire suppression funds, and more. For a full list of committed balances, see Note 1, section R. Further detail on the breakdown of fund balance for the General Fund is provided in Note 14 – Major Purpose Presentation.

Total fund balance increased by \$584.6 million when compared to the previously reported fund balance of \$1.9 billion. Changes in both expenditures and revenues are discussed in detail below.

General Fund Revenues – Total General Fund revenues were \$3.4 billion for fiscal year 2024, an 12.9% increase from the \$3.0 billion reported in 2023. Fiscal year 2024 tax revenue increased by 12.5% in total over 2023, other tax collections up 5.7% and individual income tax collections increased by 26.6%. The increase in individual income tax collections is due to the revenue stream returning to normal business after the one time payments due to the passage of House Bill 192 in fiscal year 2023. Additionally, investment income increased by 49.6% due to a higher STIP yield for fiscal year 2024.

General Fund Expenditures – Total General Fund expenditures for fiscal year 2024 increased by \$65.2 million (2.4%). The increase in expenditures is detailed by function as follows:

- General government expenditures increased by \$268.5 million (65.8%)
- Transportation expenditures increased by \$14.6 million (97.6%)
- Health and human services expenditures increased by \$106.1 million (17.2%)
- Education expenditures decreased by \$411.9 million (34.5%)
- Natural resources expenditure increased by \$37.3 million (58.6%)
- Public safety expenditures increased by \$43.4 million (11.9%)

The increase in General Government expenditures were largely due to the property tax rebates established in the FY 23 legislative session. Transportation increased \$14.6 million due to the funding established in SB 536 to provide assistance to local governments with maintenance of roads and bridges. The decrease in Education expenditures \$411.9 million is due to expenses being moved to the State Special Revenue fund, which had a corresponding \$442.7 million increase in education expenditures. Property tax levies that provide funding for school equalization was historically recorded in the general fund, but was moved to a State Special Revenue fund with the passage of HB 587. The increase in Health and Human service expenditures were due to an increase of social assistance distributions. The increase to Natural Resource expenditures is due to recording costs for Fire Suppression.

The General Fund's actual revenues and expenditures in comparison to budgeted revenues and expenditures is provided in more depth on the Budgetary Comparison Schedule within the Required Supplementary Information section of this report. The same level of detail used to report the actual revenues and expenditures is not readily available for all budgetary revenues and expenditures, which may cause some variances.

### **General Fund Expenditure Budget Reversions**

Fund balances are not reserved for reverted appropriations. For fiscal year 2024, General Fund appropriations that reverted to 2025 were \$84.5 million, detailed as follows:

- The Department of Public Health and Human Services had unspent appropriations of \$16.8 million related to operational cost savings and changes to the Medicaid program.
- The Department of Corrections had unspent appropriations of \$1.5 million related to restricted funds such as the appropriation for contracted out-of-state adult offender beds, non-continuing appropriation for the Board of Pardons & Parole, and an adjustment for worker's comp which was reverted back to the general fund.
- The Judicial Branch had unspent appropriations of \$4.5 million related to vacancy savings and operational cost savings.
- The Department of Revenue had unspent appropriations of \$49.8 million. Of the unspent authority, \$47.5 million is due to underestimated property tax rebates while the remaining \$2.3 million is related to funds available to local governing bodies pursuant to Section 15-1-402 (6)(d), MCA, regarding protested property taxes, and other operational costs.
- The Department of Administration had unspent appropriations of \$2.0 million related to statutory transfers to the retirement systems.
- The Office of Public Instruction had unspent appropriations of \$3.2 million due to lower K-12 payments to schools, and other operational costs.
- The Department of Natural Resources and Conservation had unspent appropriation of \$1.1 million related to restricted ITSD funding, work comp reductions, operational cost savings, vacancy savings, and spending non-general funds in lieu of general fund pursuant to Section 17-2-108, MCA.
- The Office of the Commissioner of Higher Education had unspent appropriations of \$1.3 million related to operational costs for Sprint Degrees (an accelerated degree program that began in Summer 2023) and the implementation of a single learning management system that will continue into Fiscal Year 2025 as they are biennial appropriations.
- The remaining unspent appropriation of \$4.3 million was attributable to miscellaneous reversions across other agencies.

### **State Special Revenue Fund**

The fund balance of the State Special Revenue Fund increased by \$358.0 million to \$2.5 billion. Revenues increased by \$532.8 million (41.5%) and expenditures increased \$483.8 million (37.2%), for fiscal year 2024. The largest increase in revenues are attributable to an increase in property taxes, which was historically recorded in the General Fund. Other financing uses, such as transfers out of the State Special Revenue Fund to other governmental funds increased due to transfers to Capital Project Funds. The increase in investment earning and federal indirect cost recovery into the State Special Revenue Fund resulted in an increase in fund balance. The increase in expenditures is largely due to the Office of Public Instruction's use of the State Special Revenue fund established with HB 587 which is related to the decrease in Education expenditures in the General Fund.

### **Federal Special Revenue Fund**

The fund balance of the Federal Special Revenue Fund increased by \$89.6 million (157.2%) to the balance of \$146.5 million. The increase is attributable to investment earnings and more federal revenues received than expenses incurred. The committed fund balance of \$58.6 million is related to interest earnings on ARPA funds received before expended.

### **Coal Severance Tax Permanent Fund**

The fund balance of the Coal Severance Tax Permanent Fund increased by \$104.8 million (8.5%) to \$1.3 billion. Revenue increased by \$6.8 million (13.4%) to \$57.3 million, primarily due to increases in investment earnings. Additionally, there were \$77.2 million in transfers from General Fund for HB 321 to establish a conservation district and a coal board within the coal tax permanent fund.

### **Land Grant Permanent Fund**

The fund balance of the Land Grant Permanent Fund increased by \$17.7 million (1.9%) to \$947.0 million. Revenue increased by \$4.2 million to a total of \$135.9 million. The increase is primarily from income generated by investment earnings. In addition, due to higher interest rates there was higher participation in security lending.

The State's proprietary funds financial statements provided the same type of information found in the government-wide financial statements, but in more detail. As the State completed the year, the enterprise funds reported fund balances of \$813.5 million. Of this total, \$760.5 million (93.5%) constitutes spendable net position and \$53.0 million (6.5%) is classified as net investment in capital assets. The analysis of the following major enterprise funds, providing the majority of the net position for the business-type activities, follows.

### **Unemployment Insurance Enterprise Fund**

Net position restricted for unemployment compensation increased by \$53.1 million (9.7%). The increase in net position is attributable higher unemployment premium revenue and increased investment earnings during the year and there were lower operating expenses due to adjustments in long term receivables/allowances related to overpayments of Pandemic Unemployment Assistance and Federal Pandemic Unemployment Compensation.

### **Municipal Finance Programs Fund**

Net position increased by 2.1% to \$5.5 million in fiscal year 2024. Financing income revenue increased \$1.9 million, while expenses from interest expense increased \$2.0 million. An increase of \$114.0 thousand to net position is primarily due an increase in operating income from the INTERCAP program and a higher balance of loan receivables.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The State's investment in capital assets for its governmental and business-type activities, as of June 30, 2024, amounted to \$11.0 billion, with related accumulated depreciation of \$2.8 billion, leaving a net book value of \$8.3 billion. This investment in capital assets includes land, buildings, improvements, equipment, right to use lease assets, infrastructure, intangible assets, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State's investment in capital assets for the current fiscal year was \$568.3 million or 7.4% in terms of net book value. Most increases in capital expenditures were seen in construction, or reconstruction, of roads and bridges. Additional information relating to the State's capital assets can be found in Note 5 of the notes to the financial statements.

### **Debt Administration**

Montana continues to receive excellent general obligation bond ratings from Moody's Investor Service (Aa1), Standard and Poor's Corporation (AA), and Fitch Ratings (AA+), which remain unchanged from 2023.

State debt may be authorized either by a two-thirds vote of the members of each house of the Legislature or by a favorable vote of a majority of the State's electors voting thereon. There is no constitutional limit on the amount of debt that may be incurred by the State. The Montana Constitution does, however, prohibit incurring debt to cover deficits caused by appropriations exceeding anticipated revenue.

There was no general obligation debt as of June 30, 2024, due to the passage of House Bill 251 (discussed above).

The below table contains the ratio of general obligation debt and total State debt to personal income and to the amount of debt per capita:

	Amount (in thousands)	Percentage of Personal Income <sup>(1)</sup>	State Debt Per Capita <sup>(2)</sup>
General obligation debt	\$ —	—% \$	—
Total State debt <sup>(3)</sup>	\$ 198,844	0.30% \$	215
<sup>(1)</sup> Based on personal income for calendar year 2023.			
<sup>(2)</sup> Based on estimated 2023 Montana population.			
<sup>(3)</sup> Based on total of special revenue bonds, notes payable, right to use payable, and lease/SBITA/financed purchase payable for the percentage and state debt per capita.			

More detailed information regarding the State’s long-term obligations is provided in Note 11 of the notes to the financial statements and in the statistical tables.

**ECONOMIC CONDITION AND OUTLOOK**

The State was allocated \$1.7 billion from the American Rescue Plan Act (ARPA) during fiscal year 2021. The programs designated by the legislature for ARPA funding into the 2027 biennium are infrastructure, communications, broadband, economic transformation and stabilization, workforce development, housing, and health. As of June 30, 2024, the State has expended \$1.1 billion and has spent an additional \$299.0 million since June 30, 2024. The State has obligated all funds and plans to spend all funds received by June 30, 2026.

Montana’s primary economic base remains concentrated in service-providing industries. By share of real gross state product (GSP), the leisure and hospitality sector (14%), the trade, transportation, and utilities sector (19%), and the education and health services sector (17%) were Montana’s largest in 2024. Per the 2024 Labor Day Report issued by the Montana Department of Labor and Industry, Montana is experiencing a booming economy, with more Montanans working than ever. Businesses have continued to thrive, grow, and increase production in the face of worker shortages by increasing productivity and raising wages to attract workers. Montana’s average annual wage recorded nominal growth of 5.0% in 2023, ranking the 2<sup>nd</sup> fastest among states. Rapid economic expansion has brought prosperity, but fast growth creates additional pressure on an already constrained labor market. Tight labor markets will continue to challenge Montana’s economic growth. A more in-depth analysis of the State’s overall financial position can be found in the transmittal letter of this report.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State of Montana’s finances for all of Montana’s citizens, taxpayers, customers, investors, and creditors. The financial report seeks to demonstrate the State’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the State of Montana, Statewide Accounting Bureau, Room 255 Mitchell Building, PO Box 200102, Helena, MT 59620.

**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**  
*(amounts expressed in thousands)*

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Cash/cash equivalents (Note 3)	\$ 6,220,657	\$ 766,880	\$ 6,987,537	\$ 706,545
Receivables, net (Note 4)	800,923	59,881	860,804	235,344
Due from primary government	—	—	—	2,972
Due from other governments	439,539	656	440,195	72,855
Due from component units	328	1,234	1,562	727
Internal balances	14,000	(14,000)	—	—
Inventories	44,239	8,440	52,679	4,812
Advances to component units	1,372	5,270	6,642	—
Long-term loans/notes/leases receivable (Note 4)	1,002,130	55,287	1,057,417	680,294
Equity in pooled investments (Note 3)	2,694,593	16,264	2,710,857	85,067
Investments (Note 3)	253,244	1,884	255,128	2,426,358
Securities lending collateral (Note 3)	196,434	5,025	201,459	36,553
Net pension asset (Note 6)	57,722	—	57,722	—
Other assets	15,959	2,675	18,634	23,778
Depreciable capital assets and infrastructure, net (Note 5)	5,337,523	18,960	5,356,483	989,505
Land and nondepreciable capital assets (Note 5)	2,856,559	39,042	2,895,601	252,124
Total assets	19,935,222	967,498	20,902,720	5,516,934
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 4)</b>				
	510,610	3,912	514,522	138,236
<b>LIABILITIES</b>				
Accounts payable (Note 4)	957,738	23,796	981,534	109,283
Lottery prizes payable	—	4,958	4,958	—
Due to primary government	—	—	—	1,562
Due to other governments	42,042	33	42,075	808
Due to component units	2,972	—	2,972	727
Due to pension trust funds	44,065	—	44,065	—
Advances from primary government	—	—	—	6,642
Unearned revenue	663,621	8,098	671,719	108,620
Amounts held in custody for others	46,325	113	46,438	16,265
Securities lending liability (Note 3)	196,434	5,025	201,459	36,553
Other liabilities	5,698	—	5,698	25,326
Short-term debt (Note 11)	—	75,207	75,207	—
Long-term liabilities (Note 11):				
Due within one year	155,059	14,746	169,805	251,756
Due in more than one year	416,938	7,460	424,398	1,939,806
Net pension liability (Note 6)	2,401,283	13,884	2,415,167	228,121
Total OPEB liability (Note 7)	30,349	589	30,938	39,383
Total liabilities	4,962,524	153,909	5,116,433	2,764,852
<b>DEFERRED INFLOWS OF RESOURCES (Note 4)</b>				
	800,158	3,979	804,137	101,424

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>NET POSITION</b>				
Net investment in capital assets	\$ 7,972,553	\$ 53,045	\$ 8,025,598	\$ 779,023
Restricted for:				
General government	87,259	—	87,259	—
Transportation	131,305	—	131,305	—
Health and human service	56,994	—	56,994	—
Natural resources	788,941	—	788,941	—
Public safety	188,038	—	188,038	—
Education	98,176	—	98,176	—
Funds held as permanent investments:				
Nonexpendable	2,636,079	—	2,636,079	604,663
Expendable	88,803	—	88,803	—
Unemployment compensation	—	600,116	600,116	—
Municipal Finance Programs	—	5,549	5,549	—
Public Entity Risk Pools	—	112,920	112,920	—
Montana Board of Housing	—	—	—	169,554
Other purposes (Note 1)	—	16,195	16,195	449,945
Unrestricted	2,635,002	25,697	2,660,699	785,709
Total net position	\$ 14,683,150	\$ 813,522	\$ 15,496,672	\$ 2,788,894

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

**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**  
(amounts expressed in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
Primary government:					
Governmental activities:					
General government	\$ 1,260,778	\$ 260,942	\$ 532,035	\$ 315	\$ (467,486)
Public safety	563,562	218,711	31,965	—	(312,886)
Transportation	749,969	38,314	77,801	737,777	103,923
Health and human services	3,481,957	20,892	2,520,222	6,527	(934,316)
Education	1,707,303	4,144	362,637	20,909	(1,319,613)
Natural resources	585,829	276,960	215,645	5,055	(88,169)
Interest on long-term debt	5,709	—	—	—	(5,709)
Total governmental activities	8,355,107	819,963	3,740,305	770,583	(3,024,256)
Business-type activities:					
Unemployment Insurance	127,590	159,929	20,803	—	53,142
Liquor Stores	125,759	150,512	—	—	24,753
State Lottery	132,586	154,154	—	—	21,568
Municipal Finance Programs	4,231	—	4,345	—	114
Hail Insurance	922	1,351	983	—	1,412
Other Service	85,695	28,287	58,429	1,395	2,416
Prison Funds	8,702	8,181	—	—	(521)
MUS <sup>1</sup> Group Insurance	124,896	105,046	5,246	—	(14,604)
MUS <sup>1</sup> Workers Compensation	2,779	3,103	554	—	878
Total business-type activities	613,160	610,563	90,360	1,395	89,158
Total primary government	\$ 8,968,267	\$ 1,430,526	\$ 3,830,665	\$ 771,978	\$ (2,935,098)
Component units:					
Montana Board of Housing	\$ 27,028	\$ 25,688	\$ 7,035	\$ —	\$ 5,695
Facility Finance Authority	859	771	344	—	256
Montana Reinsurance Association	39,696	—	33,875	—	(5,821)
Montana State Fund	214,893	176,150	668	—	(38,075)
Montana State University	798,185	351,529	381,505	13,839	(51,312)
University of Montana	556,803	215,801	223,464	8,857	(108,681)
Total component units	\$ 1,637,464	\$ 769,939	\$ 646,891	\$ 22,696	\$ (197,938)

<sup>1</sup>Montana University System



	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Changes in net position:				
Net (expense) revenue	\$ (3,024,256)	\$ 89,158	\$ (2,935,098)	\$ (197,938)
General revenues:				
Taxes:				
Property	477,432	—	477,432	—
Fuel	288,056	—	288,056	—
Natural resource	252,744	—	252,744	—
Individual income	2,240,483	—	2,240,483	—
Corporate income	306,155	—	306,155	—
Other (Note 1)	578,943	41,733	620,676	—
Unrestricted grants and contributions	963	—	963	—
Settlements	54,512	—	54,512	—
Unrestricted investment earnings (losses)	276,430	1,345	277,775	125,787
Payment from primary government	—	—	—	303,973
Gain on sale of capital assets	4,443	1,365	5,808	3,160
Gain (loss) on debt extinguishment	(26)	—	(26)	—
Miscellaneous	8,087	11,205	19,292	671
Contributions to term and permanent endowments	—	—	—	57,849
Transfers between primary government	64,142	(64,142)	—	—
Total general revenues, contributions, and transfers	4,552,364	(8,494)	4,543,870	491,440
Change in net position	1,528,108	80,664	1,608,772	293,502
Total net position - July 1 - as previously reported	12,968,309	731,616	13,699,925	2,500,255
Adjustments to beginning net position (Note 2)	186,733	1,242	187,975	(4,863)
Total net position - July 1 - as adjusted	13,155,042	732,858	13,887,900	2,495,392
Total net position - June 30	\$ 14,683,150	\$ 813,522	\$ 15,496,672	\$ 2,788,894

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

JUNE 30, 2024

(amounts expressed in thousands)

	SPECIAL REVENUE		
	GENERAL	STATE	FEDERAL
<b>ASSETS</b>			
Cash/cash equivalents (Note 3)	\$ 2,564,375	\$ 1,560,756	\$ 799,106
Receivables (net)	430,559	198,192	117,965
Interfund loans receivable (Note 12)	168,129	128,553	—
Due from other governments	672	2,335	436,474
Due from other funds (Note 12)	39,190	21,945	496
Due from component units	—	310	—
Inventories	7,513	28,225	—
Equity in pooled investments (Note 3)	—	339,798	—
Long-term loans/notes/leases receivable (Note 4)	—	521,385	103,448
Advances to other funds (Note 12)	56,991	1,905	—
Advances to component units	—	1,348	—
Investments (Note 3)	13,273	34,517	—
Securities lending collateral (Note 3)	15,366	37,497	23,158
Other assets	2,506	11,563	188
Total assets	\$ 3,298,574	\$ 2,888,329	\$ 1,480,835
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 494,156	\$ 154,605	\$ 272,653
Interfund loans payable (Note 12)	—	28,677	265,931
Due to other governments	1,089	34,355	6,598
Due to other funds (Note 12)	90	29,327	8,515
Due to component units	44,182	343	2,513
Advances from other funds (Note 12)	—	3,056	55,926
Unearned revenue	47	21,726	640,982
Amounts held in custody for others	14,493	27,810	917
Securities lending liability (Note 3)	15,366	37,497	23,158
Other liabilities	—	436	—
Total liabilities	569,423	337,832	1,277,193
DEFERRED INFLOWS OF RESOURCES	220,853	56,754	57,117
Fund balances (Note 14):			
Nonspendable	65,379	29,942	114
Restricted	—	1,291,846	87,803
Committed	1,430,103	1,167,934	58,608
Assigned	23,573	4,021	—
Unassigned	989,243	—	—
Total fund balances	2,508,298	2,493,743	146,525
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,298,574	\$ 2,888,329	\$ 1,480,835

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

PERMANENT				
COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	TOTAL	
\$ 107,877	\$ 58,465	\$ 824,148	\$ 5,914,727	
15,608	9,299	13,514	785,137	
—	—	2,004	298,686	
—	—	—	439,481	
—	—	11,035	72,666	
—	—	18	328	
—	—	—	35,738	
1,019,518	888,118	411,298	2,658,732	
—	357,544	19,753	1,002,130	
—	—	3,056	61,952	
—	—	25	1,373	
203,099	—	—	250,889	
39,360	31,048	40,172	186,601	
—	29	189	14,475	
<u>\$ 1,385,462</u>	<u>\$ 1,344,503</u>	<u>\$ 1,325,212</u>	<u>\$ 11,722,915</u>	

\$ —	\$ 79	\$ 19,668	\$ 941,161	
1,851	—	736	297,195	
—	—	—	42,042	
—	—	971	38,903	
—	—	—	47,038	
—	—	1,265	60,247	
—	—	—	662,755	
—	2,838	—	46,058	
39,360	31,048	40,172	186,601	
—	—	—	436	
<u>41,211</u>	<u>33,965</u>	<u>62,812</u>	<u>2,322,436</u>	
<u>1,253</u>	<u>363,510</u>	<u>1,168</u>	<u>700,655</u>	

1,269,286	947,028	418,102	2,729,851	
—	—	26,266	1,405,915	
73,712	—	813,977	3,544,334	
—	—	2,887	30,481	
—	—	—	989,243	
<u>1,342,998</u>	<u>947,028</u>	<u>1,261,232</u>	<u>8,699,824</u>	
<u>\$ 1,385,462</u>	<u>\$ 1,344,503</u>	<u>\$ 1,325,212</u>	<u>\$ 11,722,915</u>	

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION**

JUNE 30, 2024

*(amounts expressed in thousands)*

Total fund balances - governmental funds	\$	8,699,824
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Amounts reported for governmental activities in the Statement of Net Position are different due to:

Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds (Note 5):

Depreciable capital assets and infrastructure, net	\$	5,337,523	
Land and nondepreciable capital assets		2,856,559	8,194,082

Deferred outflows of resources represent a consumption of net assets that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds.	510,610
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Other assets not available in the current period and therefore are not reported in the governmental funds:

Net pension asset	57,722
Long-term receivables	(48)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position, excluding internal service funds' capital assets, deferred outflows of resources, deferred inflows of resources and long-term liabilities reported in specific areas.	337,252
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Other liabilities that are not due and payable in the current period and are not reported in the governmental funds.	(13,161)
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A portion of deferred inflows of resources represents an acquisition of net assets that will be recognized as an inflow of resources in a future period, which differs than that reported in the governmental funds.	(99,502)
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Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds (Note 11):

Other long-term liabilities	(571,997)	
Net pension liability	(2,401,283)	
Total OPEB liability	(30,349)	(3,003,629)

Total net position - governmental activities	\$	14,683,150
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*The notes to the financial statements are an integral part of this statement.*

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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
 (amounts expressed in thousands)

	SPECIAL REVENUE		
	GENERAL	STATE	FEDERAL
<b>REVENUES (Note 14)</b>			
Licenses/permits	\$ 154,991	\$ 342,117	\$ —
Taxes:			
Natural resource	103,997	99,710	—
Individual income	2,227,702	—	—
Corporate income	310,515	6	—
Property	16,946	460,486	—
Fuel	—	288,056	—
Other	311,100	247,518	—
Charges for services/fines/forfeits/settlements	29,539	146,643	7,346
Investment earnings (losses)	182,322	41,642	39,696
Securities lending income	536	593	—
Sale of documents/merchandise/property	312	14,745	—
Rentals/leases/royalties	38	1,407	20
Contributions/premiums	127	36,177	—
Grants/contracts/donations	25,411	43,222	163
Federal	15,878	3,525	4,153,073
Federal indirect cost recoveries	389	85,385	91,737
Other revenues	1,049	5,298	2,383
Total revenues	3,380,852	1,816,530	4,294,418
<b>EXPENDITURES</b>			
Current:			
General government	676,508	223,737	249,451
Public safety	408,684	111,430	18,071
Transportation	29,642	335,507	142,590
Health and human services	722,679	245,242	2,509,553
Education	783,463	540,926	371,537
Natural resources	101,018	210,078	238,307
Debt service:			
Principal retirement	11,958	14,293	6,256
Interest/fiscal charges	1,932	1,404	761
Capital outlay	18,524	101,409	593,387
Securities lending	339	452	—
Total expenditures	2,754,747	1,784,478	4,129,913
Excess of revenue over (under) expenditures	626,105	32,052	164,505
<b>OTHER FINANCING SOURCES (USES)</b>			
Inception of right-to-use and financed purchase payables	8,509	1,481	5,055
Insurance proceeds	20	587	1
General capital asset sale proceeds	111	3,261	—
Energy conservation loans	—	283	—
Transfers in (Note 12)	125,882	402,992	5,209
Transfers out (Note 12)	(363,459)	(82,641)	(85,214)
Total other financing sources (uses)	(228,937)	325,963	(74,949)
Net change in fund balances	397,168	358,015	89,556
Fund balances - July 1 - as previously reported	1,923,693	2,135,728	56,969
Adjustments to beginning fund balance (Note 2)	187,437	—	—
Fund balances - July 1 - as adjusted	2,111,130	2,135,728	56,969
Fund balances - June 30	\$ 2,508,298	\$ 2,493,743	\$ 146,525

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

PERMANENT				
COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	TOTAL	
\$ —	\$ 2,675	\$ —	\$ 499,783	
38,575	—	11,086	253,368	
—	—	—	2,227,702	
—	—	—	310,521	
—	—	—	477,432	
—	—	—	288,056	
—	—	13,104	571,722	
—	—	11,050	194,578	
17,077	11,302	54,297	346,336	
1,662	1,418	642	4,851	
—	9,638	—	24,695	
—	110,778	—	112,243	
—	—	—	36,304	
—	72	1,416	70,284	
—	—	—	4,172,476	
—	—	—	177,511	
—	—	—	8,730	
57,314	135,883	91,595	9,776,592	
—	—	5,132	1,154,828	
—	—	113	538,298	
—	—	—	507,739	
—	—	1,736	3,479,210	
—	—	2,993	1,698,919	
—	5,390	409	555,202	
—	—	1,784	34,291	
—	—	157	4,254	
—	269	169,237	882,826	
1,254	1,070	484	3,599	
1,254	6,729	182,045	8,859,166	
56,060	129,154	(90,450)	917,426	
—	—	1,196	16,241	
—	—	—	608	
—	1,822	—	5,194	
—	—	—	283	
77,893	72	184,608	796,656	
(29,127)	(113,362)	(40,669)	(714,472)	
48,766	(111,468)	145,135	104,510	
104,826	17,686	54,685	1,021,936	
1,238,172	929,342	1,206,547	7,490,451	
—	—	—	187,437	
1,238,172	929,342	1,206,547	7,677,888	
\$ 1,342,998	\$ 947,028	\$ 1,261,232	\$ 8,699,824	

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

*(amounts expressed in thousands)*

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Net change in fund balances - total governmental funds	\$	1,021,936
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Amounts reported for governmental activities in the Statement of Activities are different due to:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense over the useful life of the capital asset. Capital outlays exceeded depreciation expense in the current year by the following amount (Note 5):

Capital outlay	\$	882,826	
Depreciation and amortization expenses		<u>(263,465)</u>	619,361

Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities, but only proceeds from sales are reported in the governmental funds.	(23,249)
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Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	27,061
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual governmental funds. Internal service funds are reported separately from governmental funds in the fund financial statements. In the government-wide statements, internal service funds are included with governmental activities.	(12,547)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease items reported in the Statement of Net Position.	<u>(104,454)</u>
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Change in net position - governmental activities	<u>\$</u>	<u>1,528,108</u>
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*The notes to the financial statements are an integral part of this statement.*



**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
JUNE 30, 2024  
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	ACTIVITIES - INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
Current assets:					
Cash/cash equivalents (Note 3)	\$ 598,008	\$ 1,776	\$ 167,096	\$ 766,880	\$ 305,930
Receivables, net (Note 4)	1,565	8,344	49,972	59,881	15,836
Interfund loans receivable (Note 12)	—	—	1,249	1,249	—
Due from other governments	209	—	447	656	58
Due from other funds (Note 12)	—	2,772	7	2,779	69
Due from component units	—	1,234	—	1,234	—
Inventories	—	—	8,440	8,440	8,500
Securities lending collateral (Note 3)	—	60	4,965	5,025	9,832
Other current assets	—	—	1,070	1,070	1,476
Total current assets	599,782	14,186	233,246	847,214	341,701
Noncurrent assets:					
Advances to other funds (Note 12)	—	11,191	—	11,191	—
Advances to component units	—	5,270	—	5,270	—
Long-term investments (Note 3)	—	—	18,148	18,148	38,215
Long-term notes/loans receivable (Note 4)	3,308	51,935	44	55,287	—
Other long-term assets	—	—	1,605	1,605	—
Capital assets (Note 5):					
Land	—	—	800	800	—
Land improvements	—	—	3,830	3,830	95
Buildings/improvements	—	—	16,445	16,445	9,236
Equipment	—	—	10,986	10,986	321,165
Infrastructure	—	—	1,175	1,175	—
Construction work in progress	—	—	33,268	33,268	2,712
Intangible/right to use assets, net	—	—	8,066	8,066	23,929
Other capital assets	—	—	4,974	4,974	—
Less accumulated depreciation	—	—	(21,542)	(21,542)	(209,315)
Total capital assets	—	—	58,002	58,002	147,822
Total noncurrent assets	3,308	68,396	77,799	149,503	186,037
Total assets	603,090	82,582	311,045	996,717	527,738
DEFERRED OUTFLOWS OF RESOURCES (Note 4)	—	75	3,837	3,912	13,219

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
JUNE 30, 2024  
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	ACTIVITIES - INTERNAL SERVICE FUNDS
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable (Note 4)	2,974	1,333	19,489	23,796	16,392
Lottery prizes payable	—	—	4,025	4,025	—
Interfund loans payable (Note 12)	—	—	160	160	2,580
Due to other governments	—	—	33	33	—
Due to other funds (Note 12)	—	—	26,317	26,317	2,580
Unearned revenue	—	—	8,098	8,098	866
Right to use/financed purchase payable (Note 10)	—	—	875	875	10,630
Short-term debt (Note 11)	—	75,207	—	75,207	—
Amounts held in custody for others	—	—	113	113	267
Securities lending liability (Note 3)	—	60	4,965	5,025	9,832
Estimated insurance claims (Note 8)	—	—	12,743	12,743	26,748
Compensated absences payable (Note 11)	—	39	1,089	1,128	5,012
Total current liabilities	2,974	76,639	77,907	157,520	74,907
Noncurrent liabilities:					
Lottery prizes payable	—	—	933	933	—
Advances from other funds (Note 12)	—	—	2,742	2,742	10,154
Right to use/financed purchase payable (Note 10)	—	—	2,840	2,840	17,007
Estimated insurance claims (Note 8)	—	—	3,060	3,060	21,732
Compensated absences payable (Note 11)	—	21	1,539	1,560	5,582
Net pension liability (Note 6)	—	384	13,500	13,884	61,299
Total OPEB liability (Note 7)	—	9	580	589	2,045
Total noncurrent liabilities	—	414	25,194	25,608	117,819
Total liabilities	2,974	77,053	103,101	183,128	192,726
<b>DEFERRED INFLOWS OF RESOURCES (Note 4)</b>	—	55	3,924	3,979	12,613
<b>NET POSITION</b>					
Net investment in capital assets	—	—	53,045	53,045	106,955
Restricted for:					
Unemployment compensation	600,116	—	—	600,116	—
Municipal Finance Programs	—	5,549	—	5,549	—
Public Entity Risk Pools	—	—	112,920	112,920	—
Other purposes	—	—	16,195	16,195	—
Unrestricted	—	—	25,697	25,697	228,663
Total net position	\$ 600,116	\$ 5,549	\$ 207,857	\$ 813,522	\$ 335,618

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
 (amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
<b>Operating revenues:</b>					
Charges for services	\$ 126	\$ —	\$ 326,791	\$ 326,917	\$ 219,710
Investment earnings (losses)	15,195	240	8,376	23,811	13,956
Securities lending income	—	—	31	31	58
Financing income	—	4,105	—	4,105	—
Contributions/premiums	159,803	—	123,287	283,090	202,901
Grants/contracts/donations	5,571	—	57,963	63,534	3,186
Other operating revenues	37	—	11,763	11,800	24,934
Total operating revenues	180,732	4,345	528,211	713,288	464,745
<b>Operating expenses:</b>					
Personal services	—	514	21,497	22,011	88,293
Contractual services	—	22	30,468	30,490	53,799
Supplies/materials	—	3	127,577	127,580	27,619
Benefits/claims	127,590	—	183,211	310,801	224,690
Depreciation	—	—	1,091	1,091	13,927
Amortization	—	—	1,479	1,479	8,931
Utilities/rent	—	48	779	827	6,154
Communications	—	3	1,759	1,762	16,595
Travel	—	1	323	324	1,603
Repairs/maintenance	—	—	2,198	2,198	40,761
Grants	—	—	—	—	497
Lottery prize payments	—	—	109,202	109,202	—
Securities lending expense	—	—	24	24	44
Interest expense	—	3,571	141	3,712	1,384
Other operating expenses	—	69	1,958	2,027	7,112
Total operating expenses	127,590	4,231	481,707	613,528	491,409
Operating income (loss)	53,142	114	46,504	99,760	(26,664)
<b>Nonoperating revenues (expenses):</b>					
Tax revenues (Note 1)	—	—	41,733	41,733	—
Insurance proceeds	—	—	—	—	502
Gain (loss) on sale of capital assets	—	—	1,365	1,365	315
Capital contribution expense	—	—	(131)	(131)	(1,158)
Federal indirect cost recoveries	—	—	185	185	9,159
Increase (decrease) value of livestock	—	—	368	368	—
Total nonoperating revenues (expenses)	—	—	43,520	43,520	8,818
Income (loss) before contributions and transfers	53,142	114	90,024	143,280	(17,846)
Capital contributions	—	—	23,736	23,736	1,131
Transfers in (Note 12)	—	—	1,119	1,119	4,594
Transfers out (Note 12)	—	—	(87,471)	(87,471)	(426)
Change in net position	53,142	114	27,408	80,664	(12,547)
Total net position - July 1 - as previously reported	546,974	5,435	179,207	731,616	348,165
Adjustments to beginning net position (Note 2)	—	—	1,242	1,242	—
Total net position - July 1 - as adjusted	546,974	5,435	180,449	732,858	348,165
Total net position - June 30	\$ 600,116	\$ 5,549	\$ 207,857	\$ 813,522	\$ 335,618

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
*(amounts expressed in thousands)*

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipt from sales and service	\$ 164,346	\$ —	\$ 444,380	\$ 608,726	\$ 421,721
Payments to suppliers for goods and services	—	(149)	(162,678)	(162,827)	(148,554)
Payments to employees	—	(475)	(20,375)	(20,850)	(82,336)
Grant receipts (expenses)	5,571	—	57,515	63,086	2,639
Cash payments for claims	(124,574)	—	(183,382)	(307,956)	(217,730)
Cash payments for prizes	—	—	(108,024)	(108,024)	—
Other operating revenues	37	—	11,762	11,799	34,093
Other operating payments	—	—	(1,743)	(1,743)	(7,100)
Net cash provided by (used for) operating activities	45,380	(624)	37,455	82,211	2,733
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Collection of taxes	—	—	41,733	41,733	—
Transfer to other funds	—	—	(89,880)	(89,880)	(426)
Transfer from other funds	—	—	1,120	1,120	4,594
Proceeds from interfund loans/advances issued or cash receipts from interfund loans/advances repayments	—	—	705	705	8,869
Cash paid or repayment of interfund loans and advances	—	—	(2,681)	(2,681)	(4,772)
Proceeds from bonds and notes	—	77,207	—	77,207	—
Payment of principal and interest on bonds and notes	—	(74,222)	(68)	(74,290)	(1,012)
Grant receipts and Federal indirect cost recoverable	—	—	185	185	—
Net cash provided by (used for) noncapital financing activities	—	2,985	(48,886)	(45,901)	7,253
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from insurance	—	—	—	—	502
Payment of principal and interest - capital related	—	—	(899)	(899)	(4,736)
Acquisition of capital assets	—	—	(2,915)	(2,915)	(32,323)
Payments for construction projects that are contributed to other funds	—	—	(132)	(132)	(1,158)
Proceeds from sale of capital assets	—	—	64	64	998
Net cash provided by (used for) capital and related financing activities	—	—	(3,882)	(3,882)	(36,717)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale (purchase) of investments	—	—	2,706	2,706	—
Proceeds from securities lending transactions/ investments	—	—	31	31	58
Interest and dividends on investments	15,195	240	8,783	24,218	14,828
Payment of securities lending costs	—	—	(24)	(24)	(44)
Collections of principal and interest on loans	—	25,769	—	25,769	—
Cash payment for loans	—	(32,380)	—	(32,380)	—
Net cash provided by (used for) investing activities	15,195	(6,371)	11,496	20,320	14,842
Net increase (decrease) in cash and cash equivalents	60,575	(4,010)	(3,817)	52,748	(11,889)
Cash and cash equivalents, July 1	537,433	5,786	170,913	714,132	317,819
Cash and cash equivalents, June 30	\$ 598,008	\$ 1,776	\$ 167,096	\$ 766,880	\$ 305,930

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
*(amounts expressed in thousands)*

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL	
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	ACTIVITIES INTERNAL SERVICE FUNDS	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 53,142	\$ 114	\$ 46,504	\$ 99,760	\$	(26,664)
<b>Adjustments to reconcile operating income to net cash provided for (used for) operating activities:</b>						
Depreciation	—	—	1,091	1,091		13,927
Amortization	—	—	1,479	1,479		8,931
Securities lending expense	—	—	24	24		44
Investment earnings	(15,195)	(240)	(8,376)	(23,811)		(13,956)
Securities lending income	—	—	(31)	(31)		(58)
Financing income	—	(4,105)	—	(4,105)		—
Interest expense	—	3,571	141	3,712		1,384
Other revenue	—	—	—	—		9,159
<b>Change in assets, deferred outflows, liabilities and deferred inflows:</b>						
Decr (Incr) in accounts receivable	7,113	—	(6,061)	1,052		(879)
Decr (Incr) in due from other funds	—	—	421	421		(15)
Decr (Incr) in due from other governments	—	—	(447)	(447)		(51)
Decr (Incr) in inventories	—	—	536	536		(420)
Decr (Incr) in other assets	—	—	650	650		495
Incr (Decr) in accounts payable	320	5	(15)	310		(1,629)
Incr (Decr) in due to other funds	—	—	(4)	(4)		21
Incr (Decr) in due to other governments	—	—	30	30		—
Incr (Decr) in lottery prizes payable	—	—	1,177	1,177		—
Incr (Decr) in unearned revenue	—	—	(567)	(567)		107
Incr (Decr) in amounts held in custody for others	—	—	10	10		(66)
Incr (Decr) in compensated absences payable	—	(6)	259	253		1,757
Incr (Decr) in total OPEB liability and related accounts	—	(1)	(45)	(46)		296
Incr (Decr) in estimated claims	—	—	(172)	(172)		6,898
Incr (Decr) in other payables	—	(4)	—	(4)		—
Incr (Decr) in net pension liability and related accounts	—	42	851	893		3,452
Net cash provided by (used for) operating activities	\$ 45,380	\$ (624)	\$ 37,455	\$ 82,211	\$	2,733
<b>Schedule of noncash transactions:</b>						
Capital asset acquisitions from contributed capital	\$ —	\$ —	\$ 23,736	\$ 23,736	\$	1,131
Incr (Decr) in fair value of investments	—	—	(408)	(408)		(1,065)
Acquisition of capital assets through financing arrangements	—	—	277	277		21,303
Total noncash transactions	\$ —	\$ —	\$ 23,605	\$ 23,605	\$	21,369

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

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

JUNE 30, 2024

(amounts expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	INVESTMENT TRUST FUNDS	CUSTODIAL FUNDS
<b>ASSETS</b>				
Cash/cash equivalents (Note 3)	\$ 195,226	\$ 22,665	\$ 1,849,716	\$ 11,000
Receivables (net):				
Accounts receivable	25,295	—	—	3,874
Interest	824	18	8,533	9
Due from primary government	44,065	—	—	—
Due from other PERB plans	995	—	—	—
Long-term loans/notes receivable	2	—	—	—
Total receivables	71,181	18	8,533	3,883
Investments at fair value:				
Equity in pooled investments (Note 3)	14,833,350	—	11,464	—
Other investments (Note 3)	1,163,673	222,343	—	—
Total investments	15,997,023	222,343	11,464	—
Securities lending collateral (Note 3)	527,159	—	64,989	72
Capital Assets:				
Buildings/improvements	315	—	—	—
Equipment	133	—	—	—
Accumulated depreciation	(314)	—	—	—
Right to use lease buildings	7,660	—	—	—
Accumulated amortization	(1,536)	—	—	—
Intangible assets	1,301	—	—	—
Total capital assets	7,559	—	—	—
Other assets	—	8,016	—	2,286
Total assets	16,798,148	253,042	1,934,702	17,241
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	752	—	—	—
<b>LIABILITIES</b>				
Accounts payable	2,167	147	8,486	2,766
Due to other governments	—	—	—	3,460
Due to other PERB plans	995	—	—	—
Unearned revenue	43	—	—	—
Securities lending liability (Note 3)	527,159	—	64,989	72
Compensated absences payable	810	—	—	—
Due to primary government - leases (Note 10)	6,550	—	—	—
Net pension liability (Note 6)	2,006	—	—	—
Total OPEB liability (Note 7)	188	—	—	—
Total liabilities	539,918	147	73,475	6,298
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	789	—	—	—
<b>NET POSITION</b>				
Restricted for:				
Pensions	15,585,557	—	—	—
Postemployment benefits other than pensions	672,636	—	—	—
Pool participants	—	—	1,861,227	—
Individuals, organizations, and other governments	—	252,895	—	10,943
Total net position	\$ 16,258,193	\$ 252,895	\$ 1,861,227	\$ 10,943

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
 (amounts expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	INVESTMENT TRUST FUNDS	CUSTODIAL FUNDS
<b>ADDITIONS</b>				
Contributions/premiums:				
Employer	\$ 333,925	\$ —	\$ —	\$ —
Employee	300,801	—	—	—
Other contributions	229,725	20,171	1,703,578	—
Investment earnings:				
Net increase (decrease) in fair value of investments	1,473,597	16,780	(74)	—
Interest, dividends, and other	35,689	6,379	94,523	109
Securities lending income	18,643	—	19	—
Total investment earnings	1,527,929	23,159	94,468	109
Less investment costs:				
Administrative investment expense	91,137	—	—	—
Securities lending expense	14,972	—	14	—
Net investment earnings	1,421,820	23,159	94,454	109
Charges for services	467	—	—	—
Other additions and miscellaneous	1,395	6,686	—	128,926
Total additions	2,288,133	50,016	1,798,032	129,035
<b>DEDUCTIONS</b>				
Benefits	1,244,678	—	—	—
Refunds	35,253	—	—	—
Distributions	—	31,410	1,780,147	127,249
Administrative expenses	14,312	908	—	—
Local assistance	14	—	—	—
Transfers to MUS-RP	525	—	—	—
Transfers to PERS-DCRP	2,742	—	—	—
Total deductions	1,297,524	32,318	1,780,147	127,249
Change in net position	990,609	17,698	17,885	1,786
Net position - July 1 - as previously reported	15,267,682	235,197	1,843,342	9,157
Adjustments to beginning net position (Note 2)	(98)	—	—	—
Net position - July 1 - as adjusted	15,267,584	235,197	1,843,342	9,157
Net position - June 30	\$ 16,258,193	\$ 252,895	\$ 1,861,227	\$ 10,943

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements for the State of Montana (State) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

#### A. Reporting Entity

For financial reporting purposes, the State includes funds that comprise the primary government and its component units. The component units are entities that the State is financially accountable for, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body, and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

#### Discretely Presented Component Units

These component units are entities that are legally separate from the State because they possess corporate powers, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The condensed financial statements, presented in Note 18, include the financial data of the entities listed below.

Complete financial statements for each of the individual discretely presented component units, which are separately issued and audited, may be obtained at the following addresses:

Montana Board of Housing  
301 South Park, Room 240  
PO Box 200528  
Helena, MT 59620-0528

Montana State Fund  
855 Front Street  
PO Box 4759  
Helena, MT 59604-4759

Facility Finance Authority  
1712 9th Avenue  
PO Box 200506  
Helena, MT 59601-0506

Universities and Colleges  
Commissioner of Higher Education  
560 North Park Ave, 4<sup>th</sup> Floor  
PO Box 203201  
Helena, MT 59620-3201

Montana Reinsurance Association  
Montana Commissioner of Securities and Insurance  
840 Helena Avenue  
Helena, MT 59601

Montana Board of Housing (MBOH) – MBOH, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. The State of Montana directs and supervises the budgeting, recordkeeping, reporting, and related administrative functions of the board. The MBOH was created in 1975 to facilitate the availability of safe and affordable housing to persons and families of lower-income. MBOH issues negotiable notes and bonds to fulfill its purposes. The total amount of notes and bonds outstanding at any time may not exceed \$1.5 billion. The discount price of bonds sold, not the face amount of the bonds, counts against this statutory ceiling. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. MBOH is attached to the Department of Commerce for administrative purposes only. MBOH is audited on an annual basis by the Legislative Audit Division.



Facility Finance Authority (FFA) – FFA, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. The State of Montana has the ability to modify or approve: the budget, the rate or fee changes affecting revenues, and the ability to appoint, hire, reassign, or dismiss those responsible for the day-to-day operations of FFA. FFA assists eligible, nonprofit Montana health care and other community-based service providers to obtain and maintain access to the broadest range of low-cost capital financing as possible. FFA issues revenue bonds to fulfill its purposes. The Authority issues no commitment conduit debt and does not recognize a liability for those debts. Neither the faith and credit or taxing power of the State of Montana may be pledged for the amounts so issued. FFA is also the administrator for Montana's Commercial Property Assessed Capital Enhancement Program (C-PACE) which provides Montana businesses with access to private capital to finance energy and water efficiency and renewable energy improvements. FFA is attached to the Department of Commerce for administrative purposes only. Individual audited financial reports are issued every two years by an independent auditor, contracted by the Legislative Audit Division.

Montana State Fund (MSF) – MSF is a nonprofit, independent public corporation established under Title 39, Chapter 71 of the Montana Code Annotated (MCA). MSF provides Montana employers with an option for workers' compensation and occupational disease insurance and guarantees available coverage for all employers in Montana. MSF is governed by a seven-member Board of Directors appointed by the Governor with the advice and consent of the Senate. This Board has full power, authority, and jurisdiction in the administration of MSF. MSF's results are included in the State's Annual Comprehensive Financial Report because of the significance of MSF's financial relationship with the State. MSF's board is allocated to the Department of Administration for administrative purposes only. MSF is reported on a calendar year basis and is audited annually by an independent auditor, contracted by the Legislative Audit Division. MSF is also regulated by the Montana State Auditor's Office as an authorized insurer that is subject to the provisions of Title 33, Montana Insurance Code.

MSF functions as an autonomous insurance entity supported solely from its own revenues. All assets, debts, and obligations of MSF are separate and distinct from assets, debts, and obligations of the State of Montana. If MSF is dissolved by an act of law, the assets held by MSF are subject to the disposition provided by the Legislature enacting the dissolution with due regard given to obligations incurred and existing (Section 39-71-2322, MCA).

MSF administers the claims of Montana State Fund and State of Montana (Old Fund), including determining who a claimant is; what, if any, claims will be paid; and the amount of claims allowed to be paid. Old Fund covers workers' compensation claims that were incurred before July 1, 1990, and is reported within the governmental activities of the primary government, on the government-wide financial statements.

Universities and Colleges – The Montana Constitution, Article X, Section 9, grants governance authority over the Montana University System (MUS) to the Board of Regents (Board), with seven members appointed by the Governor and confirmed by the Senate. All state funds appropriated by the Legislature to the Board for the support of the MUS are channeled through the Office of the Commissioner of Higher Education (OCHE). The Constitution charges the Board with hiring a Commissioner of Higher Education who serves as its executive staff. OCHE is the state-level administrative organization of the MUS.

The Board has responsibility for the following institutions: Montana State University - Bozeman and the units under it including Montana State University - Billings, Montana State University - Northern, and Great Falls College Montana State University; and University of Montana - Missoula and the units under it including Montana Technological University, University of Montana - Western, and Helena College University of Montana. All units are funded through state appropriations, tuition, federal grants, and private donations and grants. The universities are audited annually by the State's Legislative Audit Division.

Though the following organizations perform functions related to the MUS, they are not considered part of Montana's reporting entity: (1) Community Colleges which are considered part of local units of

government; (2) the Montana Higher Education Student Assistance Corporation, a private nonprofit corporation; and (3) the Student Assistance Foundation of Montana, a private nonprofit corporation. Entities such as local school districts and local authorities of various kinds are considered part of local units of government and have not been included. The state and federal support of local public education systems is reported in the General Fund, the State Special Revenue Fund, and the Federal Special Revenue Fund.

Montana Reinsurance Association (MRA) – In April 2019, the State of Montana enacted the Montana Reinsurance Association Act (Act) establishing MRA as a nonprofit, legal entity and creating a reinsurance program to stabilize the individual health insurance market. The Act is established under Title 33, Chapter 22, Part 13 of the Montana Code Annotated (MCA) and authorized the State to apply for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act (ACA). The United States Departments of Health and Human Services and Treasury approved Montana's State Innovation Waiver and is effective through December 31, 2029.

The Reinsurance Program is funded through federal pass-through funding (awarded on an annual basis) and annual association member assessments (1.2% of a member insurer's total premium volume covering Montana residents from the prior calendar year, as defined in Section 33-22-1313, MCA).

MRA is governed by a five-member board consisting of three directors, one each from the eligible health insurers with the largest enrollment in the individual market, one insurer director appointed by the Commissioner of Insurance, and one director appointed by the Governor.

MRA's financial results are included in the State's Annual Comprehensive Financial Report because of the significance of MRA's financial relationship with the State. The Commissioner of Insurance is responsible for overseeing the activities of the MRA and the board. MRA reports on a calendar year basis, must be audited by an independent certified public accountant annually, and may be audited by the State's Legislative Audit Division.

### **Fiduciary Fund Component Units**

Complete financial statements for each of the individual fiduciary fund component units may be obtained at the following addresses:

Teachers' Retirement System  
100 North Park Avenue, Suite 110  
PO Box 200139  
Helena, MT 59620-0139

Public Employees' Retirement Board  
100 North Park Avenue, Suite 200  
PO Box 200131  
Helena, MT 59620-0131

Teachers' Retirement System (Pension Trust Fund) – This retirement plan is a legally separate entity with a board appointed by the Governor. Its purpose is to provide retirement, disability, death, and lump-sum payments to benefit recipients of Montana's public teaching profession. The plan is funded from employer and employee contributions, investment earnings, and the State's General Fund. The benefit payments and administrative costs of the Teachers' Retirement System are paid from the same funding sources. The system is audited annually by the State's Legislative Audit Division. Further detail related to the Teachers' Retirement System is provided in Note 6.

Public Employees' Retirement Board (Pension and Other Employee Benefit Trust Funds) – The Public Employees' Retirement Board (PERB) is appointed by the Governor and administers nine retirement plans for the purpose of providing retirement, disability, death, and lump-sum payments to plan members. These legally separate plans include the Public Employees' Retirement Plan – Defined Benefit and Defined Contribution and the associated education funds; the Judges'; the Highway Patrol Officers'; the Sheriffs'; the Game Wardens' and Peace Officers'; the Municipal Police Officers'; the Firefighters' Unified Retirement Systems; and the Volunteer Firefighters' Compensation Act retirement plans. The board also administers one Other Post-Employment Benefit (PERS-DCRP Disability OPEB) disability plan on behalf of Public Employees' Retirement Plan-Defined Contribution members, and one other employee benefit

plan (457(b) Plan). The board is audited annually by the State's Legislative Audit Division. Further detail related to PERB is provided in Note 6 and its OPEB plan information in Section F of Note 7.

### **Related Organizations**

The Montana Opioid Abatement Trust (Trust) – The Trust was established in August 2022 in accordance with a memorandum of understanding created as part of a consent judgement ordered by the court. The Trust is responsible for managing the State's share of funds received from the multi-state settlement with pharmaceutical companies related to the opioid epidemic and will be used to support opioid remediation efforts in Montana. The Trust is not included in the basic financial statements. Although the State appoints a voting majority of the Board of Trustees, the State cannot impose its will on the Trust and no financial burden or benefit relationship exists between the Trust and the State. A copy of their financial statements can be obtained by contacting the Trust at [www.montanaopioid.org](http://www.montanaopioid.org) or the following address:

Montana Opioid Abatement Trust  
1597 Avenue D, Ste. 6  
Billings, MT 59102

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements, Statement of Net Position and Statement of Activities, report information on all of the non-fiduciary activities of the State of Montana and its component units. For the most part, the impact of interfund activity has been removed from these statements. Governmental activities, which are normally supported by fees, taxes, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the State of Montana is reported separately from certain legally separate component units for which the State is financially accountable.

The Statement of Activities demonstrates the degree to which program revenues offset the direct expenses of a function. Direct expenses are those that are clearly identifiable with a specific function. Certain indirect costs are included in the program expense reported for the individual functions and activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues. The State does not allocate indirect expenses to functions in the Statement of Activities.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary fund activity is only reported in the fund financial statements.

## **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

### **Government-wide, Proprietary, and Fiduciary Fund Financial Statements**

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned; expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements imposed by the provider are met.

As a general rule, material interfund revenues and expenses have been eliminated from the government-wide financial statements. These have not been eliminated where their elimination would distort the direct costs and program revenues of the functions involved.

### **Governmental Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are realizable,

measurable, earned, and available. Revenue is considered realizable when it is probable the amount will be collected. Revenue is considered measurable and realizable if the precise amount is known because the transaction is completed, or if there is enough information to provide a reasonable estimate of the net realizable revenue to be received. Revenue is considered to have been earned when the exchange of goods or services has taken place. Revenue is considered to be available if it is collectible within the current period or soon enough thereafter, to pay liabilities of the current period. For this purpose, the State considers revenue available if it is expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures relating to compensated absences, claims, and judgments are recorded only when payment is due.

The major revenue sources considered susceptible to accrual are licenses and permits, natural resource taxes, individual income taxes, corporate income taxes, property taxes, fuel taxes, and certain federal revenues (reimbursable grants and U.S. mineral royalties). Any revenue (not accrued) is considered to be measurable and available when the cash is received.

### **Fund Financial Statements**

The State uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The financial activities of the State of Montana are classified into fund categories as described below:

### **Governmental Funds**

General Fund – To account for all governmental financial resources, except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources restricted to expenditure for specified purposes other than major capital projects. (1) The State Special Revenue Fund accounts for activities funded from state resources used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. (2) The Federal Special Revenue Fund accounts for activities funded from federal sources used in the operation of state government.

Several funds are defined in statute as Permanent Funds; however, per GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), these funds should be reported within the State Special Revenue Fund. The respective effect on fund balance is approximately a \$98.4 million increase. One specific fund is defined in statute as a Federal Special Revenue Fund; however, per GASB 54, this fund should be reported within the State Special Revenue Fund. The respective effect on fund balance is approximately a \$27.8 million increase. Several funds are defined in statute as State Special Revenue Funds; however, per GASB 54, these funds should be reported with the General Fund. The effect on fund balance is detailed in section R below.

Debt Service Funds – To account for resources accumulated for payment of principal and interest on general long-term obligation debt.

Capital Projects Funds – To account for resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Permanent Funds – To account for resources that are permanently restricted to the extent that only earnings, not principal, may be used to support the government's programs. Several funds are defined in statute as Permanent Funds; however, per GASB 54 these funds should be reported within the State Special Revenue Fund as noted above.

## **Proprietary Funds**

Enterprise Funds – To account for operations: (1) financed and operated similar to private business enterprises, where the intent of the Legislature is to finance or recover costs primarily through user charges; (2) where the Legislature has decided periodic determination of revenue earned, expenses incurred, or net income is appropriate; (3) where the activity is financed solely by a pledge of the net revenues from fees and charges of the activity; or (4) when laws or regulations require that the activities' costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues. The primary focus of fee revenues charged by enterprise funds is users outside of the primary government. One specific fund is defined in statute as an Enterprise Fund, however, per GASB 34, this fund should be reported within Internal Service Funds. The respective effect on net position is approximately a \$6.9 million increase.

Internal Service Funds – To account for the financing of goods and services provided by one department or agency to other departments, agencies, or other governmental entities on a cost-reimbursement basis.

The State of Montana reports two employee group benefits funds. The MUS Group Insurance Fund primarily charges its fees to Montana State University and the University of Montana. The universities are reported as discretely presented component units, which the State considers to be external users, and as such, reports the MUS Group Insurance Fund as an enterprise fund. The Employee Group Benefits Fund charges its fees to funds of the primary government, and as such, is reported as an internal service fund.

## **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, or other governments. These assets cannot be used to support the government's own programs.

Pension (and Other Employee Benefit) Trust Funds – To account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit retirement plans, defined contribution retirement plans, other employee benefit plans, and other post-employment benefit plan. Plan members receive retirement, disability, death, and lump-sum payments from the fund. Further detail related to the individual plans is provided in Note 6 and Section F of Note 7.

Private-Purpose Trust Funds – To account for assets held by the State in a trustee capacity, where both the principal and earnings benefit individuals, private organizations, or other governments. For example, unliquidated security bonds held on deposit from self-insured employers.

Investment Trust Fund – To account for the receipt of monies and the distribution of related investment earnings to local government agencies by the Montana Board of Investments for investment in the Short Term Investment Pool (STIP) and Trust Funds Investment Pool (TFIP).

Custodial Funds – To account for transactions related to assets held by the State as an agent for individuals, private organizations, and other governments. For example, monies belonging to one parent submitted by another, as is the case with child support payments.

## **Major Governmental Funds**

The General Fund is the State's primary operating fund, as previously defined.

The State Special Revenue Fund accounts for activities funded from state sources, which are restricted either legally or administratively for particular costs of an agency, program, or function.

The Federal Special Revenue Fund accounts for activities funded from federal sources used in the operation of state government.

The Coal Severance Tax Fund, created by Article IX, Section 5 of the Montana State Constitution, receives 50% of all coal tax collections. The principal in this fund can be expended only upon an affirmative vote of three-fourths of each house of the Legislature.

The Land Grant Permanent Fund accounts for lands granted to the State for support of public schools and state institutions.

### **Major Enterprise Funds**

The Unemployment Insurance Fund accounts for employer contributions deposited with the Secretary of the Treasury of the United States to the credit of the State's unemployment trust fund. Unemployment benefits are paid from this fund to eligible recipients.

The Board of Investments (BOI) Municipal Finance Programs Fund accounts for the programs created under the Municipal Finance Consolidation Act (MFCA) and the Economic Development Act. Primarily, this involves a MFCA revolving loan program that provides variable low interest rate loans to eligible Montana State agencies, universities, and local governments for a variety of projects statutorily defined. The funding for the revolving loan program is from the issuance of put bonds. The MFCA program also provides local government entities access to tax-exempt funds through the issuance of conduit debt. Separately issued financial statements may be obtained by contacting the Montana Board of Investments, 2401 Colonial Drive, 3<sup>rd</sup> Floor, PO Box 200126, Helena, MT 59620-0126.

## **D. Proprietary Activity Accounting and Financial Reporting**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating.

### **E. Cash/Cash Equivalents**

For all funds, cash and cash equivalents consist of amounts deposited in the State Treasurer's pooled cash account, cash deposits in checking accounts, cash invested in the Short Term Investment Pool (STIP), cash held by trustees, undeposited cash held by individual state agencies, and investments categorized as cash equivalents, which are short-term, highly liquid investments with original maturities of three months or less. Further detail related to cash and cash equivalents is provided in Note 3.

### **F. Receivables**

This classification, net of estimated uncollectibles, consists primarily of receivables for goods sold and services provided; short-term loans and notes; interest and dividends; taxes due within 60 days of fiscal year-end; leases; and income, withholding, and inheritance taxes that are past due. An allowance for uncollectible receivables are provided based on historical analysis.

For the State as lessor at the commencement of the lease term, on the government-wide and fund financial statements, a lease receivable is recorded at the present value of lease payments expected to be received during the lease term; and a deferred inflow of resources is recorded at the sum of the value of the lease receivable and any payments received at or before the commencement of the lease term that relate to future periods. If the undiscounted value of payments that may be received from the lessee are less than \$100.0 thousand, lease accounting is not required and payments are treated as inflows of resources. Further detail related to lease receivables is provided in Note 4 and Note 10.

### **G. Inventories**

Inventories of materials and supplies are reported at cost. The State allows agencies to use any generally accepted inventory pricing method but specifies the first-in, first-out method generally to be appropriate for most agencies. Governmental funds use the "purchase method," meaning inventory purchases are recorded as expenditures. At fiscal year-end, inventory balances are shown as nonspendable, indicating they do not constitute available expendable resources. Proprietary and fiduciary funds report using the "consumption method," meaning inventories are expensed as used.



## **H. Equity in Pooled Investments**

To account for equity in pooled investments, BOI uses one internal investment pool and one external investment pool. The internal investment pool is the Consolidated Asset Pension Pool (CAPP). The State's nine defined benefit pension trust funds are the only participants in CAPP. The external investment pool is the Trust Funds Investment Pool (TFIP). State agencies and qualifying local governments can participate in TFIP. State agency TFIP participation includes: enterprise funds, internal service funds, permanent funds, investment trust funds, Montana University System Units, and specific accounts established within the State and Federal Special Revenue Funds. The participant investments in the pools are reported at fair value in the assets within the individual funds. Further detail related to cash and cash equivalents and investments is provided in Note 3.

## **I. Investments**

For agencies whose investment needs are not met by BOI's established investment pools, BOI may provide separate investments, which may be combined and reported as Separately Managed Accounts (SMA). SMA participants have direct fixed income, equity, Montana mortgage, and loan investments. SMA investments are reported at fair value. Certain securities including asset-backed securities, variable-rate instruments, zero-coupon bonds, preferred stocks, and mortgage-backed securities are purchased for portfolio diversification and a competitive rate of return. Other State agencies, on a limited basis by statute, may administer other long-term investments. Most investments are reported at fair value on the Statement of Net Position. Further detail related to investments is provided in Note 3.

## **J. Capital Assets**

Capital asset valuation is based on actual historical cost or, in the case of donations, acquisition value. General government infrastructure capital assets are capitalized and reported on the government-wide financial statements. Interest incurred during the construction of capital assets is expensed. Infrastructure assets of proprietary funds are capitalized on the fund financial statements. The State has chosen to use the depreciation approach for infrastructure assets.

Intangible right-to-use lease and subscription-based information technology arrangements (SBITA) assets are valued at the present value of payments expected to be made during the term of the agreement (lease/subscription liability), plus certain direct costs, lease payments made to the lessor at or before the commencement of the term, and capitalizable implementation costs less any incentives received from the vendor at or before the commencement of the term.

The State reports accumulated depreciation and amortization on the Statement of Net Position and depreciation and amortization expense on the Statement of Activities for these assets.

Capital assets in proprietary, private-purpose trust and pension trust funds are accounted for within their respective funds and are depreciated or amortized on their fund financial statements. Capital assets in governmental funds are accounted for in the governmental activities of the government-wide financial statements, as are the associated depreciation and amortization.

Capital asset depreciation is on a straight-line basis, with estimated useful lives of 25 to 60 years for buildings, 10 to 50 years for infrastructure, 7 to 20 years for building improvements, and 3 to 10 years for equipment. State agencies must also extend or shorten the useful lives of capital assets to reflect their experience or industry standards when appropriate. Amortization is on a straight-line basis with estimated useful lives of 4 years for software (internally and externally generated), 30 years for land use rights, and 20 years for other intangibles. Leased and SBITA right-to-use assets are amortized on a straight-line basis using the shorter of the lease/ subscription term or the useful life of the underlying asset.

The capitalization threshold for buildings and building/land improvements is \$25.0 thousand. The capitalization threshold for infrastructure and internally generated software is \$500.0 thousand. The capitalization threshold for intangible and right-to-use lease and SBITA assets is \$100.0 thousand. The

capitalization limit for other capital assets is \$5.0 thousand. Agencies are allowed to capitalize additions to collections and land acquisitions at any cost. Purchases below these thresholds and leases and SBITAs with maximum possible terms of 12 months or less at commencement, are recorded as outflows of resources in the current period. Further detail relating to capital assets is provided in Note 5.

#### **K. Deferred Outflows, Deferred Inflows, and Unearned Revenue**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Deferred outflows and inflows of resources may include financial transactions related to refunding debt, non-exchange transactions, derivative investments, and OPEB, and pension related components; and are reported on the government-wide, proprietary fund, and fiduciary fund financial statements. Additionally, deferred inflows of resources may include financial transactions related to unavailable revenue on the governmental fund financial statements. Unavailable revenue is reported when assets are recognized, but those assets are not considered available to pay liabilities of the current period. Unearned revenue, which is neither a deferred outflow of resources nor a deferred inflow of resources; is recognized as a liability on government-wide, governmental, and proprietary fund financial statements. Further detail related to deferred outflows of resources and deferred inflows of resources is provided in Note 4.

#### **L. Long-term Obligations**

Long-term obligations expected to be financed from governmental funds are reported on the government-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from current expendable available financial resources is reported as a fund liability of a governmental fund on the fund financial statements. The remaining portion of such obligations is reported on the government-wide financial statements. Long-term liabilities expected to be financed from proprietary and fiduciary fund operations are accounted for in those funds. Further detail related to leases, subscription based information technology agreements, financed purchases payable, and long-term liabilities is provided in Note 10 and Note 11, respectively.

#### **M. Right-To-Use Liabilities**

Leases and Subscription-Based Information Technology Arrangements (SBITAs) are contracts that convey control of the right to use another entity's nonfinancial asset (leases) or Information Technology hardware and software, alone or in combination with tangible capital assets for a period of time in an exchange or exchange-like transaction.

The State, as lessee/subscriber, at the commencement of the term, records a liability at the present value of payments expected to be made during the term of the agreement on the government-wide, proprietary fund, and fiduciary fund financial statements. The commencement of the term for leases is stipulated in the contract, and for SBITAs, it is when the software is implemented.

Certain payments are evaluated to determine if they should be included in the measurement of the lease or subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments. The State monitors changes in circumstances that may require remeasurement of a lease or subscription liability.

On the governmental fund financial statements, no right-to-use liability is recorded. Governmental funds instead record capital outlay expenditures and other financing sources at the commencement of an arrangement, at net present value of the expected payments during the term. If the undiscounted value of the payments plus certain direct costs and lease payments made to the lessor at or before the commencement of the arrangement is less than \$100.0 thousand, or the maximum possible term is 12



months or less, right-to-use liabilities are not recorded, and payments are treated as outflows of resources.

The State uses an estimated incremental borrowing rate as the discount rate for leases and SBITAs, unless the rate is explicitly stated in the contract or known. The incremental borrowing rate is the rate for the Montana Board of Investments INTERCAP loan program in effect on July 1 of the fiscal year the agreement commences. Many agreements include increases to rent/subscription payments related to the consumer price index (CPI) or similar indices, and the available index increase is included in the present value at the commencement of the agreement or upon remeasurement. Further detail related to leases and subscription arrangements is provided in Note 10 and Note 11.

#### **N. Financed Purchases**

A financed purchase is a contract that transfers ownership of an underlying asset to the purchaser by the end of the contract and does not contain termination options. Provisions that end a contract for the following reasons are not considered termination options: Payment of all sums due, default on payments, or a fiscal funding or cancellation clause that is not reasonably certain of being exercised. If the contract does contain a termination option, it should be considered a lease and should be accounted for in accordance with the State's lease policies. The threshold for recording a financed purchase is the threshold for recording the asset type associated with a financed purchase. Further detail related to financed purchases is provided in Note 10 and Note 11.

#### **O. Bond Discounts/Premiums/Issuance Costs**

Bond premiums and discounts, as well as issuance costs, are recognized in the period they are incurred. Bond issued and bond premiums are reported as other financing sources, and bond discounts are reported as an other financing use. Issuance costs are reported as debt service expenditures whether or not they are withheld from the bond proceeds. Bonds payable are recorded net of any applicable premium or discount. Further detail related to long-term debt is provided in Note 11.

#### **P. Compensated Absences**

Full-time state employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Teachers employed by the State do not receive vacation leave. Vacation leave may be accumulated and carried over from one year to the next. The carryover is limited to two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Each contribution year, an employee may contribute a maximum of 80 hours of sick or annual leave to a nonrefundable sick leave pool. Excess annual leave that is being forfeited can also be contributed, with no maximum contribution. Participants in the pool may apply to use hours through a grant application process. Upon retirement or termination, an employee is paid for 100% of unused vacation leave and 25% of unused sick leave.

Vested or accumulated leave for proprietary and fiduciary funds is recorded as an expense and liability of those funds in the fund financial statements. For governmental funds, the liability is not expected to be liquidated with current financial resources. The expense and liability for the governmental funds is reported only on the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated vacation balances, sick leave balances that are more likely than not to be paid in future years, and sick leave pool amounts estimated using average salary rates of participants. Further detail related to compensated absences is provided in Note 11.

#### **Q. Nonexchange Financial Guarantee**

According to GASB Statement No. 70 *Accounting and Financial Reporting For Nonexchange Financial Guarantees* (GASB 70), governments may extend financial guarantees for the obligations of another government, a not-for profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does

not fulfill its payment requirements. Further detail related to nonexchange financial guarantees is provided in Note 11.

## **R. Fund Balance/Net Position**

### **Fund Balance**

The classifications for fund balance used for governmental funds are reported in two general classifications, nonspendable and spendable. Nonspendable represents the portion of fund balance that is legally or contractually required to remain intact or is not in spendable form such as inventories, and, in the General Fund, long-term notes and loans receivable. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by the State Constitution or external parties, such as the federal government, or through enabling legislation. For the purpose of determining restricted amounts, enabling legislation does not include commitments resulting from State legislation if these constraints can be removed or changed by a similar legislative action.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the State's Legislature, through legislation passed into law.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes. Still they do not meet the criteria to be classified as restricted or committed. Assignments of fund balance are created by the executive branch. In governmental funds other than the General Fund, assigned fund balance also represents the remaining amount that is not restricted or committed. The assigned fund balance for the General Fund may include encumbrances or assignments for the portion of current General Fund balance that is projected to be used to fund expenditures and other cash outflows in excess of the expected revenues and other cash inflows in fiscal years as needed.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The State generally segregates restricted, committed, and assigned resources by account (sub-fund) within the governmental funds other than the General Fund. When resources meeting more than one of these spendable classifications are commingled in an account on the State's accounting system, the assumed order of spending is restricted first, committed second, and finally assigned. State statute requires non-General Fund money be spent first whenever possible so any related available unassigned balance would be spent last.

### **General Fund - Fund Balance**

Several funds are defined in statute as State Special Revenue funds, but they do not meet the GASB 54 requirements to be a State Special Revenue Fund as the Legislature prescribed. For financial reporting purposes, these funds are combined with the General Fund. Most of these funds have balances that have been set aside for specific purposes by the Legislature through statutory provisions and are included in the committed fund balance within the General Fund.

The June 30, 2024, committed fund balance in the General Fund is shown below:

Purpose	Committed Fund Balance (in thousands)
Budget Stabilization Reserve	\$ 521,764
Fire Suppression Fund	145,433
Behavioral Health System for Future Generations	222,564
Montana Surplus Tax Rebates	19,752
Emergency Shelter Facilities Grants	4,697
Capitol Complex Legislative Branch	19,927
Debt and Liability Free	257,321
Capitol Complex Executive Branch	24,754
Local Road and Bridge Account	74,025
Community Reinvestment	50,000
Securing Access to Federal Expenditures to Repair (SAFER) Montana Roads	89,866
Total	<u>\$ 1,430,103</u>

The Budget Stabilization Reserve Fund has additional statutory provisions governing use. Section 17-7-140, MCA provides the minimum ending fund balance and specifies the procedures that must be followed to make expenditure reductions or allow transfers from the Budget Stabilization Reserve Fund if a projected ending fund balance drops below minimum statutory requirements.

If the Budget Director determines that a deficit exists, statute requires reductions that must be made to assure that the projected ending fund balance complies with the minimum ending fund balance of General Fund appropriations for the biennium. Under circumstances when a deficit of this level is projected during a biennium, the Governor may direct reductions from any General Fund expenditure not exempted by Section 17-7-140, MCA, including House Bill (HB) 2 (the State's main appropriation bill), any other appropriation bills, statutory appropriations, or language appropriations. Reductions may not exceed 10% of General Fund appropriations for any single "program," as defined in HB 2. If a program has more than one appropriation, the reduction for one or more of the appropriations may exceed 10% as long as the reduction for the program as a whole does not exceed 10%.

The Legislative and Judicial branches, the Montana School for the Deaf and Blind, principal and interest on State debt, salaries of elected officials, and public school BASE funding are exempt, statutorily, from reductions. These exemptions shield approximately one-third of General Fund appropriations from reduction. Of the remaining expenditures, the Governor may not direct executive agencies headed by elected officials or the Board of Regents to reduce their expenditures by more than the average reduction percentage imposed upon all other executive branch agencies.

### Net Position

In funds other than governmental, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net investment in the capital assets portion of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing and outstanding capital asset expense payable used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide Statement of Net Position reported restricted net position of \$4.8 billion.

Net position associated with the Unemployment Insurance Fund, Municipal Finance Programs, and Public Entity Risk Pools are classified as restricted. The majority of the restricted net position for other purposes business-type activities amounting to \$16.2 million is made up of \$10.6 million from HUD Section 8 Fund;

\$5.5 million from Flexible Spending Administration Fund; and \$95.0 thousand from the Local Government Audits Fund.

### **S. Property and Income Taxes**

Real property taxes are normally levied in October and are usually payable in two installments on November 30 and May 31. These taxes attach as an enforceable lien immediately if not paid when due.

Personal property tax levies are set each August, and notices are normally mailed the following March or April. Half of mobile home taxes are due in 30 days and the remaining half on September 30. Taxes on all other types of personal property are to be paid in full 30 days after receipt of the notice. Property tax payments are recognized as deferred inflows of resources if received prior to levy or availability.

Personal property taxes attach as an enforceable lien immediately if not paid when due. Each of Montana's 56 counties collect property taxes. The counties then remit the State's portion to the State Treasury. The majority of these taxes help fund public school systems and higher education.

## T. Other Taxes

On the Statement of Activities, the revenue category “Other Taxes” consists of the following taxes (in thousands):

	General Fund	State Special Revenue	Other Governmental Funds	Business-Type Funds	Total
Accommodations	\$ 46,303	\$ 66,509	\$ 12,153	\$ 36	\$ 125,001
Agriculture	—	10,750	—	—	10,750
Cannabis tax (medical/recreational)	—	54,169	—	—	54,169
Car rental	7,095	2,366	—	—	9,461
Cigarette/tobacco	26,000	32,750	1,206	—	59,956
Contractors gross receipts	9,125	—	—	—	9,125
Energy tax	7,832	23	—	—	7,855
Fire protection	—	4,637	—	—	4,637
Insurance premium	115,036	61,017	—	—	176,053
Light vehicle registration	—	6,655	—	—	6,655
Liquor tax	5,475	2,205	—	41,697	49,377
Livestock	—	4,868	—	—	4,868
Other taxes	141	1,137	—	—	1,278
Public service commission	—	6,315	—	—	6,315
Railroad car companies	3,648	—	—	—	3,648
Telephone license	8,143	—	—	—	8,143
Video gaming	83,385	—	—	—	83,385
Total other taxes	\$ 312,183	\$ 253,401	\$ 13,359	\$ 41,733	\$ 620,676

## U. Tax Abatement

Within the BOI's SMA Commercial Loan Program, by statute, the Infrastructure Loan Program is funded by an \$80.0 million allocation. Eligible local governments request a loan for constructing or purchasing infrastructure to be used by a basic sector business. The business will pay a user fee to the local government that is pledged to BOI for the loan repayment. BOI reviews each loan, and only upon verification that the entities meet the loan requirements is the loan approved by BOI.

To be eligible for the program, the business must create at least 15 full-time basic sector jobs within identified sectors of the Montana economy. The maximum loan size is \$16.7 thousand multiplied by the number of full-time jobs created with a minimum loan size of \$250.0 thousand. The maximum loan term is 25 years. There is also up to a 2.5% interest rate reduction for job creation. The reduction will be reflected in the user fee rate charged to the basic sector business upon BOI review and approval. The basic sector business must create the required jobs within four years of the agreement. If the basic sector business does not create the required jobs within the four-year period, then the basic sector business must pay down the loan balance of the local government entity until the loan balance matches the eligible amount per the jobs created. BOI may increase the interest rate commensurate with the number of jobs eliminated if the borrower eliminates qualifying jobs. The business receiving the abatement must annually provide payroll documentation to BOI.

Pursuant to statute, a business that is created or expanded as the result of an Infrastructure Loan is entitled to a credit against either their State individual income taxes or corporate income taxes for the portion of the fees attributable to the use of the infrastructure. The total amount of tax credit claimed may not exceed the amount of the loan. The credit may be carried forward for seven years or carried back for three years.

During the fiscal year ended June 30, 2024, eligible business entities made total user fee payments of \$2.3 million, representing \$1.9 million of principal and \$400.0 thousand in interest. During the fiscal year ended June 30, 2024, a total of \$5.9 million was claimed as a credit against the State individual and corporation tax liability. The following table details the fiscal year 2024 credit claimed by tax type and the tax year it was applied against (in thousands):

Infrastructure Credit Claimed for the Fiscal Year 2024			
	Tax Year 2023	Tax Year 2022	Total net
Corporate income tax	\$ —	\$ 263	\$ 263
Individual income tax	5	5,600	5,605
Total amount claimed	\$ 5	\$ 5,863	\$ 5,868

The local government entity must pass a resolution authorizing the acceptance of the commitment agreement. BOI indemnities the local government regarding repayment of the loan.

**V. Irrevocable Split Interest Agreements**

Irrevocable split-interest agreements are used by donors to provide resources to two or more beneficiaries, including governments. These agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. The University of Montana campuses have three irrevocable split interest agreements during the fiscal year ended June 30, 2024. Further detail related to these agreements is provided in Note 3.

## NOTE 2. ACCOUNTING AND REPORTING CHANGES

### A. New Accounting Guidance Implemented (Column A)

For the year ended June 30, 2024, the State 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 State early implemented this statement for the year ended June 30, 2024. Prior to GASB 101, the State disclosed information associated with balances in the sick leave donation pool, but no liability was recorded. For the period ending June 30, 2024, a liability has been recognized for the estimated amounts expected to be paid in future years for the pool. The compensated absences expenses are reported as program expenses on the Statement of Activities, as personal services operating expenses on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net position, or as administrative expenses on the Statement of Changes in Fiduciary Net Position. The compensated absences payable is reported as long-term liabilities on the Statement of Net Position, as compensated absences payable current liability and noncurrent liability on the proprietary fund Statement of Net Position, or as compensated absences payable on the fiduciary fund Statement of Fiduciary Net Position. The adoption of this statement is applied retroactively, which requires the State to restate compensated absences payable beginning balances for cumulative effect. The effects on beginning net position of this change in accounting principle are shown in Column A of the table in section E.

### B. Correction of Errors in Previously Issued Financial Statements (Column B)

During fiscal year 2024, the State corrected errors in its accounting for the fiscal years 2024 and 2025 property tax rebate payments, which the Montana legislature authorized to provide to the citizens of Montana from the general fund to offset the impacts of increasing property taxes. For the fiscal year 2023 Annual Comprehensive Financial Report, the State erroneously misused facts that resulted in the error. The State had determined that because the rebate claims were to be based upon the payment of property taxes assessed and billed by local governments in fiscal years 2022 and 2023, both of which had been recorded in the general fund, the property tax rebate payments were refunds of property taxes paid to the State. During fiscal year 2024, the State reevaluated the transaction and other associated legislation, noting that property taxes were legislatively committed by the creation of a new State Special Revenue fund effective in fiscal year 2024, not the general fund. In addition, the State determined that a citizen's payment of property taxes was only an eligibility criterion for a legislatively authorized entitlement program to be sourced from the general fund. The payments were not refunds of property taxes paid to the State and instead should be recognized as expenditures in the periods in which all program eligibility criteria were met. The errors resulted in an improper reduction of general fund property tax revenues on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances, premature recognition of accounts payable and understatement of fund balance on the governmental fund Balance Sheet for fiscal year 2023. The errors also resulted in improper reduction of property tax general revenue for governmental activities on the Statement of Activities, premature recognition of accounts payable and understatement of net position for governmental activities on the Statement of Net Position for fiscal year 2023. To correct the errors, the beginning fund balance for the general fund and the beginning net position for governmental activities were increased. The tax rebates are not accrued as expenditures in fiscal year 2024 but will be recognized as expenditures in fiscal year 2025 when all program eligibility



criteria are met. The effects of the error correction on beginning fund balance or net position are shown in Column B of the table in section E.

### **C. Correction of Errors in Previously Issued Financial Statements (Column C)**

The nonmajor enterprise fund reports an increase to the beginning fund net position due to an error correction. During the 2022 agency financial schedule audit, it was found that several intangible assets for the Secretary of State were added to the agency's enterprise fund incorrectly and subsequently resulted in misstating amortization expenses. The asset book values were corrected in fiscal year 2023 but the amortization expense was not corrected until fiscal year 2024. The cumulative effect of amortization expenses from fiscal years 2020 to 2023 was overstated by \$1.2 million. Therefore, the amortization expense on the proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position, and the program expense for business-type activities on the Statement of Activities were overstated from fiscal years 2020 to 2023. To correct this error, the beginning fund net position needs to be increased by \$1.2 million. The effect of correcting that error is shown in Column C of the table in section E as the error correction for nonmajor enterprise funds and business-type activities.

The Montana Department of Natural Resources and Conservation (DNRC) holds the majority of the State's commercial lessor leases. The lease terms specified DNRC to use the lesser of either the CPI multiplier or 2.00% as the annual rental escalator to calculate the lease annual base rent amounts for the projected annual cash flows, which further are discounted to calculate the lease receivable balances. In fiscal year 2023, DNRC erroneously used the CPI multiplier 7.75%, greater than 2.00%, for one of the lease receivable calculations. This error resulted in an overstatement of lease receivable and lease deferred inflows of \$121.7 million in the Land Grant Permanent Fund. The overstatement affected the long-term loans/notes/leases receivable and deferred inflows of resources for the governmental activities on the Statement of Net Position, and for the Land Grant Permanent Fund on the governmental fund Balance Sheet. The error correction does not have an effect on the governmental activities beginning net position or on the Land Grant Permanent Fund beginning fund balance, so no adjustments were made to the beginning net position or beginning fund balance.

The Montana Public Employees' Retirement Administration (MPERA) administers the pension and other employee benefit trust funds under the Public Employees' Retirement Board. In fiscal year 2024, MPERA, corrected errors in the following revenue and expense accounts resulting a restatement of the beginning fund net position:

- For the Public Employees' Retirement System-Defined Benefit Retirement Plan, the \$96.0 thousand adjustment includes corrections to member contributions for the plan consisted of a service purchase that was created in error in fiscal year 2022, miscellaneous revenue was for Trust Fund Service Fees created in error in fiscal year 2022, and benefit adjustments that were for uncollected benefit recoveries and insurance recoveries that were created in error from fiscal years 2017 to 2022.
- For the Game Wardens' and Peace Officers' Retirement System Plan, the benefit adjustment of \$0.5 thousand was for insurance recoveries created in error in fiscal year 2019.
- For the Municipal Police Officers' Retirement System Plan, the benefit adjustment of \$1.9 thousand was for uncollected benefit recoveries recorded in fiscal year 2022.
- For the Volunteer Firefighters' Compensation Act Plan, the benefit adjustment of \$3.5 thousand was for uncollected benefit recoveries from fiscal years 2021 to 2022.
- For the 457(b) Deferred Compensation Plan as an other employee benefit plan, the adjustment of \$4.8 thousand was for participant fees that were recorded in error in fiscal year 2011.

Montana State University (MSU) reports a decrease to beginning net position of \$4.6 million due to four error corrections:

- MSU returned unspent CARES funds of \$5.4 million that were recognized as revenue in fiscal year 2023. This correction resulted in a decrease to beginning net position of \$5.4 million and an increase to accounts payable of \$5.0 million. The unspent CARES funds have been returned to the federal government in fiscal year 2025.



- The Perkins Loan capital distributions of \$994.2 thousand in fiscal years 2022 to 2023 that were recognized as expenses. This correction resulted in an increase to beginning net position and a decrease to the due to federal government liability.
- The correction to the amount of state appropriation revenue of \$8.9 thousand reported in prior periods resulted in an increase to beginning net position.
- The Museum of the Rockies, an MSU component unit, corrected the investments held at the MSU Alumni Foundation. The investments were for the benefit of the Museum as a department of MSU, not for the benefit of the Museum of the Rockies. The correction resulted in a decrease to cash and cash equivalents of \$172.0 thousand, a decrease to investments of \$16.9 thousand, and a decrease to net assets of \$188.9 thousand.

A total of \$286.7 thousand prior period adjustment was reported for the University of Montana (UM) that includes two errors:

- An increase of \$98.4 thousand to the beginning net position is reported due to an account reclassification having no effect on the UM's fiscal year 2023 beginning net position as reported. In fiscal year 2023, this amount should be reduced from Due from component units line on the Statement of Net Position, with an increase to Receivables line on the Statement of Net Position, and an increase to Cash, investments and other assets line on the Condensed Financial Statements in Note 18. This prior period adjustment for the error correction is for the State's financial reporting only.
- The Montana Grizzly Scholarship Association (MGSA), a component unit of UM, recorded a receivable from UM-Athletics for \$385.1 thousand. It was later determined that this receivable from athletics was not repayable. This receivable was reversed and MGSA restated its net assets as of the beginning of the 2023 fiscal year to reflect a reduction to net assets without donor restrictions.

#### **D. Reclassification in Financial Statements Resulting from an Error Correction**

The Montana Department of Revenue administers the Coal Severance Tax Permanent Fund (CST) created by Article IX, Section 5 of the Montana Constitution. The principal shall forever remain intact unless appropriated by vote of three-fourths (3/4) of the members of each house of the Legislature, meaning the fund balance for the principal portion should be nonspendable. The State has established sub-funds to differentiate between principal and spendable amounts. During fiscal year 2024, the State discovered that several sub-funds were classified as committed instead of nonspendable and an error correction was made. The error correction does not have an effect on the on the CST beginning fund balance or on the governmental activities beginning net position. The misclassified fund balances as of June 30, 2023, resulted in an understatement of nonspendable fund balance and an overstatement of the committed fund balance of \$504.2 million respectively. The error correction resulted in the reclassification of fund balance classes (nonspendable and committed) for the CST on the governmental fund Balance Sheet and a reclassification of net position classes (Restricted nonexpendable and restricted expendable) for governmental activities on the Statement of Net Position.

Board of Housing (MBOH) is classified as one of the State's enterprise funds, in the proprietary fund category and presents its financial statements in a classified format. The State presents its government-wide statements by the liquidity approach. In fiscal year 2024, MBOH changed the classification of the assets on the MBOH's Statement of Net Position to reflect all assets as restricted assets. Governmental Accounting Standards require restricted assets to be reported as noncurrent assets except for those assets that will offset current liabilities. If this change was reflected on the previously issued State's Statement of Net Position, the lines impacted are receivable, and long-term loans/notes/lease receivable. The State also reclassified the servicing related advance account on the State's Statement of Net Position. The lines impacted are long-term loans/notes/leases receivable and other assets. The periods effected by the classification error would be starting in 2002 forward with the implementation of GASB 34, *Basic Financial Statements-And Management's Discussion And Analysis-For State And Local Governments*. The error correction does not have an effect on the MBOH's beginning net position so no adjustment to its beginning net position.

## E. Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, a change in accounting principle due to the implementation of the new accounting standard and error corrections resulted in adjustments to and restatements of beginning net position, fund balance, and fund net position, as shown in the following table (amounts in thousands):

	Total net July 1 as previously reported	Change in accounting principle (A)	Error correction (B)	Error correction (C)	Total net July 1 as adjusted
<b>Government-Wide</b>					
Governmental Activities	\$ 12,968,309	\$ (704)	\$ 187,437	\$ —	\$ 13,155,042
Business-Type Activities	731,616	—	—	1,242	732,858
<b>Total Primary Government</b>	<b>\$ 13,699,925</b>	<b>\$ (704)</b>	<b>\$ 187,437</b>	<b>\$ 1,242</b>	<b>\$ 13,887,900</b>
<b>Governmental Funds</b>					
Major Governmental Funds:					
General Fund	\$ 1,923,693	\$ —	\$ 187,437	\$ —	\$ 2,111,130
State Special Revenue Fund	2,135,728	—	—	—	2,135,728
Federal Special Revenue Fund	56,969	—	—	—	56,969
Coal Severance Tax Permanent Fund	1,238,172	—	—	—	1,238,172
Land Grant Permanent Fund	929,342	—	—	—	929,342
Nonmajor Governmental Funds	1,206,547	—	—	—	1,206,547
<b>Total Governmental Funds</b>	<b>\$ 7,490,451</b>	<b>\$ —</b>	<b>\$ 187,437</b>	<b>\$ —</b>	<b>\$ 7,677,888</b>
<b>Proprietary Funds</b>					
Major Enterprise Funds:					
Unemployment Insurance Enterprise Fund	\$ 546,974	\$ —	\$ —	\$ —	\$ 546,974
Municipal Finance Programs Enterprise Fund	5,435	—	—	—	5,435
Nonmajor Enterprise Funds	179,207	—	—	1,242	180,449
<b>Total Enterprise Funds</b>	<b>\$ 731,616</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,242</b>	<b>\$ 732,858</b>
<b>Internal Service Funds</b>	<b>\$ 348,165</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 348,165</b>
<b>Fiduciary Funds</b>					
Pension (and Other Employee Benefit) Trust	\$ 15,267,682	\$ —	\$ —	\$ (98)	\$ 15,267,584
Private Purpose Trust Funds	235,197	—	—	—	235,197
Investment Trust Funds	1,843,342	—	—	—	1,843,342
Custodial Funds	9,157	—	—	—	9,157
<b>Discretely Presented Component Units</b>					
Montana Board of Housing	\$ 163,745	\$ —	\$ —	\$ —	\$ 163,745
Facility Finance Authority	9,526	—	—	—	9,526
Montana Reinsurance Association	(44,500)	—	—	—	(44,500)
Montana State Fund	513,927	—	—	—	513,927
Montana State University	1,075,519	—	—	(4,576)	1,070,943
University of Montana	782,038	—	—	(287)	781,751
<b>Total Discretely Presented Component Units</b>	<b>\$ 2,500,255</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (4,863)</b>	<b>\$ 2,495,392</b>

### NOTE 3. CASH/CASH EQUIVALENTS AND INVESTMENTS

This note details the following asset classifications (in thousands):

Cash/cash equivalents	\$	9,744,193
Equity in pooled investments		17,640,738
Investments		4,112,853

Carrying amounts for the bank balance for cash deposits and fair values for the State's cash equivalents and investments are presented in Tables 1 through 4.

#### A. General

Outside of statutory requirements, the State does not maintain a statewide risk policy for cash/cash equivalents or investments held outside of the Montana Board of Investments (BOI). The investment risk policy for State cash/cash equivalents and investments managed by BOI, have been detailed below.

BOI was created by the Legislature to manage the Unified Investment Program (UIP) established by the State Constitution. The UIP is comprised of involuntarily participating state funds, including pensions, trusts, insurance, operating funds, and by statute voluntarily participating local government funds. BOI manages the UIP pursuant to the "Prudent Expert Principle" mandated by State law, which requires an investment manager to:

1. discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;
2. diversify the holdings of each fund within the UIP to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and
3. discharge the duties solely in the interest of and for the benefit of the funds forming the UIP.

BOI is not registered with the U.S. Securities and Exchange Commission as an investment company. BOI's investment program is governed by Investment Policy Statements (IPS) approved by BOI.

State agencies and local government entities may participate in one or more pools. By investing in pools, participants are provided broad diversification. State agencies may also have direct fixed income, equity, or loan investments. These investments are combined and reported as Separately Managed Accounts (SMA). Currently, only the nine retirement funds that participate in the Consolidated Asset Pension Pool (CAPP), the Defined Contribution Disability Plan, and the Montana State Fund (MSF) may invest in public corporate capital stock. Neither State law nor the State Constitution place restrictions on retirement fund investments. BOI approves a separate IPS for each pool and SMA participant, which provides BOI staff with a broad strategic framework under which the investments are managed. The IPS also reflects BOI approved asset allocation ranges.

By statute, local government entities can voluntarily invest in the Short Term Investment Pool (STIP). By statute, with a qualifying event, local government entities may also voluntarily invest in the Trust Funds Investment Pool (TFIP).

Separately issued investment pool financial statements may be obtained by contacting:

Montana Board of Investments  
2401 Colonial Drive, 3<sup>rd</sup> Floor  
PO Box 200126  
Helena, MT 59620-0126

BOI's separately issued UIP financial statements include the activity for MSF within SMA on a June 30, 2024, basis. MSF, a discretely presented component unit of the State, by statute, prepares separately issued financial statements on a calendar year-end basis. Due to the difference in reporting periods, there will be a variance between the note disclosures and the financial statements for cash/cash equivalents and investments.

**(a) Cash and cash equivalents** consist of funds deposited by individual funds in the State Treasurer's pooled cash account, cash deposits in checking accounts, cash invested in STIP, cash held by trustees, undeposited cash held by individual state agencies, and investments categorized as cash equivalents.

Cash deposited with the State Treasurer's pooled cash account is invested by BOI in short-term securities and other investments. Because these funds are immediately available to the individual funds, their investment in the pooled cash account is reported as a cash equivalent. BOI also manages STIP, which provides individual State agencies and local governments an opportunity to invest excess cash in a pool that is managed to preserve principal while providing daily liquidity. Because these pooled funds are invested in short-term, highly liquid investments, the individual fund investments in the STIP are reported as a cash equivalent.

**(b) Investment securities** are reported by investment portfolio and type in Table 2 – Cash Equivalents, Table 3 – Equity in Pooled Investments, and Table 4 – Investments. Unrealized gains and losses are included as a component of investment income. Unrealized gains and losses are computed based on changes in the fair value of investments held from the beginning of the year, but unsold at the fiscal year-end. The net change in fair value of investments also consists of the realized gains or losses. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

Investments reported at fair value are on a trade date basis. Quoted market prices, when available, have been used to value investments. The fair values for securities that have no quoted market price represent estimated fair value. Alternative investment securities are valued using the most recent estimates of fair value from the investment managers. Fair value measurements are reviewed monthly, and third-party valuations are reviewed for reasonableness and compliance with approved price source authorization policy. BOI categorizes its fair value measurements 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 BOI can access as of June 30, 2024.

Level 2 – Prices are 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 BOI using the best information available and may include BOI's own data.

**(c) Security Lending** - BOI is authorized by law to lend its securities and has contracted with the custodial bank to lend BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30th, the markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. BOI and the custodial bank split the earnings 85% and 15%, respectively, on securities lending activities. BOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies BOI's credit risk exposure to the borrowers. The custodial bank cannot sell collateral securities unless the borrower defaults.

During fiscal year 2024, the custodial bank loaned BOI's public securities and received as collateral the following instruments:

- Cash (U.S. and foreign currency)
- Securities issued or guaranteed by the United States government or its agencies or instrumentalities
- Canadian provincial debt
- All other sovereign debt
- Convertible bonds
- U.S. and non-U.S. equities (which shall include (i) equity securities in the form of exchange-traded funds ("ETFs") and, for the avoidance of doubt, shall include, but not be limited to, ETFs of the custodial bank or other custodial bank affiliates and (ii) American Depositary Receipts and Global Depositary Receipts)
- Covered bonds
- Preferred securities
- Certificates of Deposit
- Money market instruments
- Asset-backed securities
- Asset-backed commercial paper
- Commercial paper
- Collateralized mortgage obligations
- Mortgage-backed securities
- Supranationals
- Irrevocable bank letters of credit issued by a person other than the borrower, or an affiliate of the borrower may be accepted as collateral, if the custodial bank has determined that it is appropriate to accept such letters of credit as collateral under the securities lending programs it administers
- Assets permissible under Rule 15c3-3 under the Exchange Act of 1934; and
- Such other collateral as the parties may agree to in writing

BOI has an established schedule with the custodial bank that identifies the minimum credit rating and margin requirements for each instrument:

Collateral Type	Minimum Credit Rating	Margin Requirement
US Treasuries, including Treasury Inflation Priced Securities		102%
US Federal Agency Debt, including agency mortgage-backed securities		102%
Municipal Bonds	A-/A3	105%
Canadian Provincial and Australian Semi-Regional Debt	A-/A3	105%
Asset-Backed Securities	AA-/Aa3	110%-115%
Collateralized Mortgage-Backed Securities	AA-/Aa3	110%-115%
Commercial Mortgage-Backed Securities	AA-/Aa3	110%-115%
Supranational Debt	AAA/Aaa	102%
Sovereign Debt	AA-/Aa3	102%
Sovereign Debt	A-/A3	105%
Commercial Paper, Certificates of Deposit, Banker's Acceptances and Time Deposits	A1/P1	105%
Corporate Debt	AA-/Aa3	102%-115%
Corporate Debt	BBB-/Baa3	102%-115%
Convertible Bonds (convertible on call against loans of underlying stock, only) Matched/Hedged	No Floor	105%
Convertible Bonds (U.S. issuers only) Outright	No Floor	110%-115%
Equities (generally traded on well-established exchanges)		108%-110%

The cash collateral received for each loan was invested in a highly-liquid, separately managed portfolio. BOI and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. The portfolio had a weighted average duration of 24 days and a weighted average final maturity of 91 days.

**(d) Investment Pools and Separately Managed Accounts (SMA)** are described in the following paragraphs.

#### **Consolidated Asset Pension Pool (CAPP)**

The CAPP IPS contains prescribed asset allocation ranges among the allowable asset classes and is subject to change as BOI adopts modifications. BOI annually affirms or revises the asset allocation ranges for the retirement plans. The CAPP IPS also contains investment objectives and guidelines for each underlying asset class, with a purpose of providing diversified exposure within the asset class in a prudent and cost-effective manner.

Due to a longer-term focus, CAPP's pension asset classes differ from other classes that are allowable for other programs. CAPP's underlying asset classes are as follows:

- Domestic Equities
- International Equities
- Private Investments
- Real Assets
- Real Estate
- Core Fixed Income
- Non-Core Fixed Income
- Cash

The CAPP IPS is the only IPS that allows for investments that can be held in non-U.S. securities in a foreign currency. Per the CAPP IPS, the Core Fixed Income Asset Class and Non-Core Fixed Income Asset Class sections have maximum restrictions that can be held. Currency exposures may be hedged in a defensive manner at the discretion of the active managers to preserve the U.S. dollar value of investments made.

#### **Trust Funds Investment Pool (TFIP)**

The TFIP IPS provides for a 10.0% portfolio limit for non-core fixed income securities. TFIP invests primarily in investment grade, U.S. dollar denominated fixed income securities. The portfolio has high yield and real estate exposure.

#### **Short Term Investment Pool (STIP)**

The STIP IPS limits the concentration of credit risk exposure by limiting exposure to individual issuers by asset class as follows (as a percentage of STIP Units Value at purchase):

- 3% to any issuer for any permitted investments excluding U.S. Treasury and U.S. agency securities and repurchase agreements with a financial institution,
- 30% to any single issuer for U.S. agency securities,
- 5% to any single SEC registered 2a-7 fund for money market funds or FDIC-insured deposits,
- 5% to any single primary dealer or financial institution for repurchase agreements,
- 3% to any Montana domiciled bank for collateralized demand deposit accounts,
- 5% to the custodial bank for interest-bearing demand deposit accounts.

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 daily liquidity for state agency and local government participants.

BOI maintains a reserve account that may be used to offset losses within the STIP portfolio. The STIP reserve for the year ended June 30, 2024, is detailed as follows:

<b>STIP Reserve Activity</b> (in thousands)	
Beginning STIP Reserve	\$ 68,634
Additions	
Investment Earnings:	
Net increase (decrease) on fair value of investments	4,016
Interest income	63
Transfer of daily STIP income	13,739
Total investment earnings	17,818
Investment costs:	
Transfer to STIP	(27)
Total costs	(27)
Total STIP Reserve activity	17,791
Ending STIP Reserve	<u>\$ 86,425</u>

### **Separately Managed Accounts (SMA)**

SMA invests primarily in investment grade, U.S. dollar denominated fixed income securities and custodial bank interest bearing demand deposit accounts. However, one participant portfolio has exposure to public equity, core real estate, real assets, and non-core fixed income. The SMA portfolio also includes Veterans' Home Loan Mortgages (VHLM) and loans funded by the Coal Severance Tax Trust Fund, as authorized by statute.

**(e) Investment Risk Disclosures** are described in the following paragraphs, with more detail provided in later sections.

### Custodial Credit Risk (Cash and Cash Equivalents and Investments Held at Custodial Bank)

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, BOI 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, BOI's custodial bank must be rated at least at the sixth highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) annually.

As of June 30, 2024, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee's name for BOI and held in the possession of BOI's custodial bank. The equity index funds, securities and demand deposit accounts held at non-custodial banks, real estate, mortgage, and loan investments were purchased and recorded in BOI's name. Commingled fund investments are registered in the name of BOI. Therefore, BOI is not subject to custodial credit risk.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. Concentration of credit risk is addressed within all IPSs as set by BOI. A maximum of 4% of the net asset value of any internally managed core fixed income portfolio may be held in a single corporate parent issuer, foreign/quasi-governmental issues, or securitized specific pool at any time. STIP has additional concentration of credit risk provisions by asset class.



### 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, the pools and SMA fixed income instruments have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the IPS. 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.

As of June 30, 2024, of the CAPP's cash equivalents position, \$101.0 million was held in unrated money market funds.

As a matter of STIP investment policy, BOI 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 "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations or short-term investment vehicle available through the custodial bank. As of June 30, 2024, all the STIP money market investments were in U.S. Governmental money markets and \$160.5 million was held on deposit in short-term investment vehicles.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. BOI uses effective duration as a measure of interest rate risk for all fixed income portfolios.

CAPP, TFIP, and SMA investments at fair value are categorized to disclose credit and interest rate risk for fixed income securities. Credit risk is disclosed using the weighted credit quality rating by investment type. Interest rate risk is disclosed using the weighted effective duration. NRSRO provides the credit ratings. 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 120 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."

CAPP, TFIP, STIP, and SMA 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).

STIP investments at fair value are categorized to disclose credit risk and weighted average maturity (WAM) as of June 30, 2024. 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 has \$75.2 million in investments reported at cost that are not 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 54 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 30, 2024, BOI deemed the cash equivalents to have little discernible interest rate risk.

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. BOI's foreign currency exposure by denomination and investment type are reported as of June 30th, in U.S. dollars, at fair value and is limited to CAPP.



### Other Policy Considerations

For other risk, BOI approves both the IPS and benchmark used for each portfolio. Per the CAPP IPS, the internally managed Core Fixed average duration will be maintained in a range within 20.0% of the Bloomberg US Aggregate Bond Index duration. The externally managed Core Fixed Income PAC and Non-Core Fixed Income PAC average duration will be maintained in a range within 25.0% of the Bloomberg US Aggregate Bond Index duration and Bloomberg Barclays US High Yield 2.0% Issuer Cap Index duration, respectively. Per the TFIP IPS, the average duration for Investment Grade Fixed Income Asset Class will be maintained in a range within 20.0% of the Bloomberg US Aggregate Bond Index duration while the average duration of the Non-Core Fixed Income Asset Class will be maintained within 25.0% of the Bloomberg Barclays US High Yield 2.0% Issuer Cap Index duration. Interest rate risk for SMA is contemplated in each individual IPS and is managed by limiting the maturity of individual securities and/or matching liabilities to maturities per estimated cash flows.

### Fair Value of Derivative Instruments

Within CAPP, the UIP invests in currency forward contracts, credit default swaps, interest rate swaps, index futures (long and short duration), rights, and warrants which are classified as investment derivative instruments. The investment derivative instruments increased in fair value for the fiscal year ended June 30, 2024, by \$1.2 million. The derivative instruments had a fair value of \$2.0 million as of June 30, 2024. The notional amount of the contracts was \$98.2 million, as shown in the following table, which is presented in thousands.

**Investment Derivative Instruments as of June 30, 2024**  
(in thousands)

Security Investment Type	Classification	Changes in Fair Value Included in Investment Income	Fair Value	Notional Amount
Credit default swaps bought	Investment	\$ (49)	\$ —	\$ —
Currency Forward Contracts	Investment	(367)	604	69,229
Index Futures Long	Investment	2,465	—	3
Pay fixed interest rate swaps	Investment	(3)	55	1,034
Receive fixed interest rate swaps	Investment	(296)	(19)	26,712
Rights	Investment	2	8	588
Warrants	Investment	(601)	1,336	619
Totals		<u>\$ 1,151</u>	<u>\$ 1,984</u>	<u>\$ 98,185</u>

### Credit Risk - Derivative Instruments

Credit risk is the risk that the counterparty will not fulfill its obligations. The maximum amount of loss to BOI in case of default of all counterparties as of June 30, 2024 was \$1.1 million. The following table reflects BOI's applicable counterparty credit ratings and risk concentrations as of June 30, 2024.

**Risk Concentrations - Credit Default Swaps as of June 30, 2024**

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
HSBC Bank USA	68%	A+	AA-	Aa3
BNP Paribas SA	21%	A+	A+	Aa3
UBS Securities LLC	7%	A+	A+	Aa2
Barclays Bank PLC Wholesale	4%	A+	A+	A1

Interest Rate Risk - Derivative Instruments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The following table reflects BOI's interest rate risk in derivative instruments.

**Interest Rate Risk as of June 30, 2024**  
(in thousands)

Investment Type	Fair Value	Investment Maturities (in years)	
		1 - 5	6 - 10
Pay fixed interest rate swaps	\$ 55	\$ —	\$ 55
Receive fixed interest rate swaps	(19)	50	(69)
Totals	\$ 36	\$ 50	\$ (14)

Foreign Exchange Risk - Derivative Instruments

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. BOI is exposed to foreign currency risk on its currency forward contracts because they are denominated in foreign currencies. The fair value of the foreign currency forward contracts in U.S. dollars is \$603.7 thousand. The following table reflects BOI's foreign currency risk associated with forward currency contracts.

**Foreign Currency Risk as of June 30, 2024**  
(in thousands)

Currency Name	Options	Currency Forward Contracts			
		Net Receivables	Net Payables	Swaps	Total Exposure
Brazilian Real	\$ —	\$ (69)	\$ 265	\$ —	\$ 196
Chilean Peso	—	(54)	47	—	(7)
Chinese Yuan	—	(33)	—	116	83
Colombian Peso	—	(65)	141	—	76
Czech Koruna	—	—	30	—	30
Euro Currency	—	—	(4)	56	52
Hungarian Forint	—	—	1	—	1
Indonesian Rupiah	7	(30)	—	—	(23)
Indian Rupee	—	3	—	—	3
Kazakhstan Tenge	—	(31)	—	—	(31)
Mexican Peso	—	(29)	283	(67)	187
Malaysian Ringgit	—	(1)	—	—	(1)
Peruvian Sol	—	—	156	—	156
Philippine Peso	—	—	3	—	3
Polish Zloty	—	(43)	—	—	(43)
Thailand Baht	—	(5)	44	—	39
Tunisian Dinar	—	—	7	—	7
Turkish Lira	—	6	—	—	6
South African Rand	—	76	(94)	—	(18)
Sub Total	7	(275)	879	105	716
U.S. Dollar	\$ 1,337	\$ —	\$ —	\$ (69)	\$ 1,268
Totals	\$ 1,344	\$ (275)	\$ 879	\$ 36	\$ 1,984

## B. Cash/Cash Equivalents

**(1) Cash Deposits** – The State requires collateralization based on the average daily bank balance in the depository bank holding the main state bank account. For other depository banks, state statutes require collateralization at 50.0% of the bank balance. The cash deposits amount includes both primary government and component unit deposits.

**Table 1 – Cash Deposit Amounts**  
(in thousands)

	<b>Carrying Amount</b>
Cash held by State/State's agent	\$ 54,917
Uninsured and uncollateralized cash	3,794
Undeposited cash	425
Cash in U.S. Treasury	604,894
Cash in MSU component units	6,718
Cash in UM component units	11,308
Less: outstanding warrants	(68,051)
Total cash deposits	<u>\$ 614,005</u>

**(2) Cash Equivalents** – consists of cash in the State Treasury invested by individual funds in the Short-term Investment Pool (STIP), the State Treasurer's pooled cash account, and in identifiable securities and investments considered to be cash equivalents. Cash equivalents, generally, are short-term, highly liquid investments with original maturities of three months or less that are measured at cost. Cash equivalents may be under the control of BOI or other agencies, as allowed by law.

**Table 2 - Cash Equivalents**  
(in thousands)

	<b>Fair Value</b>
Treasuries <sup>(1)</sup>	\$ 1,269,916
Asset backed commercial paper <sup>(2)</sup>	151,592
Corporate commercial paper <sup>(2)</sup>	495,575
Corporate notes <sup>(2)</sup>	727,551
Certificates of deposit <sup>(2)</sup>	1,485,073
Agency or government related <sup>(2)</sup>	1,254,907
Unrated INTERCAP bonds <sup>(2)(3)</sup>	75,207
Money market fund unrated	276,676
STIP cash equivalents <sup>(2)</sup>	3,450,461
Treasurer's cash pool cash equivalents <sup>(2)</sup>	241,225
Less: STIP Adjustments <sup>(4)</sup>	(297,995)
Total cash equivalents	<u>\$ 9,130,188</u>

<sup>(1)</sup> A portion is also included in the Investments Measured at Fair Value and NAV table.

<sup>(2)</sup> Also included in the Investments Measured at Fair Value and NAV table.

<sup>(3)</sup> Investments are measured at cost.

<sup>(4)</sup> Includes adjustments for STIP Reserve, STIP included in pooled investments, and holding classification differences.

As of June 30, 2024, local governments had invested \$1.8 billion, and component units of the State of Montana had invested \$497.6 million in STIP.

**STIP Cash Equivalent Credit Quality Ratings as of****June 30, 2024**

(in thousands)

	<b>Total Cash Equivalents</b>	<b>Credit Quality Rating</b>
Agency or government related	\$ 89,794	A-1+
Asset backed commercial paper	2,572,914	A-1+
Corporate commercial paper	527,229	A-1+
Certificates of deposit	100,000	A-1
Interest Bearing Demand Deposit Account (IBDDA)	160,524	A-1+
Total cash equivalents	<u>\$ 3,450,461</u>	

**STIP****Credit Quality Rating and Weighted Average of Maturity as of****June 30, 2024**

(in thousands)

<b>Security Investment Type</b>	<b>Total Fixed Income Investments at Fair Value</b>	<b>Credit Quality Rating</b>	<b>WAM (Days)</b>
Treasuries	\$ 1,200,441	A-1+	75
Asset backed commercial paper	151,592	A-1+	4
Agency or government related	1,254,907	A-1+	67
Corporate:			
Commercial paper	495,575	A-1+	39
Notes	727,551	A-1+	27
Certificates of deposit	1,485,073	A-1+	112
Total STIP fixed income investments at fair value	<u>\$ 5,315,139</u>		

### C. Equity in Pooled Investments

These securities consist of investments held by BOI in pooled investment funds. The Consolidated Asset Pension Pool (CAPP) and Trust Funds Investment Pool (TFIP) were created to allow qualifying funds to participate in diversified investment pools. Purchases are subject to the statutorily mandated "Prudent Expert Principle" (see Table 3 – Equity in Pooled Investments).

**Table 3 – Equity in Pooled Investments**  
(in thousands)

	<u>Fair Value <sup>(1)</sup></u>
<b>CAPP:</b>	
Consolidated asset pension pool	\$ 14,795,065
<b>TFIP:</b>	
Trust funds investment pool	3,042,008
Treasurer's Cash Pool Investment in TFIP	<u>(241,500)</u>
Total pooled investments	17,595,573
Pool adjustments (net)	<u>45,165</u>
Total equity in pooled investments	<u><u>\$ 17,640,738</u></u>

<sup>(1)</sup> Includes cash/cash equivalents and investments.

As of June 30, 2024, the fair value of the underlying securities on loan was \$2.2 billion. Collateral provided for the securities on loan totaled \$2.4 billion, consisting of \$627.6 million in cash and \$1.7 billion in securities.

As of June 30, 2024, local governments invested \$11.5 million in TFIP.

State of Montana investments are categorized below to disclose credit and interest rate risk as of June 30, 2024, as required for applicable pools.

**Credit Quality Rating and Effective Duration as of June 30, 2024**  
**Fair Value (in thousands)**

Security Investment Type	CAPP	TFIP	SMA	Total Fixed Income Investments at Fair Value	Credit Quality Ratings Range	Effective Duration (Years)
Treasuries	\$ 797,211	\$ 527,680	\$ 388,579	\$ 1,713,470	AAA	8.71-12.68
Agency or Government Related	345,632	197,566	74,823	618,021	AAA to A+	3.96-6.22
Asset Backed Securities	127,472	106,615	70,085	304,172	AAA	1.72-2.14
Mortgage-Backed Securities:						
Noncommercial	422,644	430,044	242,146	1,094,834	AAA	4.92-5.55
Commercial	75,997	59,885	26,463	162,345	AAA	2.93-4.15
Corporate:						
Financial	436,304	246,167	171,094	853,565	A to BBB	3.06-3.43
Industrial	875,759	616,389	286,012	1,778,160	BBB+ to BB+	3.80-4.52
Utility	59,222	17,327	11,369	87,918	A- to BBB-	3.93-4.69
Total fixed income investments at fair value	<u>\$ 3,140,241</u>	<u>\$ 2,201,673</u>	<u>\$ 1,270,571</u>	<u>\$ 6,612,485</u>		

State of Montana investments are measured at fair value and categorized within the fair value hierarchy established by GASB Statement No. 72 – *Fair Value Measurement and Application*, as defined below.

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Residential Mortgages classified in Level 3 of the fair value hierarchy are present value adjusted.

Direct real estate classified in Level 3 of the fair value hierarchy are based on the latest appraised value. In years with no updated appraisal the Montana Department of Revenue calculated growth rate is used to determine the adjusted value. The direct real estate was last appraised in fiscal year 2024.

Investments measured at cost are included to account for all investments within each pool and SMA. These assets represent cash equivalents, INTERCAP Bonds, and Montana Mortgages and Loans.

Each of the investment pools and SMA has the following fair value measurements as of June 30, 2024:

Investments Measured at Fair Value (in thousands)					
Fair Value Measurements Using					
	June 30, 2024	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)	
<u>Investments by fair value level</u>					
Fixed income investments:					
Treasuries	\$ 2,913,911	\$ 2,913,911	\$ —	\$ —	
Agency or Government Related	1,872,928	—	1,872,928	—	
Asset Backed Securities	455,764	—	455,764	—	
Mortgage Backed Securities:					
Noncommercial	1,094,834	—	1,094,834	—	
Commercial	162,345	—	162,345	—	
Corporate:					
Commercial Paper	495,575	—	495,575	—	
Commercial Notes	727,551	—	727,551	—	
Certificates of Deposit	1,485,073	—	1,485,073	—	
Financial	853,565	—	853,565	—	
Industrial	1,778,160	—	1,778,160	—	
Utility	87,918	—	87,918	—	
Domestic equity investments	5,712,857	5,712,857	—	—	
International equity investments	869,223	869,223	—	—	
Direct Real Estate	28,220	—	—	28,220	
Residential Mortgages	587	—	—	587	
Investment derivative instruments	1,984	—	1,984	—	
Total investments by fair value level	18,540,495	9,495,991	9,015,697	28,807	
<u>Investments measured at the net asset value (NAV)</u>					
Private Investments	2,594,421				
Core Real Estate	1,400,669				
Non-Core Real Estate	980,897				
Real Assets	718,805				
Real Estate High Income Fund	163,719				
Total investments measured at NAV	5,858,511				
Total investments measured at fair value	24,399,006				
<u>Investments at cost</u>					
Cash and cash equivalents held at custodial bank	3,560,997				
INTERCAP Bonds	75,207				
SMA Montana Mortgages and Loans	203,099				
Total investments not categorized	3,839,303				
Total investments	\$ 28,238,309				

The investments measured at NAV for the year ended June 30, 2024, are detailed below:

	Investments Measured at NAV (in thousands)			
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Investments	\$ 2,594,421	\$ 1,356,999		
Core Real Estate	1,400,669	216,243	Monthly, Quarterly	45-90 days
Non-Core Real Estate	980,897	484,913		
Real Assets	718,805	410,967		
Real Estate High Income Fund	163,719	—	Daily	1-3 days
Total investments measured at the NAV	<u>\$ 5,858,511</u>	<u>\$ 2,469,122</u>		

STIP and \$1.8 billion of SMA are included, and also reported in Tables 2 and 4, respectively.

**Private Investments** – This type includes investments in limited partnerships. Typically, the types of partnership strategies included in this portfolio are venture capital, growth equity, buyouts, special situations, private credit, mezzanine, and distressed debt. These investments are considered long-term. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. It is expected that the underlying assets of the funds will be liquidated over 10 years. It is probable all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the BOI's ownership interest in partners' capital.

**Core Real Estate** – This type includes funds that make equity investments in operating and substantially leased institutional quality real estate in traditional property types (apartments, office, retail, industrial, and hotel) via commingled funds. The primary investment objectives of these core real estate funds are to invest in real estate that will generate income from predictable sources of revenue and not to realize gains on the underlying assets. This investment type receives distributions of generated income and occasionally through the liquidation of the underlying assets of the fund. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the BOI's ownership interest in the partners' capital. Redemption of these investments is restricted based on the availability of cash flow arising from investment transactions, sales, and other fund operations occurring in the ordinary course of business. Therefore, requested redemptions from a fund will be redeemed as funds become available.

**Non-Core Real Estate** – This type includes private partnership funds that primarily invest in value added and opportunistic real estate funds. These funds assume more risk than the core real estate funds to achieve a greater return on investment. Returns are driven both by current income and by expected capital appreciation. This investment type receives distributions of generated income and occasionally through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the funds will be liquidated over 7 to 10 years. Assets held under separate investment agreements can be held in perpetuity. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the BOI's ownership interest in the fund.

**Real Assets** – This type includes private partnership funds that primarily invest in timber, energy, broad natural resource funds, and infrastructure. This investment type receives distributions of generated income and occasionally through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the funds will be liquidated over 10 to 20 years. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the BOI's ownership interest in the partners' capital.

**Real Estate High Income Fund** – This type consists of predominantly of real estate related instruments with an emphasis in U.S. corporate credits, whether in the form of bonds or loans that are rated below investment grade. These assets carry a higher risk of default than investment grade securities and accordingly provide a higher level of income or yield commensurate with that risk. The fair values of the



investments of this type have been determined using the NAV per share (or its equivalent) of the investments.

As of June 30, 2024, the exchange date, BOLI's foreign currency exposure by denomination and investment type are reported, in U.S. dollars, at fair value and is limited to CAPP. The following table excludes the foreign investments denominated in U.S. dollars for the American Depositary Receipts (ADRs), sovereign debt, and commingled index funds.

### Foreign Currency Exposure by Country

Investment Type in U.S. Dollar Equivalent

(in thousands)

Foreign Currency Denomination	Currency	Fixed Income	International Equities	Private Investments	Real Estate	Real Assets
Australian Dollar	\$ 12	\$ —	\$ 35,575	\$ —	\$ —	\$ —
Brazilian Real	100	10,675	17,790	—	—	—
Canadian Dollar	44	—	52,206	—	—	—
Chilean Peso	1	602	16	—	—	—
Chinese Yuan	262	116	25,551	—	—	—
Columbian Peso	6	3,523	—	—	—	—
Czech Koruna	106	4,816	2,629	—	—	—
Danish Krone	—	—	24,060	—	—	—
Dominican Peso	—	1,745	—	—	—	—
Egyptian Pound	8	2,231	159	—	—	—
EMU – Euro	959	4,510	239,170	16,899	104	72,760
Hong Kong Dollar	196	—	77,411	—	—	—
Hungarian Forint	95	2,591	153	—	—	—
Indian Rupee	—	1,756	—	—	—	—
Indonesian Rupiah	132	4,505	9,251	—	—	—
Japanese Yen	488	—	153,881	—	—	—
Kazakhstan Tenge	—	559	—	—	—	—
Kuwaiti Dinar	17	—	690	—	—	—
Malaysian Ringgit	123	4,991	4,002	—	—	—
Mexican Peso	(346)	6,530	16,150	—	—	—
New Israeli Sheqel	—	—	1,252	—	—	—
New Taiwan Dollar	7	—	85,109	—	—	—
Nigerian Naira	—	1,870	—	—	—	—
Norwegian Krone	1	—	15,149	—	—	—
Peruvian Sol	—	8,652	—	—	—	—
Philippine Peso	3	—	305	—	—	—
Polish Zloty	44	3,269	6,544	—	—	—
Pound Sterling	205	—	124,323	—	—	—
Romanian Leu	—	584	—	—	—	—
Russian Ruble	17	—	—	—	—	—
Singapore Dollar	—	—	20,596	—	—	—
South African Rand	21	4,381	1,546	—	—	—
South Korean Won	22	—	23,540	—	—	—
Swedish Krona	—	—	39,337	—	—	—
Swiss Franc	1	—	64,939	—	—	—
Thailand Baht	185	3,753	6,977	—	—	—
Turkish Lira	2	1,809	1,643	—	—	—
UAE Dirham	—	—	9,722	—	—	—
Ukrainian Hryvnia	—	326	—	—	—	—
Uruguayan Peso	—	1,852	—	—	—	—
Uzbekistan Sum	—	553	—	—	—	—
Total cash and securities	\$ 2,711	\$ 76,199	\$ 1,059,676	\$ 16,899	\$ 104	\$ 72,760

Investments in alternative financial assets are usually made via limited partnership agreements that involve many limited partners and a general partner who is responsible for all investment decisions. The limited partners make an original commitment, after which capital is called as needed by the general partner to make investments. These agreements will usually last several years. The following table shows the BOI's remaining commitments as of June 30, 2024 to active alternative investment funds with approximately \$2.4 billion related to CAPP, \$86.3 million related to TFIP, and \$11.1 million related to SMA.

Commitments to Fund Managers (in thousands)	
Pension Asset Class	Commitment Remaining
Private Investments	\$ 1,356,999
Real Assets	410,967
Real Estate	701,156
Total	<u>\$ 2,469,122</u>

#### D. Investments

BOI was created by the State Legislature to manage the Unified Investment Program established by the State Constitution. Long-term investments are administered by the following agencies, as allowed by state law, Section 17-6-201, MCA:

Long-term Investments	
Department	Percent Administered
Board of Investments	41.25 %
Universities	23.39
MPERA (Montana Public Employee Retirement Administration)	27.74
College Savings Plan	5.14
Montana Board of Housing	1.58
Other <sup>(1)</sup>	0.90
Total	<u>100.00 %</u>

<sup>(1)</sup> Other consists of the Commissioner of Higher Education, the Department of Administration, the Department of Revenue, and State Auditor.

BOI must employ the "Prudent Expert Principle" in managing the State's investment portfolio. Investments are presented at fair value. Investment fair values for publicly traded securities are determined primarily by reference to market prices supplied to BOI's custodial bank or trustee. State investments are categorized within the fair value hierarchy established by GASB Statement No. 72.

The PERS Defined Contribution Retirement Plan (DCRP) and the Deferred Compensation Plan's Montana Fixed Fund is a stable value investment option administered and monitored by the Public Employees' Retirement Board (PERB) with input from the Employee Investment Advisory Committee and the investment consultant. PERB has established an investment policy for the Montana Fixed Fund to identify objectives, investment guidelines, and outline the responsibility of the outside vendors. This investment policy includes stable value manager Pacific Investment Management Company LLC (PIMCO), custodial bank State Street Bank and Trust Company (State Street), and third-party synthetic Guaranteed Interest Contract (GIC) providers, Transamerica Life Insurance Company (Transamerica), Prudential Insurance Company of America (Prudential), and Voya Retirement Insurance and Annuity Company (Voya). All money invested in the Montana Fixed Fund investment option of the PERS-DCRP and Deferred Compensation Plan is held in a Pooled Trust. The third party recordkeeper, Empower Retirement™, tracks and reports the daily trading and valuations of all investment options, including the assets held by the individual mutual fund companies.

Table 4 – Investments (in thousands)

	Fair Value	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2024			
<b>Primary government</b>				
<u>Investments by fair value level</u>				
Treasuries <sup>(1)</sup>	\$ 1,973	\$ 1,973	\$ —	\$ —
Agency/Government Related <sup>(1)</sup>	5,887	—	5,887	—
Financial-Corporate <sup>(1)</sup>	30,896	—	30,896	—
Stocks	12,659	12,659	—	—
Other	370	—	370	—
Total investments at fair value	51,785	14,632	37,153	—
<u>Investments at NAV</u>				
Non-Core Real Estate	244			
Total investments at NAV	244			
<u>Investments at cost</u>				
Montana Mortgages and Loans	203,099			
Total investments at cost	203,099			
Total primary government	255,128			
<b>Component units/fiduciary funds</b>				
<u>Investments by fair value level</u>				
Treasuries <sup>(1)</sup>	317,132	317,132	—	—
Agency/Government Related <sup>(1)</sup>	68,936	—	68,936	—
Asset-Backed Securities <sup>(1)</sup>	70,084	—	70,084	—
Mortgage-Backed Securities <sup>(1)</sup>	242,145	—	242,145	—
Commercial Mortgage-Backed Securities <sup>(1)</sup>	26,462	—	26,462	—
Financial-Corporate <sup>(1)</sup>	138,097	—	138,097	—
Industrial-Corporate <sup>(1)</sup>	286,012	—	286,012	—
Utility-Corporate <sup>(1)</sup>	11,369	—	11,369	—
Equity Investments	185,367	185,367	—	—
529 College Savings Plan	211,544	—	211,544	—
VEBA	13,133	13,133	—	—
State Auditor	10,799	4,274	6,525	—
MSU Component Unit Investments <sup>(2)</sup>	236,183	226,344	8,258	1,581
UM Component Unit Investments <sup>(2)</sup>	140,456	64,086	60,805	15,565
Board of Housing <sup>(2)</sup>	20,429	4,907	15,522	—
Total investments at fair value	1,978,148	815,243	1,145,759	17,146
<u>Investments at net asset value (NAV)</u>				
Core Real Estate	89,173			
Private Investments	19,652			
Deferred Compensation <sup>(2)</sup>	641,753			
Defined Contribution <sup>(2)</sup>	499,335			
MSU Component Unit Investments <sup>(2)</sup>	198,584			
UM Other Investments <sup>(2)</sup>	327			
UM Component Unit Investments <sup>(2)</sup>	354,850			
UM Interest in Split Interest <sup>(2)</sup>	5,351			
Total investments at NAV	1,809,025			
<u>Investments at cost</u>				
MSU Component Unit Investments <sup>(2)</sup>	26,048			
Board of Housing <sup>(2)</sup>	44,504			
Total Investments at Cost	70,552			
Total component unit/fiduciary investments	3,857,725			
Total investments	\$ 4,112,853			
Securities lending investment pool	\$ 83,975			

(1) The credit quality rating and duration are included in the above sections for the rated investments.

(2) For more detail, refer to component unit separately issued financial statements.

As of June 30, 2024, the fair value of the investments on loan was \$419.1 million. Collateral provided for the investments on loan totaled \$447.7 million consisting of \$84.0 million in cash and \$363.7 million in securities.

\$1.8 billion of SMA is included and also reported in the Investments Measured at Fair Value and NAV table.

**NOTE 4. DISAGGREGATION OF ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

Accounts receivable, long-term loans/notes/leases receivable, accounts payable, deferred outflows of resources, and deferred inflows of resources on the Statement of Net Position as of June 30, 2024, consisted of the following (in thousands):

**A. Accounts Receivables**

	Governmental Activities							Total
	Coal Severance Tax	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	Nonmajor Governmental Funds	State Special Revenue	
Charges for services/fines/forfeitures	\$ —	\$ 6,773	\$ 3,336	\$ 953	\$ —	\$ —	\$ 21,602	\$ 32,664
Contributions/Premiums	—	—	—	13,604	—	—	2,440	16,044
Grants/Contracts/Donations	—	1	—	—	—	—	1,699	1,700
Lease Receivables	—	—	—	—	5,967	—	4	5,971
License and Permits	—	—	12,355	—	—	—	2,536	14,891
Loan/Investment Income	4,828	2,681	16,305	1,278	3,332	6,679	4,393	39,496
Medicaid Drug Rebate Program	—	109,161	29,299	—	—	—	1,013	139,473
Other Receivable	—	—	—	780	—	24	530	1,334
Reimbursements/Overpayments	—	1,583	9,186	—	—	—	14,612	25,381
Taxes Receivable	11,555	—	483,751	—	—	7,084	146,161	648,551
Settlement	—	—	—	—	—	—	23,445	23,445
Total receivables	16,383	120,199	554,232	16,615	9,299	13,787	218,435	948,950
Less: allowance for doubtful accounts	(775)	(2,234)	(123,673)	(779)	—	(273)	(20,293)	(148,027)
Receivables, net	\$ 15,608	\$ 117,965	\$ 430,559	\$ 15,836	\$ 9,299	\$ 13,514	\$ 198,142	\$ 800,923

	Business-type Activities			
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance	Total
Charges for services	\$ —	\$ 45,157	\$ —	\$ 45,157
Contributions/premiums	—	4,710	781	5,491
Loans/investment income	8,344	652	—	8,996
Other receivables	—	5	—	5
Reimbursements/overpayments	—	112	18,409	18,521
Total receivables	8,344	50,636	19,190	78,170
Less: allowance for doubtful accounts	—	(664)	(17,625)	(18,289)
Receivables, net	\$ 8,344	\$ 49,972	\$ 1,565	\$ 59,881

**B. Long-Term Loans/Notes/Leases Receivable**

	Governmental Activities				
	Federal Special Revenue	Land Grant	Nonmajor Governmental Funds	State Special Revenue	Total
Loans/investment income	\$ 115,819	\$ —	\$ 19,351	\$ 504,428	\$ 639,598
Lease receivables <sup>(1)</sup>	—	357,544	—	222	357,766
Pledges receivable	—	—	402	16,864	17,266
Total receivables	115,819	357,544	19,753	521,514	1,014,630
Less: allowance for loan forgiveness	(12,371)	—	—	—	(12,371)
Less: allowance for doubtful accounts	—	—	—	(129)	(129)
Long-term loans/notes/leases receivable	\$ 103,448	\$ 357,544	\$ 19,753	\$ 521,385	\$ 1,002,130

<sup>(1)</sup> Further detail regarding lease receivables is provided in Note 10.

	Business-type Activities			
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance	Total
Loans/investment income	\$ 51,935	\$ —	\$ —	\$ 51,935
Reimbursements/overpayments	—	—	46,853	46,853
Other receivables	—	44	—	44
Total receivables	51,935	44	46,853	98,832
Less: allowance for doubtful accounts	—	—	(43,545)	(43,545)
Long-term loans/notes/leases receivable	\$ 51,935	\$ 44	\$ 3,308	\$ 55,287

**C. Deferred Outflows of Resources**

	Governmental Activities				
	Federal Special Revenue	General Fund	Internal Service Funds	State Special Revenue	Total
OPEB deferred outflows <sup>(1)</sup>	\$ —	\$ 78,272	\$ 5,659	\$ —	\$ 83,931
Pension deferred outflows <sup>(2)</sup>	4	419,081	7,560	34	426,679
Total deferred outflows	\$ 4	\$ 497,353	\$ 13,219	\$ 34	\$ 510,610

	Business-type Activities		
	Municipal Finance Programs	Nonmajor Enterprise Funds	Total
OPEB deferred outflows <sup>(1)</sup>	\$ 25	\$ 1,495	\$ 1,520
Pension deferred outflows <sup>(2)</sup>	50	2,342	2,392
Total deferred outflows	\$ 75	\$ 3,837	\$ 3,912

<sup>(1)</sup> Further detail regarding OPEB related deferred outflows of resources is provided in Note 7.

<sup>(2)</sup> Further detail regarding pension related deferred outflows of resources is provided in Note 6.

**D. Accounts Payables**

Governmental Activities							
	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	Nonmajor Governmental Funds	State Special Revenue	Total
Accrued interest	\$ 1	\$ 146	\$ 19	\$ —	\$ —	\$ 53	\$ 219
Payroll	8,776	21,478	3,758	—	7	18,578	52,597
Tax refunds	—	253,198	—	—	—	—	253,198
Vendors/individuals	263,876	219,476	12,615	79	19,661	136,017	651,724
Payables, net	\$ 272,653	\$ 494,298	\$ 16,392	\$ 79	\$ 19,668	\$ 154,648	\$ 957,738

Business-type Activities				
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance	Total
Accrued interest	\$ 1,312	\$ 4	\$ —	\$ 1,316
Payroll	21	890	—	911
Vendors/individuals	—	18,595	2,974	21,569
Payables, net	\$ 1,333	\$ 19,489	\$ 2,974	\$ 23,796

**E. Deferred Inflows of Resources**

Governmental Activities						
	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	State Special Revenue	Total
Leases deferred inflows <sup>(3)</sup>	\$ —	\$ —	\$ —	\$ 363,510	\$ 226	\$ 363,736
OPEB deferred inflows <sup>(1)</sup>	—	125,535	9,076	—	—	134,611
Pension deferred inflows <sup>(2)</sup>	3	298,199	3,537	—	72	301,811
Total deferred inflows	\$ 3	\$ 423,734	\$ 12,613	\$ 363,510	\$ 298	\$ 800,158

Business-type Activities			
	Municipal Finance Programs	Nonmajor Enterprise Funds	Total
OPEB deferred inflows <sup>(1)</sup>	\$ 41	\$ 2,370	\$ 2,411
Pension deferred inflows <sup>(2)</sup>	14	1,554	1,568
Total deferred inflows	\$ 55	\$ 3,924	\$ 3,979

<sup>(1)</sup> Further detail regarding OPEB related deferred inflows of resources is provided in Note 7.

<sup>(2)</sup> Further detail regarding pension related deferred inflows of resources is provided in Note 6.

<sup>(3)</sup> Further detail regarding lease related deferred inflows is provided in Note 10.



**NOTE 5. CAPITAL ASSETS**

Changes in capital asset balances for the fiscal year ended June 30, 2024, are reflected in the following table (in thousands):

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases <sup>(1)</sup></b>	<b>Decreases <sup>(1)</sup></b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 807,541	\$ 20,349	\$ (18)	\$ 827,872
Construction work in progress	1,338,815	797,932	(504,928)	1,631,819
Easements	279,337	—	—	279,337
Museum and art	86,797	—	(23)	86,774
Other	30,863	91	(197)	30,757
Total capital assets not being depreciated	2,543,353	818,372	(505,166)	2,856,559
Capital assets being depreciated:				
Infrastructure	6,234,351	391,313	(244,157)	6,381,507
Land improvements	83,819	2,376	(312)	85,883
Buildings/improvements	714,722	51,366	(30,699)	735,389
Equipment	479,341	62,276	(14,660)	526,957
Easements - amortized	1,085	—	(77)	1,008
Right to use lease land	1,627	—	(18)	1,609
Right to use lease buildings	171,851	25,383	(5,477)	191,757
Right to use lease equipment	606	151	(31)	726
Right to use subscription	47,229	25,494	(1,803)	70,920
Other	6,590	154	(118)	6,626
Total capital assets being depreciated	7,741,221	558,513	(297,352)	8,002,382
Less accumulated depreciation and amortization for:				
Infrastructure	(1,772,950)	(162,226)	186,855	(1,748,321)
Land improvements	(46,947)	(3,594)	19	(50,522)
Buildings/improvements	(480,467)	(28,761)	4,006	(505,222)
Equipment	(330,306)	(27,623)	9,559	(348,370)
Right to use lease land	(184)	(92)	19	(257)
Right to use lease buildings	(39,703)	(23,292)	5,642	(57,353)
Right to use lease equipment	(191)	(183)	12	(362)
Right to use subscription	(10,004)	(17,825)	1,859	(25,970)
Other	(5,421)	(276)	2	(5,695)
Total accumulated depreciation and amortization	(2,686,173)	(263,872)	207,973	(2,742,072)
Total capital assets being depreciated, net	5,055,048	294,641	(89,379)	5,260,310
Intangible assets	53,887	54,202	(30,876)	77,213
Governmental activities capital assets, net	\$ 7,652,288	\$ 1,167,215	\$ (625,421)	\$ 8,194,082

<sup>(1)</sup> The increases and decreases noted above include adjustments related to prior periods and correction of errors.

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases <sup>(1)</sup></b>	<b>Decreases <sup>(1)</sup></b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 800	\$ —	\$ —	\$ 800
Construction work in progress	8,721	25,639	(1,092)	33,268
Other	3,648	1,331	(5)	4,974
Total capital assets not being depreciated	13,169	26,970	(1,097)	39,042
Capital assets being depreciated:				
Infrastructure	1,175	—	—	1,175
Land improvements	3,830	—	—	3,830
Buildings/improvements	16,393	52	—	16,445
Equipment	10,375	929	(318)	10,986
Right to use lease buildings	3,574	160	—	3,734
Right to use lease equipment	12	—	—	12
Right to use subscription	1,734	720	—	2,454
Total capital assets being depreciated	37,093	1,861	(318)	38,636
Less accumulated depreciation and amortization for:				
Infrastructure	(821)	(18)	—	(839)
Land improvements	(2,660)	(152)	—	(2,812)
Buildings/improvements	(8,864)	(581)	—	(9,445)
Equipment	(8,187)	(358)	99	(8,446)
Right to use lease buildings	(730)	(402)	—	(1,132)
Right to use lease equipment	—	(4)	—	(4)
Right to use subscription	(446)	(530)	—	(976)
Total accumulated depreciation and amortization	(21,708)	(2,045)	99	(23,654)
Total capital assets being depreciated, net	15,385	(184)	(219)	14,982
Intangible assets	2,969	1,552	(543)	3,978
Business-type activities capital assets, net	\$ 31,523	\$ 28,338	\$ (1,859)	\$ 58,002

<sup>(1)</sup> The increases and decreases noted above include adjustments related to prior periods and corrections of errors.

**Total right to use assets (in thousands):**

	<b>Right to Use Lease Capital Assets</b>	<b>Right to Use Lease Accumulated Amortization</b>	<b>Right to Use Subscription</b>	<b>Right to Use Subscription Amortization</b>	<b>Right to Use Assets, Net</b>
Governmental activities	\$ 194,092	\$ (57,972)	\$ 70,920	\$ (25,970)	\$ 181,070
Business-type activities	3,746	(1,136)	2,454	(976)	4,088
Total	\$ 197,838	\$ (59,108)	\$ 73,374	\$ (26,946)	\$ 185,158

Depreciation expense for capital assets and amortization expense for right to use assets were charged to governmental functions as follows (in thousands):

	Depreciation <sup>(1)</sup>	Right to Use Lease Asset Amortization	Right to Use Subscription Amortization	Total
General government	\$ 10,900	\$ 3,584	\$ 1,299	\$ 15,783
Public safety	9,762	6,434	3,335	19,531
Transportation, including depreciation of the highway system maintained by the State	170,751	302	1,419	172,472
Health and human services	3,771	8,956	3,415	16,142
Education	382	810	853	2,045
Natural resources, including depreciation of the state's dams	12,986	2,129	—	15,115
Depreciation and amortization on capital assets held by the internal service funds	13,928	1,352	7,504	22,784
Total – Governmental Activities	<u>\$ 222,480</u>	<u>\$ 23,567</u>	<u>\$ 17,825</u>	<u>\$ 263,872</u>

<sup>(1)</sup> Depreciation expenses noted above include adjustments related to prior periods and correction of errors.

Depreciation expense for capital assets and amortization expense for right to use assets were charged to business-type activities as follows (in thousands):

	Depreciation <sup>(1)</sup>	Right to Use Lease Asset Amortization	Right to Use Subscription Amortization	Total
Liquor Stores	\$ 83	\$ 55	\$ —	\$ 138
State Lottery	43	208	—	251
Prison Funds	405	—	—	405
MUS Group Insurance	—	36	—	36
MUS Workers Compensation	—	5	—	5
West Yellowstone Airport	525	—	—	525
Other Service	53	102	530	685
Total – Business-type Activities	<u>\$ 1,109</u>	<u>\$ 406</u>	<u>\$ 530</u>	<u>\$ 2,045</u>

<sup>(1)</sup> Depreciation expenses noted above include adjustments related to prior periods and correction of errors.

According to GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, a capital asset is considered impaired when its service utility has a significant unexpected decline. Events that are not considered normal or ordinary such as enactment or approval of laws or regulations, other changes in environmental factors, technological changes, evidence of obsolescence, changes in the manner or duration of use of a capital asset are causes. In fiscal year 2024, the Department of Transportation replaced a portion of the highway system due to these factors resulting in a \$80.9 million dollar impairment loss, and work was stopped for software development, resulting in a \$11.6 million impairment loss for a total impairment loss of \$92.5 million which is included in the transportation functional expense line on the Statement of Activities.

## **NOTE 6. RETIREMENT PLANS**

### **A. General**

The funding policies for each plan provide for periodic employee, employer, and State nonemployer contributions at rates specified by state law. An actuary determines the actuarial implications of the funding requirement in an annual actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the Entry Age Actuarial Cost Method, with both normal cost and amortization of the unfunded actuarial liability determined as a level percentage of payroll expense. Benefits are established by state law and can only be amended by the Legislature.

Montana State Fund (MSF), a discretely presented component unit of the State, by statute, prepares separately issued financial statements on a calendar year-end basis. Due to the difference in the reporting period, there will be a variance between the note disclosures and the financial statements for some pension-related items.

### **Public Employees' Retirement Board**

The Public Employees' Retirement Board (PERB) oversees eight defined benefit plans: Public Employees' Retirement System-Defined Benefit Retirement Plan (PERS-DBRP); Judges' Retirement System (JRS); Highway Patrol Officers' Retirement System (HPORS); Sheriffs' Retirement System (SRS); Game Wardens' and Peace Officers' Retirement System (GWPORS); Municipal Police Officers' Retirement System (MPORS); Firefighters' Unified Retirement System (FURS); and Volunteer Firefighters' Compensation Act (VFCA). The PERB also oversees one defined contribution plan: Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP), and the education funds related to the pension plans. All benefit plans, defined benefit and defined contribution, are administered by the Montana Public Employees' Retirement Administration (MPERA). Separately issued financial statements and actuarial reports can be obtained at 100 North Park, Suite 200, PO Box 200131, Helena, MT 59620-0131. The financial statements and the latest actuarial valuation may also be obtained here: <http://mpera.mt.gov/>. The financial statements for the PERS-DBRP include activity for the defined benefit plan and the associated education fund. The PERS-DCRP financial statements include activity for the defined contribution plan and the associated education fund.

The PERB is an independent, seven-member board, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB consists of two members at large, two active defined benefit public employees, one active defined contribution public employee, one member experienced in investments, and one retired public employee. The PERB approves the annual operating budget, developed by MPERA management, before the beginning of the fiscal year. As governed by statute, the PERB's defined benefit administrative expenses may not exceed 1.5% of the total defined benefit plan retirement benefits paid. In addition, the PERB decides legislative policy and priorities, hires the executive director, establishes the policies and procedures that govern operations at MPERA, and hears and rules on appeal matters of disabilities, retirees, and members. PERB members do not receive compensation for their service to the MPERA but are reimbursed for necessary expenses incurred while serving.

All defined benefit pension plans provide retirement, disability, and death benefits to the plan members and their beneficiaries. The PERS-DCRP Disability OPEB Plan provides a defined benefit for disabled members of the PERS-DCRP. Beneficiaries do not receive disability benefits but may attain retirement benefits from the PERS-DCRP. A summary of the plan eligibility and benefits are found in the Summary of Benefits sections throughout Note 6.

### **Teachers' Retirement System**

The Teachers' Retirement System (TRS) is a defined benefit plan administered by the Teachers Retirement Board (TRB). The plan prepares a publicly issued annual comprehensive financial report that includes financial statements and required supplementary information for TRS. Separately issued financial statements, actuarial valuations, and experience studies can be obtained at 100 N Park Avenue, Suite 110, PO Box 200139, Helena, MT 59620-0139, or can be found online at <https://trs.mt.gov/>.

The TRB consists of six members, all of whom are appointed by the Governor. Three TRB members must be teaching professionals who, when appointed, are active members of TRS; at least one of them must be an active classroom teacher. One TRB member must be a retired teacher who was a member of TRS at the time of retirement. Two TRB members are appointed from the public at large. TRB members serve staggered, five-year terms. Three TRB members constitute a quorum.

A summary of the number of participating employer and nonemployer contributing entities as of June 30, 2024, follows:

Classification of Participant	GWPORS	PERS-DBRP	PERS-DCRP	SRS	MPORS	FURS	VFCA	TRS
Employer	7	550	351	57	36	28	228	365
Nonemployer contributing entity	—	1	—	—	1	1	1	1
Total Participants	7	551	351	57	37	29	229	366

There are 648 State employees who are eligible to participate in defined benefit pension plans, other than the plans listed above.

## B. Summary of Significant Accounting Policies

The MPERA prepares its financial statements using fund accounting principles and the accrual basis of accounting. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. Plan member contributions, employer contributions, and related receivables are recognized as revenues in the accounting period in which they are earned and become measurable, pursuant to formal commitments and statutory requirements. Benefit payments and refunds/distributions are recognized in the accounting period in which they are due and payable in accordance with the terms of each plan. Administrative and other expenses, and the associated liabilities, are recognized in the period the liability is incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit plans at year-end. The MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

The TRS prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the net pension liability, deferred inflows of resources, and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the TRS, and additions to/deductions from TRS's fiduciary net position, the items have been determined on the same accrual basis as they are reported by the TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The TRS adheres to all applicable GASB statements.

The pension trust fund financial statements presented in this report are prepared using the accrual basis of accounting in the same manner as that described for the pension plan administrators above.

### C. Summary of All Public Employee Retirement Plans

A summary of classes of members in JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, VFCA, TRS, and PERS-DCRP, covered by benefit terms at June 30, 2024, follows:

Type of Plan for Reporting Purposes	Single-Employer Defined Benefit			Multi-Employer Defined Benefit						Multi-Employer Defined Contribution
Plan Designation	JRS	HPORS <sup>(1)</sup>	GWPORS	PERS-DBRP <sup>(2)</sup>	SRS	MPORS <sup>(1)</sup>	FURS	VFCA <sup>(3)</sup>	TRS	PERS-DCRP
<b>Classification of Member</b>										
Active	60	225	1,045	30,604	1,576	886	833	2,723	20,138	3,577
Inactive entitled to, but not yet receiving, benefits or a refund:										
Vested	1	23	188	5,115	224	140	56	835	2,339	1,058
Non-vested	2	48	678	26,189	1,091	264	118	8,497	6,116	1,399
Inactive members and beneficiaries currently receiving benefits:										
Service retirements	71	366	514	25,258	876	931	697	1,537	15,709	245
Disability retirements	—	4	2	80	29	26	12	1	163	6
Survivor benefits	4	9	13	566	22	27	15	2	2,130	3
Total membership	138	675	2,440	87,812	3,818	2,274	1,731	13,595	46,595	6,288

<sup>(1)</sup> Includes Deferred Retirement Option Plan (DROP) in the Active count.

<sup>(2)</sup> The PERS-DBRP inactive non-vested count includes dormant accounts that were previously not counted until fiscal year 2017.

<sup>(3)</sup> The VFCA Inactive non-vested count is being included in the membership count. Prior to fiscal year 2022, this count was not included in the actuarial funding valuation.

The following table represents the aggregate proportional share of the pension amounts for all defined benefit plans from the perspective of the State as the employer and/or nonemployer contributing entity for primary government, discretely presented component units, and fiduciary component units reported as of June 30, 2024, based on the actuarial valuation as of June 30, 2023 (amounts presented in thousands):

#### Aggregate Pension Amounts - All Defined Benefit Plans

	Primary Government			Discretely Presented Component Units <sup>(1)</sup>	Fiduciary Component Units	TOTAL
	State as Employer	State as Nonemployer Contributing Entity	Total Primary Government			
<b>Net Pension Liabilities</b>	\$ 1,166,571	\$ 1,248,596	\$ 2,415,167	\$ 228,121	\$ 2,006	\$ 2,645,294
<b>(Net Pension Assets)</b>	(57,722)	—	(57,722)	—	—	(57,722)
<b>Pension Deferred Outflows of Resources</b>	209,864	219,207	429,071	75,565	277	504,913
<b>Pension Deferred Inflows of Resources</b>	192,789	110,589	303,378	14,827	72	318,277
<b>Pension Expense or Nonemployer Contributing Entity Grant Expense</b>	104,866	118,699	223,565	42,816	305	266,686

<sup>(1)</sup> MSF pension deferred outflows of resources difference of \$956.7 thousand is due to MSF reporting on a calendar year-end basis on financial statements with a 6-month subsequent contribution while a 12-month subsequent contribution is disclosed in Note 6.

## D. Defined Benefit Retirement Plans

The information below includes all defined benefit retirement plans administered by MPERA and TRS.

### (1) Plan Descriptions and Funding Policies

**Judges' Retirement System** – The JRS, administered by the MPERA, is a single-employer defined benefit plan established in 1967 and governed by Title 19, Chapters 2 & 5, MCA (Montana Code Annotated). This plan provides retirement benefits for all Montana judges of the district courts, justices of the Supreme Court, the Chief Water Judge, and the Associate Water Judge. Benefits are established by state law and can only be amended by the Legislature. The JRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights are vested after five years of service.

#### Summary of Benefits

*Member's current salary<sup>1</sup> or highest average compensation (HAC)<sup>2</sup>*

<sup>1</sup>Hired prior to July 1, 1997, and did not elect Guaranteed Annual Benefit Adjustment (GABA) – monthly compensation at time of retirement;

<sup>2</sup>Hired on or after July 1, 1997, or electing GABA – HAC during any consecutive 36 months;

<sup>2</sup>Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's HAC.

#### *Eligibility for benefit*

Age 60, 5 years of membership service;

Any age with 5 years of membership service – involuntary termination, actuarially reduced.

#### *Vesting*

5 years of membership service.

#### *Monthly benefit formula*

3.33% of current salary (non-GABA) or HAC (GABA) per year of service credit for the first 15 years of service credit, plus 1.785% per year for each year after 15 years.

#### *Guaranteed Annual Benefit Adjustment (GABA)*

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member's benefit increases by 3.0% each January, inclusive of all other adjustments to the member's benefit.

#### *Minimum benefit adjustment (non-GABA)*

If hired prior to July 1, 1997, and member did not elect GABA – current salary of an active member in same position is used in the calculation of the monthly benefit each time the Legislature increases salaries for active judges.

#### Contributions to the Plan

Rates are specified by state law for periodic employee and employer contributions. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions to the system* – Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Plan members are required to contribute 7.0% of the member's monthly compensation.

*Employer contributions to the system* – During the 2021 Legislative Session, Senate Bill 175 was passed suspending the employer contributions beginning the first full pay period occurring in July 2021 through the last full pay period occurring in June 2023. The



contributions suspended for the period July 1, 2022 through June 30, 2023, impacts the net pension liability of the JRS at measurement date June 30, 2023, for employer reporting date June 30, 2024. During the 2023 Legislative Session, House Bill 569 was passed and requires beginning July 1, 2023, the state shall pay as employer contributions an actuarially determined employer contribution that is determined annually by the PERB's actuary. This actuarially determined employer contribution is effective July 1 following the annual actuarial valuation completed in the prior calendar year. For July 1, 2023 through June 30, 2024, the actual employer contribution rate was 0.00%. For the subsequent two years ended June 30, 2026, the employer contribution will be 0.00%.

**Highway Patrol Officers' Retirement System** – The HPORS, administered by the MPERA, is a single-employer defined benefit plan established on July 1, 1945, and governed by Title 19, Chapters 2 & 6, MCA. This plan provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the Legislature. The HPORS provides retirement, disability, and death benefits to plan members and their statutory beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights for death and duty related disability are vested immediately. All other member rights are vested after 5 or 10 years of service.

Section 19-6-709, MCA provides eligible members retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a statutory appropriation requested by the PERB from the General Fund. Factors impacting eligibility include the number of years the recipient has received a service retirement or disability benefit, the recipient's age, and whether the recipient is employed in a position covered by a retirement system under Title 19, MCA.

#### **Deferred Retirement Option Plan (DROP)**

Beginning October 1, 2015, eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, Chapter 6, Part 10, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the HPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory employer contributions continue to the retirement system; mandatory employee contributions are deposited to the member's DROP account. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the Internal Revenue Service (IRS). If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2024, the balance held by MPERA for HPORS DROP participants was approximately \$1.6 million.

#### **Summary of Benefits**

##### *Member's highest average compensation (HAC)*

Hired prior to July 1, 2013 – HAC during any consecutive 36 months;

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

##### *Eligibility for benefit*

Hired prior to July 1, 2023, 20 years of membership service, regardless of age.

Hired on or after July 1, 2023, at least 50 years of age with 20 years of membership service



*Early Retirement*

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

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

*Second Retirement* (applies to retirement system members who return on or after July 1, 2017, to active service covered by the system from which they retired):

a. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:

- is not awarded service credit for the period of reemployment;
- is refunded the accumulated contributions associated with the period of reemployment;
- starting the first month following termination of service receives the same retirement benefit previously paid to the member; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA in January immediately following the second retirement.

b. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:

- is awarded service credit for the period of reemployment;
- starting the first month following termination of service, receives:
  - the same retirement benefit previously paid to the member; and
  - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
  - on the initial retirement benefit starting January immediately following second retirement; and
  - on the second retirement benefit starting in January after receiving that benefit for at least 12 months

c. A member who returns to covered service is not eligible for a disability benefit.

*Vesting*

Hired prior to July 1, 2013 – 5 years of membership service.

Hired on or after July 1, 2013 – 10 years of membership service.

*Monthly benefit formula*

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

Retire on or after July 1, 2013 – 2.6% of HAC per year of service credit.

*Guaranteed Annual Benefit Adjustment (GABA)*

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member's benefit increases by 3.0% each January, inclusive of all other adjustments to the member's benefit.

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

*Minimum Monthly Benefit (non-GABA)*

If hired prior to July 1, 1997, and member did not elect GABA – the minimum monthly benefit is equal to 2% of the service credit multiplied by the current base compensation of a probationary highway patrol officer. Any annual increase may not exceed 5.0% over the

current benefit and may not exceed 60.0% of the current base salary of a probationary officer.

### **Contributions to the Plan**

Rates are specified by state law for periodic employee and employer contributions. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions to the system* – Contributions are deducted from each member's salary and remitted by participating employer.

Hired prior to July 1, 1997, and not electing GABA – Plan members are required to contribute 13.00%.

Hired after June 30, 1997, and electing GABA – Plan members are required to contribute 13.05%.

Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

*Employer contributions to the system* – As the single-employer, the State is required to contribute 38.33% of a member's compensation. The first 28.15% is payable from the same sources used to pay a member's compensation. The remaining amount, equal to 10.18%, is payable from the General Fund through a statutory appropriation. Employer contributions and state contributions (if any) must be paid on all working retirees. During the 2023 Legislative Session, House Bill 569 was passed and requires beginning July 1, 2024, the state shall pay as employer contributions an actuarially determined employer contribution that is determined annually by the PERB's actuary. This actuarially determined employer contribution is effective July 1 following the annual actuarial valuation completed in the prior calendar year with a maximum annual increase of no more than 0.5% in any year. For July 1, 2024 through June 30, 2025, the statutory employer contribution rate will be 34.40%. For the subsequent year ended June 30, 2026, the employer contribution will be 34.90%.

**Game Wardens' & Peace Officers' Retirement System** – The GWPORS, administered by the MPERA, is a multi-employer, cost-sharing defined benefit plan established in 1963, and governed by Title 19, Chapters 2 & 8, MCA. This plan provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can only be amended by the Legislature. The GWPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation.

The State of Montana and its discretely presented component units are the only employers who participate in the GWPORS. Therefore, while the plan is considered to be a multi-employer, cost-sharing defined benefit plan for actuarial valuation purposes, in accordance with GASB 68, the plan is treated as if it were a single-employer defined benefit pension plan type for financial reporting.

### **Summary of Benefits**

*Member's highest average compensation (HAC)*

Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

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

*Eligibility for benefit*

Service Retirement

Age 50 with 20 years of membership service.

*Early Retirement (reduced benefit)*

Age 55 with 5 years of membership service.

*Vesting*

5 years of membership service.

*Monthly benefit formula*

2.5% of HAC per year of service credit.

*Guaranteed Annual Benefit Adjustment (GABA)*

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

**Contributions to the Plan**

Rates are specified by state law for periodic employee and employer contributions. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions to the system* – Contributions are deducted from each member's salary and remitted by participating employers. Plan members are required to contribute 10.56% of member's compensation. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

*Employer contributions to the system* – State agency and university employers are required to contribute 9.0% of a member's compensation. Employer contributions and state contributions (if any) must be paid on all working retirees. For July 1, 2023 through June 30, 2024, the actual employer contribution rate was 10.56% of each member's compensation. During the 2023 Legislative Session, House Bill 569 was passed and requires beginning July 1, 2024, the state shall pay as employer contributions an actuarially determined employer contribution that is determined annually by the PERB's actuary. This actuarially determined employer contribution is effective July 1 following the annual actuarial valuation completed in the prior calendar year with a maximum annual increase of no more than 0.5% in any year. For July 1, 2024 through June 30, 2025, the statutory employer contribution rate will be 9.62%. For the subsequent year ended June 30, 2026, the employer contribution will be 9.18%.

**Public Employees' Retirement System - Defined Benefit Retirement Plan** – The PERS-DBRP, administered by the MPERA, is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, Chapters 2 & 3, MCA. This plan covers employees of the State and local governments, and certain employees of the Montana University System and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) by filing an irrevocable election. Members may not be participants of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System-Retirement Program (MUS-RP).

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

## Summary of Benefits

### *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 a part of a member's HAC.

### *Eligibility for benefit*

#### Service retirement:

Hired prior to July 1, 2011 –

Age 60, 5 years of membership service;

Age 65, regardless of membership service; or

Any age, 30 years of membership service.

Hired on or after July 1, 2011 –

Age 65, 5 years of membership service;

Age 70, regardless of membership service.

#### Early retirement, actuarially reduced:

Hired prior to July 1, 2011 –

Age 50, 5 years of membership service; or

Any age under age 60, 25 years of membership service.

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

#### Second retirement (all require retuning 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 from second employment plus regular interest;
- No service credit for second employment;
- Start the same benefit amount the month following termination; and
- GABA starts again in the January immediately following 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 recalculated benefit for 12 months

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

- The same retirement benefit as prior to their 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 new benefit for 12 months

### *Vesting*

5 years of membership service

*Monthly benefit formula*

Members hired prior to July 1, 2011 –

Less than 25 years of membership service: 1.785% of HAC per year of service credit;  
25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011 –

Less than 10 years of membership service: 1.5% of HAC per year of service credit;  
10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;  
30 years or more of membership service: 2% of HAC per year of service credit.

*Guaranteed Annual Benefit Adjustment (GABA)* – After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of 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
- Members hired on or after July 1, 2013
  - 1.5% for each year PERS is funded at or above 90%;
  - 1.5% reduced by 0.1% for each 2.0% PERS is funded below 90%; and,
  - 0% whenever the amortization period for PERS is 40 years or more.

**Contributions to the Plan**

Rates are specified by state law for periodic employee, employer, and nonemployer entity contributions. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions to the system:* Contributions are deducted from each member's salary and remitted by participating Employers. Plan members are required to contribute 7.90% of the member's compensation. The 7.90% member contribution rate is temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional Employer and additional member contribution rates.

*Employer contributions to the system*

State and University System employers are required to contribute 9.17% of member compensation.

Local government entities are required to contribution 9.07% of member compensation.

School district employers contributed 8.80% of member compensation.

Per the 2013 Legislative Session's House Bill 454, section 4, effective July 1, 2013, PERS employer contributions temporarily increased 1%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The Employer additional contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. As of January 1, 2025, the additional contributions will not be terminated.

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

### *Non-Employer Entity Contributions*

#### *Special Funding*

The State contributes 0.1% of member compensation on behalf of local government entities.

The State contributes 0.37% of member compensation on behalf of school district entities.

The State contributes a statutory appropriation from the General Fund. Funding provided for the plan's fiscal year ended June 30, 2023, totaled \$35.0 million.

**Sheriffs' Retirement System** – The SRS, administered by the MPERA, is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, Chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation.

### **Summary of Benefits**

#### *Member's highest average compensation (HAC)*

Hired prior to July 1, 2011 – highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months.

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

#### *Eligibility for benefit*

Hired prior to July 1, 2023, 20 years of membership service, regardless of age.

Hired on or after July 1, 2023, at least 50 years of age with 20 years of membership service

Early Retirement: Age 50, 5 years of membership service, actuarially reduced.

*Second Retirement* (applies to retirement system members re-employed in a SRS position on or after July 1, 2017):

a. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:

- is not awarded service credit for the period of reemployment;
- is refunded the accumulated contributions associated with the period of reemployment;
- starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA in January immediately following the second retirement.

b. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:

- is awarded service credit for the period of reemployment;
- starting the first month following termination of service, receives:
  - the same retirement benefit previously paid to the member; and
  - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:

- on the initial retirement benefit starting in January immediately following second retirement; and
- on the second retirement benefit starting in January after receiving that benefit for at least 12 months

c. A member who returns to covered service is not eligible for a disability benefit.

*Vesting*

5 years of membership service

*Monthly benefit formula*

2.5% of HAC per year of service

*Guaranteed Annual Benefit Adjustment (GABA)*

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

### **Contributions to the Plan**

Rates are specified by state law for periodic employee and employer contributions and are a percentage of the member's compensation. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions to the system* – Contributions are deducted from each member's salary and remitted by participating employers. Plan members are required to contribute 10.495% of member's compensation. Member contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

*Employer contributions to the system* – The employers are required to contribute 13.115% of member compensation. Employer contributions are required to be paid on working retiree compensation.

During the 2023 Legislative session, House Bill 569 (HB 569) was signed into law which states that an actuarially determined contribution will be developed and contributed beginning fiscal year 2025. The new policy will use a layered amortization approach with a 25-year closed amortization period for the legacy unfunded liability and 10-year closed amortization period for contemporary unfunded liabilities for the SRS plan. For July 1, 2024 and after, contribution rates are actuarially determined beginning with the June 30, 2023 actuarial valuation and applying to fiscal year 2025. For July 1, 2024 through June 30, 2025, the contribution rate will be 12.074%. For the subsequent year ended June 30, 2026, the employer contribution will be 12.079%. This rate may not exceed fiscal year 2024's statutory rate of 13.115% by more than the statutory rate increase limit of 0.50%. For fiscal year 2025, HB 569 also provides a one-time appropriation from the General Fund to the SRS of \$26.8 million.

**Municipal Police Officers' Retirement System** – The MPORS, administered by the MPERA, is a multiple-employer, cost-sharing defined benefit plan that was established in 1974 and is governed by Title 19, Chapters 2 & 9, MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and final average compensation.



### Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of the MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, Chapter 9, Part 10, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2024, the balance held by MPERA for MPORS DROP participants was approximately \$9.7 million.

The State is not an employer participant in the MPORS plan. However, because the PERB is a fiduciary component unit of the State, this ACFR presents certain information to help ensure compliance with GASB 67. In addition, the State provides nonemployer entity contributions classified as special funding in accordance with GASB 68. Disclosures made in this financial report for MPORS are meant to reflect the aforementioned relationships.

### Summary of Benefits

#### *Member's final average compensation (FAC)*

Hired prior to July 1, 1977 – average monthly compensation of final year of service.

Hired on or after July 1, 1977 – final average compensation for last consecutive 36 months.

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

#### *Eligibility for benefit*

Service Retirement: Age 50, with 5 years of membership service, or 20 years of membership service, regardless of age.

Second Retirement: Age 50, reemployed in a MPORS position

#### *Vesting*

Death and disability rights are vested immediately.

5 years of membership service.

#### *Monthly benefit formula*

2.5% of FAC per year of service credit.

*Second retirement benefit formula* for members re-employed in a MPORS position after July 1, 2017:

- (1) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
  - a. Is not awarded service credit for the period of reemployment;
  - b. Is refunded the accumulated contributions associated with the period of reemployment;
  - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
  - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- (2) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:



- a. Is awarded service credit for the period of reemployment;
- b. Starting the first month following termination of service, receives:
  - i. The same retirement benefit previously paid to the member, and
  - ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
- c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
  - i. On the initial retirement benefit in January immediately following second retirement, and
  - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.

(3) A member who returns to covered service is not eligible for a disability benefit.

*Guaranteed Annual Benefit Adjustment (GABA)*

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member's benefit increases by 3% each January, inclusive of all other adjustments to the member's benefit.

*Minimum benefit adjustment (non-GABA)* If hired before July 1, 1997, and member did not elect GABA – the monthly retirement, disability, or survivor's benefit may not be less than 50% of the compensation paid to a newly confirmed police officer of the employer where the member was last employed.

### **Contributions to the Plan**

Rates are specified by state law for periodic employee, employer, and nonemployer entity contributions. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions* – Contribution rates are dependent upon the date of hire as a police officer. Contributions are deducted from each member's salary and remitted by the participating Employer.

- If hired prior to July 1, 1975, member contributions as a percentage of salary are 5.80%;
- If hired after June 30, 1975, and prior to July 1, 1979, member contributions as a percentage of salary are 7.00%;
- If hired after June 30, 1979, and prior to July 1, 1997, member contributions as a percentage of salary are 8.50%; and,
- If hired on or after July 1, 1997, and for members electing GABA, member contributions as a percentage of salary are 9.00%.
- Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

*Employer Contributions* – Employers are required to contribute 14.41% of a member's compensation. Employer contributions and state contributions (if any) must be paid on all working retirees.

*Nonemployer Entity Contributions* – The State contributes 29.37% of a member's compensation from the General Fund. These amounts are considered a special funding situation in accordance with GASB 68.

**Firefighters' Unified Retirement System** – The FURS, administered by the MPERA, is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, Chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard on or after October 1, 2001. Benefits are established by state law and can

only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation.

### **Summary of Benefits**

#### *Member's compensation*

Hired prior to July 1, 1981, and not electing GABA – highest monthly compensation (HMC);  
Hired after June 30, 1981, and those electing GABA – highest average compensation (HAC) during any consecutive 36 months.

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

Part-time firefighter – 15% of regular compensation of a newly confirmed full-time firefighter.

#### *Eligibility for benefit*

If hired on or after July 1, 1981, 20 years of membership service, regardless of age.

If hired prior to July 1, 1981 and not electing GABA, no years of membership service requirement

Early Retirement: Age 50, 5 years of membership service.

#### *Vesting*

Death and disability rights are vested immediately  
5 years of membership service.

#### *Monthly benefit formula*

Members hired prior to July 1, 1981, and not electing GABA are entitled to the greater of:  
2.5% of HMC per year of service; or

- if less than 20 years of service – 2% of HMC for each year of service;
- if more than 20 years of service – 50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years.

Members hired on or after July 1, 1981, and those electing GABA: 2.5% of HAC per year of membership service.

#### *Guaranteed Annual Benefit Adjustment (GABA)*

Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member's benefit increases by 3% each January, inclusive of all other adjustments to the member's benefit.

#### *Minimum Benefit Adjustment (non-GABA)*

If hired before July 1, 1997, and the member did not elect GABA, the monthly retirement, disability, or survivor's benefit may not be less than 50% of the compensation paid to a newly confirmed active firefighter of the employer that last employed the member.

### **Contributions to the Plan**

Rates are specified by state law for periodic employee, employer, and nonemployer entity contributions. The Legislature has the authority to establish and amend contribution rates to the plan.

*Member contributions to the system* – Contributions are deducted from each member's salary and remitted by the participating employer. For members:

Hired prior to July 1, 1997, and not electing GABA, member contributions as a percentage of salary are 9.50%;

Hired on or after July 1, 1997, and electing GABA, member contributions as a percentage of salary are 10.70%.

Member contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

*Employer contributions to the system* – Employers are required to contribute 14.36% of member's compensation. Employer contributions and state contributions (if any) must be paid on all working retirees.

*Nonemployer entity contributions to the system* – The State contributes 32.61% of a member's compensation from the General Fund.

**Volunteer Firefighters' Compensation Act** – The VFCA, administered by the MPERA, is a multiple-employer, cost-sharing defined benefit plan that was established in 1965, and governed by Title 19, Chapter 17, MCA. All members are unpaid volunteers and the State is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability, and survivorship benefits for all eligible volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages, and includes volunteer fire departments, fire districts, and fire service areas under the laws of the State. Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited service. The VFCA also provides limited benefits for death or injuries incurred in the line of duty. A member who chooses to retire and draw a pension benefit may return to service with a volunteer fire department without loss of benefits. However, a returning retired member may not be considered an active member accruing credit for service.

### **Summary of Benefits**

#### *Eligibility for benefit*

Age 55, 20 years of credited service;

Age 60, 10 years of credited service.

Effective July 1, 2011, members who retire on or after July 1, 2011, and have greater than 30 years of credited service will receive \$7.50 per month for each additional year of credited service over 30 years if the pension trust fund is actuarially sound, amortizing any unfunded liabilities in 20 years or less. This determination will be made annually and a member's benefit will be capped at \$250 a month (30 years of credited service) if the amortization period grows to greater than 20 years.

#### *Vesting*

10 years of credited service.

#### *Monthly benefit formula (effective January 1, 2016)*

\$8.75 per year of credited service up to 20 years;

\$7.50 per year of credited service after 20 years.

### **Contributions to the Plan**

The State, as a nonemployer contributing entity, is the only contributor to the VFCA. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. This requires the plan to be treated as a special funding situation in accordance with GASB 68. The State Auditor makes annual payments from the General Fund to the VFCA pension trust fund. Rates are specified by state law for contributions to the VFCA plan. The State legislature has the authority to establish and amend contribution rates to the plan.

**Teachers' Retirement System** – The TRS is administered by the Teachers' Retirement Board (TRB), which is the governing body of a mandatory multiple-employer cost-sharing defined benefit pension plan that provides retirement services to persons in Montana employed as teachers or professional staff of any public elementary or secondary school, community college, or unit of the university system. The TRS, as an employer, does not participate in the plan and acts only as the administrator of the plan.

The TRB is the governing body of the TRS, and the TRS's staff administer the TRS in conformity with the laws set forth in Title 19, Chapter 20, MCA, and administrative rules set forth in Title 2, Chapter 44 of the Administrative Rules of Montana.

### **Summary of Benefits**

Benefits are established by state law and can only be amended by the Legislature.

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation (AFC). AFC is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits.

Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

- Tier Two uses a 5-year AFC (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation—1.85% of the AFC multiplied by the years of creditable service—for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than  $1.6667 \times \text{AFC} \times \text{years of creditable service}$ )

A guaranteed annual benefit adjustment (GABA) is payable on January 1 of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1. For Tier Two members, the GABA each year may vary from 0.5% to 1.5% based on the retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

### **Contributions to the System**

All active employees in the TRS, regardless of employer type, are required to provide a contribution equal to 8.15% of their compensation.

All State and University employers are required to contribute 11.85% of compensation provided to an active, non-reemployed member. All school districts and other employers are required to contribute 9.47% of an active, non-reemployed, member's compensation to the System.

Section 19-20-605 (4), MCA, requires each employer to contribute 9.85% of total compensation paid to all reemployed TRS retirees employed in a TRS reportable position. Pursuant to Section 19-20-609, MCA, the percentage of compensation to be contributed shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of reemployed retiree compensation.

The TRS receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation, and the State is treated as a nonemployer contributing entity in the TRS. The System receives 0.11% of earned compensation from the General Fund for all TRS members. The TRS also receives 2.38% of earned compensation from the General Fund for TRS members employed at school districts, community colleges, educational cooperatives, and counties in Montana. Finally, the State is also required to contribute \$25.0 million from the General Fund in perpetuity payable July 1 of each year per Section 19-20-607, MCA. The Legislature has the authority to establish and amend contribution rates to the plan.

**(2) Actuarial Assumptions**

For all plans administered by MPERA, the total pension liability used to calculate the net pension liability/ (asset) for each plan was determined by an actuarial valuation as of June 30, 2023, applied to all periods included in the measurement. For the TRS plan, the total pension liability used to calculate the net pension liability as of June 30, 2023, is based on the results of an actuarial valuation as of July 1, 2023. No update procedures were used for MPERA or TRS to roll forward the total pension liability to the measurement date. The significant assumptions and other inputs used to measure the total pension liability were the following:

[illegible]

Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Post-retirement Benefit Increases - Minimum Benefit Adjustment	Pre-7/1/1997 and did not elect GABA: benefits increase same as salary of sitting judge.	Pre-7/1/1997 and did not elect GABA: 2% x service credits x base salary of probationary officer. Limited to 5.0% over current benefit and may not exceed 60% of base salary of probationary officer.	N/A	N/A	N/A	Pre-7/1/1997 and did not elect GABA - 1/2 of monthly salary of new officer	Pre-7/1/1997 and did not elect GABA - 1/2 of monthly salary of new firefighter	N/A	N/A
Mortality - Active Participant	<b>For JRS and PERS Plans:</b> PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021. <b>For other Plans:</b> PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.								PUBT-2010 General Employee Mortality Table projected to 2021. Projected generationally using MP-2021.
Mortality - Healthy Retiree	<b>For JRS and PERS Plans:</b> 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. <b>For other Plans:</b> PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.								PUBT-2010 Retiree Mortality Table projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
Mortality - Disabled Retiree	<b>For JRS and PERS Plans:</b> PUB-2010 General Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for both males and females. <b>For other Plans:</b> PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.								PUBT-2010 Disabled Retiree Mortality Table projected to 2021.
Mortality - Contingent Survivor	<b>For JRS and PERS Plans:</b> PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for both males and females. Projected generationally using MP-2021. <b>For other Plans:</b> PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.								PUBT-2010 Contingent Survivor Mortality Table projected to 2021. Projected generationally using MP-2021.



*Changes in actuarial assumptions and methods:* For GWPORS, the discount rate used to measure the total pension liability was increased from 5.55% to 7.30% since the previous measurement date. There have been no changes in other actuarial assumptions and methods for GWPORS and other plans since the previous measurement date unless otherwise noted above.

*Changes in benefit terms:* For HPORS, the unreduced retirement eligibility was changed from 20 years of service at any age, to age 50 and 20 years of service for new hire entering HPORS effective July 1, 2023. For SRS, the retirement eligibility was changed from 20 years at any age to age 50 and 20 years of service for new hire first entering SRS effective July 1, 2023. Both changes had no impact on the total pension liability. There have been no changes in benefit terms since the previous measurement date, for JRS, GWPORS, PERS-DBRP, MPORS, FURS, VFCA, and TRS.

*Changes in proportionate share:* Because the State is the single employer for JRS and HPORS, there were no changes in proportion of the net pension assets for JRS plan and the net pension liability for HPORS plan. Between the measurement date of the net pension liability (asset) and the State's reporting date, the investment rates of return of JRS and HPORS were higher than the investment rates of return assumption. Therefore, the State's net pension asset for JRS is expected to increase and the State's net pension liability for HPORS is expected to decrease.

*Changes in proportionate share:* Between the measurement date of the collective net pension liability and the State's reporting date, the investment rate of return of GWPORS was higher than the investment rate of return assumption. Therefore, the State's proportionate share of the collective net pension liability as the State's primary government employer, and the State's discretely presented component units are expected to change. The State still reports 100.0% GWPORS plan, and the total plan net pension liability is expected to decrease.

*Changes in proportionate share:* Between the measurement date of the collective net pension liability and the State's reporting date, the investment rates of return of PERS-DBRP, SRS, MPORS, FURS, and TRS plans were higher than the investment rates of return assumption. Therefore, the State's proportionate share amounts of the collective net pension liability as the State's employer and non-employer contributing entity in applicable plans is expected to decrease.

*Changes in proportionate share:* Because the State is the only contributing entity, there were no changes in proportion of the net pension liability for VFCA plan. The State reports 100.0% VFCA plan. Between the measurement date of the collective net pension liability and the non-employer's reporting date, the investment rate of return of VFCA was higher than the investment rate of return assumption. Therefore, the State's non-employer proportionate share of the collective net pension liability is expected to decrease.

### **(3) Discount Rate**

The discount rate used to measure the total pension liability was 7.30% for JRS, HPORS, GWPORS, and SRS. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers would be made based on the PERB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, each pension plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2106 for JRS, 2129 for HPORS, 2123 for GWPORS, and 2127 for SRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate for JRS, HPORS, GWPORS, or SRS.

The discount rate used to measure the total pension liability for PERS-DBRP, MPORS, and FURS was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entity would be made based on the PERB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, each pension plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127 for PERS-DBRP, 2134



for MPORS, and 2133 for FURS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

The discount rate used for VFCA to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from the nonemployer contributing entity would be made based on the PERB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, the VFCA's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. A municipal bond rate was not incorporated in the discount rate.

The discount rate used to measure the total pension liability for TRS was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entity would be made based on the TRB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, the TRS's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2132. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

#### (4) Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience studies prepared for the JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, and VFCA plans administered by MPERA. The most recent analysis of each plan, performed for the five-year period ended June 30, 2021, is outlined in a report dated May 2, 2022, without consideration for the administrative expense analysis shown. The report can be found on the MPERA website.

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience studies prepared for the TRS. The most recent analysis performed for the five-year period ended June 30, 2021, is outlined in a report dated May 3, 2022, without consideration for the administrative expense analysis shown. The report can be found on the TRS website.

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 the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years. All the plans administered by MPERA and TRS have the same target allocation and long-term expected real rate of return. The target allocation and best estimates of the arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the table below:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
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
Cash	3.00	-0.33
Total	100.00%	

**(5) Change in Net Pension Liability (Asset)**

A schedule of changes in the net pension liability (asset) is presented for each of the single-employer defined benefit plans (amounts expressed in thousands). The date in the schedules is a measurement date, which is one year earlier than the financial reporting date.

	JRS		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at 6/30/2022	\$ 72,923	\$ 124,358	\$ (51,435)
Service costs	1,908	—	1,908
Interest	5,301	—	5,301
Difference between expected and actual experience	(2,570)	—	(2,570)
Contributions – member	—	648	(648)
Net investment income	—	10,331	(10,331)
Benefit payments	(4,427)	(4,427)	—
Plan administrative expense	—	(53)	53
Net changes	212	6,499	(6,287)
Balances at 6/30/2023	<u>\$ 73,135</u>	<u>\$ 130,857</u>	<u>\$ (57,722)</u>

	HPORS		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2022	\$ 273,241	\$ 175,941	\$ 97,300
Service costs	4,355	—	4,355
Interest	19,702	—	19,702
Difference expected and actual experience	1,538	—	1,538
Contributions – employer	—	6,908	(6,908)
Contributions – non-employer (State)	—	2,206	(2,206)
Contributions – member	—	2,377	(2,377)
Net investment income	—	14,637	(14,637)
Refund of contributions	(748)	(748)	—
Benefit payments	(14,653)	(14,653)	—
Plan administrative expense	—	(79)	79
Net changes	10,194	10,648	(454)
Balances at 6/30/2023	<u>\$ 283,435</u>	<u>\$ 186,589</u>	<u>\$ 96,846</u>

## GWPORS

	<u>State as Primary Government Employer</u>			<u>State's Discretely Presented Component Units</u>			<u>Total State (Plan)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 6/30/2022	\$ 391,639	\$ 247,028	\$ 144,611	\$ 21,259	\$ 13,409	\$ 7,850	\$ 412,898	\$ 260,437	\$ 152,461
Service costs	12,715	—	12,715	766	—	766	13,481	—	13,481
Interest	21,981	—	21,981	1,324	—	1,324	23,305	—	23,305
Difference between expected and actual experience	10,812	—	10,812	651	—	651	11,463	—	11,463
Changes in assumptions	(94,225)	—	(94,225)	(5,675)	—	(5,675)	(99,900)	—	(99,900)
Contributions – employer	—	4,979	(4,979)	—	300	(300)	—	5,279	(5,279)
Contributions – member	—	6,108	(6,108)	—	368	(368)	—	6,476	(6,476)
Net investment income	—	20,723	(20,723)	—	1,248	(1,248)	—	21,971	(21,971)
Refunds of contributions	(1,042)	(1,042)	—	(63)	(63)	—	(1,105)	(1,105)	—
Benefit payments	(11,165)	(11,165)	—	(673)	(673)	—	(11,838)	(11,838)	—
Plan administrative expense	—	(174)	174	—	(10)	10	—	(184)	184
Other changes <sup>(1)</sup>	(2,198)	(1,344)	(854)	2,198	1,389	809	—	45	(45)
Net changes	(63,122)	18,085	(81,207)	(1,472)	2,559	(4,031)	(64,594)	20,644	(85,238)
Balances at 6/30/2023	\$ 328,517	\$ 265,113	\$ 63,404	\$ 19,787	\$ 15,968	\$ 3,819	\$ 348,304	\$ 281,081	\$ 67,223

<sup>(1)</sup> The Changes in Net Pension Liability table is only provided at the system level. The ending balances and the components of the changes are derived from the primary government's proportionate share of the total plan balances and the discretely presented component unit's proportionate share of the total plan balances. Due to the change in proportionate share in each year, the other changes line item includes the difference between the proportionate share of the balances and the preliminary calculated balances.

## (6) Sensitivity Analysis

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability/(asset) to changes in the discount rate, the table below presents the net pension liability/(asset), of the plans administered by MPERA and TRS, calculated using the discount rate of 7.30% for all plans; as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1.00% lower (6.30% for for all plans) or 1.00% higher (8.30% for all plans) than the current rate.

**Sensitivity of the Plan Participating Employer and Nonemployer Contributing Entities (NER)  
Net Pension Liability (Asset) to Changes in the Discount Rate  
(amounts expressed in thousands)**

		Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Primary Government	State as Employer	1.0% Decrease	\$ (50,730)	\$ 136,375	\$ 112,924	\$ 1,410,142	\$ 12,114	\$ —	\$ 7,219	\$ —	\$ 26,399
		Current	(57,722)	96,846	63,404	976,218	7,457	—	3,959	—	18,687
		1.0% Increase	(63,760)	65,100	23,054	612,193	3,668	—	1,356	—	12,239
	State as NER	1.0% Decrease	—	—	—	463,120	—	239,236	186,125	7,220	945,529
		Current	—	—	—	320,610	—	155,026	102,055	1,590	669,315
		1.0% Increase	—	—	—	201,057	—	88,165	34,956	(3,142)	438,358
Discretely Presented Component Units	1.0% Decrease	—	—	6,802	291,794	—	—	—	—	31,500	
	Current	—	—	3,819	202,004	—	—	—	—	22,298	
	1.0% Increase	—	—	1,389	126,678	—	—	—	—	14,604	
Fiduciary Component Units	1.0% Decrease	—	—	—	2,898	—	—	—	—	—	
	Current	—	—	—	2,006	—	—	—	—	—	
	1.0% Increase	—	—	—	1,258	—	—	—	—	—	
Total	1.0% Decrease	(50,730)	136,375	119,726	2,167,954	12,114	239,236	193,344	7,220	1,003,428	
	Current	(57,722)	96,846	67,223	1,500,838	7,457	155,026	106,014	1,590	710,300	
	1.0% Increase	\$ (63,760)	\$ 65,100	\$ 24,443	\$ 941,186	\$ 3,668	\$ 88,165	\$ 36,312	\$ (3,142)	\$ 465,201	

## (7) Net Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

In accordance with GASB 68, the employer is required to recognize and report certain amounts associated with its participation in the JRS, HPORS, and GWPORS, the plans the State participates in as a single-employer. GASB 68 became effective June 30, 2015, and includes requirements for participant to record and report its net pension liability (NPL) or net pension asset (NPA), pension expense, deferred inflows of resources, and deferred outflows of resources associated with pensions.

In accordance with GASB 68, employers and the nonemployer contributing entities are required to recognize and report certain amounts associated with their participation in the PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS. GASB 68 became effective June 30, 2015, and includes requirements for participants to record and report their proportionate share of the collective net pension liability, pension expense, deferred inflows of resources, and deferred outflows of resources associated with pensions. The proportionate shares were determined based on contributions made to the plan by employers and the nonemployer contributing entity in a special funding situation, when a plan has the nonemployer contributing entity, during the measurement period July 1, 2022, through June 30, 2023, relative to the total contributions received from all participating employers and the nonemployer contributing entity. Due to the existence of the special funding situation in the PERS-DBRP, FURS, MPORS, VFCA, and TRS, the State is required to report a proportionate share of the collective net pension liability that is associated with the non-State employers in these plans, respectively.

**Net Pension Liability (Asset):** The following presents the state's net pension liability (asset) as of June 30, 2024 (amounts presented in thousands):

Plan as of Measurement Date		Net Pension Liability (Asset) as of 6/30/2022	Net Pension Liability (Asset) as of 6/30/2023	Percent of NPL/NPA as of 6/30/2022	Percent of NPL/NPA as of 6/30/2023	Change in Percent of NPL/NPA
<b>JRS</b>	Primary government	\$ (51,435)	\$ (57,722)	100.00 %	100.00 %	— %
<b>HPORS</b>	Primary government	97,300	96,846	100.00 %	100.00 %	— %
<b>GWPORS</b>	Primary government	144,611	63,404	94.85 %	94.32 %	(0.53)%
	Discretely presented component units	7,850	3,819	5.15 %	5.68 %	0.53 %
	State of Montana totals	152,461	67,223	100.00 %	100.00 %	— %

**Collective Net Pension Liability:** The following presents the state's proportionate share of the collective net pension liability as of June 30, 2024 (amounts presented in thousands).

Plan as of Measurement Date		Net Pension Liability as of 6/30/2022	Net Pension Liability as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Change in Percent of Collective NPL
<b>PERS-DBRP</b>	Primary government	\$ 963,045	\$ 976,218	40.50 %	40.00 %	(0.50)%
	Discretely presented component units	184,339	202,004	7.75 %	8.28 %	0.53 %
	Fiduciary component units	1,886	2,006	0.08 %	0.08 %	— %
	Nonemployer contributing entity	329,115	320,610	13.84 %	13.14 %	(0.70)%
	State of Montana totals	1,478,385	1,500,838	62.17 %	61.50 %	(0.67)%
<b>SRS</b>	Primary government	6,670	7,457	4.87 %	5.07 %	0.20 %
<b>MPORS</b>	Nonemployer contributing entity	158,319	155,026	67.02 %	66.87 %	(0.15)%
<b>FURS</b>	Primary government	4,084	3,959	2.57 %	2.62 %	0.05 %
	Nonemployer contributing entity	107,328	102,055	67.57 %	67.60 %	0.03 %
	State of Montana totals	111,412	106,014	70.14 %	70.22 %	0.08 %
<b>VFCA</b>	Nonemployer contributing entity	5,223	1,590	100.00 %	100.00 %	— %
<b>TRS</b>	Primary government	17,672	18,687	0.90 %	0.96 %	0.06 %
	Discretely presented component units	20,494	22,298	1.04 %	1.15 %	0.11 %
	Nonemployer contributing entity	689,790	669,315	35.07 %	34.55 %	(0.52)%
	State of Montana totals	727,956	710,300	37.01 %	36.66 %	(0.35)%

## Pension Expense

The State recognized the following pension expenses for the State as employer for the primary government, the State's discretely presented component units, and the State's fiduciary component units, and pension grant expenses for the State as nonemployer contributing entity, for the year ended June 30, 2024 (amounts presented in thousands):

Plan	Primary Government				Total
	State as Employer	State as Nonemployer Contributing Entity	Discretely Presented Component Units	Fiduciary Component Units	
JRS	\$ (3,214)	\$ —	\$ —	\$ —	(3,214)
HPORS	12,104	—	—	—	12,104
GWPORS	10,196	—	740	—	10,936
PERS-DBRP <sup>(1)</sup>	81,674	21,775	28,938	305	132,692
SRS	1,624	—	—	—	1,624
MPORS <sup>(2)</sup>	—	26,636	—	—	26,636
FURS <sup>(3)</sup>	1,039	25,478	—	—	26,517
VFCA <sup>(4)</sup>	—	708	—	—	708
TRS <sup>(5)</sup>	1,443	44,102	13,138	—	58,683
Totals	\$ 104,866	\$ 118,699	\$ 42,816	\$ 305	\$ 266,686

<sup>(1)</sup> Of the total pension expense for the State as a nonemployer contributing entity, \$1.3 million is the grant expense for special funding support provided by the General Fund to local government and school district participants, \$35.0 million is the grant expense for special funding support provided by the General Fund as a statutory appropriation for all participating employers; -\$14.5 million is the pension expense that is actuarially allocated to the State as a nonemployer contributing entity.

<sup>(2)</sup> The grant expense for the State as a nonemployer contributing entity is for special funding support provided by the General Fund for its proportionate share of the collective MPORS pension expense that is associated with other employer participants in the plan.

<sup>(3)</sup> The grant expense for the State as a nonemployer contributing entity is for special funding support provided by the General Fund for its proportionate share of the collective FURS pension expense that is associated with other employer participants in the plan.

<sup>(4)</sup> The grant expense for the State as a nonemployer contributing entity is for special funding support provided by a portion of fire tax premiums paid to the State and transferred to MPERA for its proportionate share of the collective VFCA pension expense that is associated with other employer participants in the plan.

<sup>(5)</sup> The grant expense for the State as a nonemployer contributing entity is for special funding support provided by the General Fund for its proportionate share of the collective TRS pension expense that is associated with other employer participants in the plan.

## Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of the fiscal year ended June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts presented in thousands):

JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94	\$ 3,318
Changes of assumptions	467	734
Net difference between projected and actual earnings on pension plan investments	253	—
Totals	\$ 814	\$ 4,052

HPORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,631	\$ 1,244
Changes of assumptions	—	32,686
Net difference between projected and actual earnings on pension plan investments	309	—
Contributions subsequent to the measurement date	6,933	—
<b>Totals</b>	<b>\$ 8,873</b>	<b>\$ 33,930</b>

GWPORS	Primary Government		Discretely Presented Component Units		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,271	\$ 986	\$ 559	\$ 59	\$ 9,830	\$ 1,045
Changes in assumptions	58,237	86,865	3,508	5,232	61,745	92,097
Net difference between projected and actual earnings on pension plan investments	800	—	48	—	848	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	552	1,009	457	—	1,009	1,009
Contributions subsequent to the measurement date	6,643	—	375	—	7,018	—
<b>Totals</b>	<b>\$ 75,503</b>	<b>\$ 88,860</b>	<b>\$ 4,947</b>	<b>\$ 5,291</b>	<b>\$ 80,450</b>	<b>\$ 94,151</b>

PERS-DBRP	Primary Government				Discretely Presented Component Units		Fiduciary Component Units	
	State as Employer		State as Nonemployer Contributing Entity		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources				
Difference between expected and actual experience	\$ 38,881	\$ —	\$ 12,769	\$ —	\$ 8,045	\$ —	\$ 80	\$ —
Change of assumptions	—	34,819	—	11,435	—	7,205	—	72
Net difference between projected and actual earnings on pension plan investments	2,477	—	813	—	512	—	5	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,649	28,511	4,499	10,551	9,374	919	45	—
Contributions subsequent to the measurement date	71,338	—	22,898	—	15,422	—	147	—
<b>Totals</b>	<b>\$ 116,345</b>	<b>\$ 63,330</b>	<b>\$ 40,979</b>	<b>\$ 21,986</b>	<b>\$ 33,353</b>	<b>\$ 8,124</b>	<b>\$ 277</b>	<b>\$ 72</b>



<b>SRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,179	\$ —
Changes of assumptions	601	112
Net difference between projected and actual earnings on pension plan investments	53	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	139	—
Contributions subsequent to the measurement date	725	—
<b>Totals</b>	<b>\$ 2,697</b>	<b>\$ 112</b>

<b>MPORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,027	\$ 328
Change of assumptions	4,653	2,021
Net difference between projected and actual earnings on pension plan investments	2,176	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,397	3,561
Contributions subsequent to the measurement date	20,475	—
<b>Totals</b>	<b>\$ 32,728</b>	<b>\$ 5,910</b>

<b>FURS</b>	<b>Primary Government</b>			
	<b>State as Employer</b>		<b>State as Nonemployer Contributing Entity</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 366	\$ 4	\$ 9,443	\$ 105
Change of assumptions	846	—	21,824	—
Net difference between projected and actual earnings on pension plan investments	104	—	2,682	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	256	2	1,886	2,376
Contributions subsequent to the measurement date	840	—	22,820	—
<b>Totals</b>	<b>\$ 2,412</b>	<b>\$ 6</b>	<b>\$ 58,655</b>	<b>\$ 2,481</b>

VFCA	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 1,439
Change of assumptions	1,718	—
Net difference between projected and actual earnings on pension plan investments	249	—
Contributions subsequent to the measurement date	3,508	—
<b>Totals</b>	<b>\$ 5,475</b>	<b>\$ 1,439</b>

TRS	Primary Government				Discretely Presented Component Units	
	State as Employer		State as Nonemployer Contributing Entity			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 354	\$ —	\$ 12,662	\$ —	\$ 422	\$ —
Change of assumptions	271	1,167	9,709	41,814	323	1,393
Net difference between projected and actual earnings on pension plan investments	40	—	1,447	—	48	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,084	1,332	8,864	36,959	19,673	19
Contributions subsequent to the measurement date	1,471	—	48,688	—	16,799	—
<b>Totals</b>	<b>\$ 3,220</b>	<b>\$ 2,499</b>	<b>\$ 81,370</b>	<b>\$ 78,773</b>	<b>\$ 37,265</b>	<b>\$ 1,412</b>

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from the contributions made subsequent to the June 30, 2023, measurement date will be recognized as a reduction of the net pension liability (asset) in the fiscal year ended June 30, 2025.

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

Year ended June 30:	JRS	HPORS	SRS	MPORS	VFCA
2025	\$ (1,710)	\$ (32,565)	\$ 900	\$ 3,027	\$ 135
2026	(3,298)	(3,212)	514	(4,321)	(537)
2027	2,049	4,175	501	8,311	1,010
2028	(279)	(388)	(55)	(674)	(80)
2029	—	—	—	—	—
Thereafter	—	—	—	—	—

Year ended June 30:	GWPORS		
	Primary Government	Discretely Presented Component Units	Total
2025	\$ (460)	\$ 107	\$ (353)
2026	(3,286)	37	(3,249)
2027	(15,687)	(829)	(16,516)
2028	(567)	(34)	(601)
2029	—	—	—
Thereafter	—	—	—

Year ended June 30:	PERS-DBRP			
	Primary Government		Discretely Presented Component Units	Fiduciary Component Units
	State as Employer	State as Nonemployer Contributing Entity		
2025	\$ (47,553)	\$ (9,229)	\$ (1,159)	\$ (29)
2026	(22,570)	(11,688)	247	(20)
2027	57,725	18,958	11,945	119
2028	(5,925)	(1,946)	(1,226)	(12)
2029	—	—	—	—
Thereafter	—	—	—	—

Year ended June 30:	FURS	
	Primary Government	
	State as Employer	State as Nonemployer Contributing Entity
2025	\$ 320	\$ 7,213
2026	248	3,970
2027	743	16,735
2028	221	4,762
2029	34	674
Thereafter	—	—

Year ended June 30:	TRS		
	Primary Government		Discretely Presented Component Units
	State as Employer	State as Nonemployer Contributing Entity	
2025	\$ (724)	\$ (26,137)	\$ 7,083
2026	(1,395)	(47,409)	4,833
2027	1,238	32,196	4,764
2028	131	(4,741)	2,374
2029	—	—	—
Thereafter	—	—	—

## E. Legal Actuarial Status of Plans

The Montana Constitution, Article VIII, Section 15, and Section 19-2-409, MCA state that public retirement systems shall be funded on an actuarially sound basis. To maintain a fund on an actuarially sound basis, the rate of contributions should fund the normal cost, in addition to amortizing the unfunded liability over a period not to exceed 30 years, except that with respect to Judges' Retirement System (JRS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), and Game Wardens' and Peace Officers' Retirement System (GWPORS), the unfunded liabilities must be paid using the layered amortization approach with a 25-year closed amortization period for the legacy unfunded liability as of June 30, 2023, and 10-year closed amortization period for contemporary unfunded liability which is the incremental change in the unfunded liability in the subsequent actuarial valuations. In accordance with House Bill 569, the amortization period for JRS, HPORS, SRS, and GWPORS was moved from 25 years to 24 years for the June 30, 2024 valuation date, the effect on the net pension liability is unknown until the next actuarial calculations are performed.

A traditional funding actuarial valuation of each of the defined benefit plans is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress and to determine the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ended June 30, 2024. The statutory funding rate is tested in the valuation of each public retirement plan to determine if it is sufficient to cover the normal cost rate plus an amortization payment of the unfunded actuarial liability, if any, within 30 years or 25 years for JRS, HPORS, SRS, and GWPORS. As of June 30, 2024, all the public retirement systems were in compliance with the state law.

## F. Public Employee Defined Contribution Retirement Plans

**Public Employees' Retirement System-Defined Contribution Retirement Plan** – The Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) is a multiple Employer plan established July 1, 2002, and governed by Title 19, Chapters 2 & 3, MCA. This plan is available to eligible employees of the State, Montana University System, local governments, and school districts. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to transfer to the PERS-DCRP, or remain in the PERS-DBRP, by filing an irrevocable election. If an election is not filed, the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

Member and employer contribution rates are established by state law and may be amended only by the Legislature. Employees contribute at a rate of 7.90% of their compensation. Contributions made to the plan by an employee remain 100% vested in their interest. Members who achieve 5 years of employment are vested in the plan. Should they terminate prior to this 5-year period, all employer contributions are forfeited to the plan. Amounts forfeited are held in a separate plan forfeiture account and can only be used to pay the administrative expenses, including startup costs, of the plan. Total pension expense for the State as a PERS-DCRP employer for the year ended June 30, 2024, is \$12.0 million and, contribution forfeitures were \$763.0 thousand.

Local government entities contribute 9.07% of member compensation. School district employers contributed 8.80% of member compensation. The State contributes 0.10% of member compensation on behalf of local government entities and 0.37% of member compensation on behalf of school district entities. Each State agency and University employer contributed 9.17% of member compensation.

The total contribution rate of 9.17%, referenced in the preceding paragraph, is allocated as follows: 8.83% to the member's retirement account; 0.04% to the defined contribution education fund; and 0.30% to the defined contribution Other Post Employment Benefit (OPEB) disability plan.

The PERS-DCRP also administers an OPEB disability plan. Refer to PERB's annual financial report for additional information related to this portion of the plan.

## **G. Montana University System Retirement Program**

**Montana University System-Retirement Program (MUS-RP)** – This system was established in January 1988 and is underwritten by the Teachers Insurance and Annuity Association (TIAA). Effective July 1, 1993, MUS-RP was made the mandatory retirement plan for new faculty and administrative staff with contracts under the authority of the Board of Regents, previously referred to as the Optional Retirement Program (ORP). The MUS-RP is a defined contribution retirement plan governed by Title 19, Chapter 21, MCA. Combined contributions to the faculty and professional staff plan cannot exceed 13% of the participant's compensation per Section 19-21-203, MCA. Combined contributions to the classified staff plan are 17.07% less 0.04% for educational program paid to Montana Public Employee Retirement Administration (MPERA) per Section 19-3-316, MCA and Section 19-3-315, MCA. The employer contribution to the MUS-RP for classified staff increases 0.10% annually in July through fiscal year 2024 per statute.

The benefits at retirement depend upon the amount of contributions, amount of investment gains and losses, and investment allocations by the participant. Individuals are immediately vested for both employee and employer contributions. The Montana University System records employee and employer contributions, and remits monies to TIAA. Total contributions made to the plan by the employer were \$21.0 million, and the total employee contributions were \$24.0 million for the fiscal year ended June 30, 2024.

## **H. 457(b)-Deferred Compensation Plan**

The 457(b)-Deferred Compensation Plan (457(b) Plan) is an Other Employee Benefit Plan established in 1974. The Deferred Compensation Plan is governed by Title 19, Chapter 50, MCA, in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all employees of the State, Montana University System, and contracting political subdivisions. The State and 71 non-state entity employers participate in the 457(b)-Plan.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts, or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement<sup>TM</sup> is the record keeper for the plan. Participants elect to defer a portion of their salary, within IRC limits. The deferred salary is not available to employees until separation from service, retirement, death, or upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

## **I. Method Used to Value Investments**

The Montana Board of Investments (BOI) manages the investments, as authorized by state law, for the defined benefit retirement plans in two investment pools, the Consolidated Asset Pension Pool (CAPP) and the Short-Term Investment Pool (STIP). CAPP is an internal investment pool and STIP is an external investment pool. Each retirement plan's ownership in the pools is based on the funds contributed. Individual investments in the pools are not specifically identified to the respective retirement plan. Investments are reported at either fair value or cost, depending on the underlying investment type. Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgages classified in Level 3 are present value adjusted. Investment valuation not classified within the fair value measurement levels is reported at Net Asset Value or cost. Further detail related to investments is provided in Note 3.

## **J. Long-term Contracts for Contributions**

Per Section 19-2-706, MCA, the Montana Legislature enacted a provision of the Employee Protection Act (EPA) allowing state and university system employees who are eligible for a service retirement and whose

positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. In fiscal year 2024, 308 employees participated in the program.

The Employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by MPERA on the unpaid balance. Total contributions received (including interest) during fiscal year 2024 totaled \$193.0 thousand. The outstanding balance at June 30, 2024, totaled \$2.1 thousand.

## K. Litigation

***Consolidated MPERB v. Lewis and Clark County and Montana Association of Counties (MACo), Lewis and Clark County, and Cascade County V. MPERB and MPERA.*** On May 1, 2020, the MPERB filed a Complaint for Declaratory Relief in the First Judicial District against Lewis and Clark County. This complaint asks the District Court to rule that Article VIII, § 15 of the Montana Constitution vests the Montana Public Employees' Retirement Board with the authority to: 1) actuarially determine the amount of the unfunded pension liabilities attributable to a component unit of the Lewis and Clark County that has terminated its participation in a MPERB administered defined benefit plan; and 2) compel the payment of this unfunded pension liability upon this component unit's termination. On June 1, 2020, the MPERB filed its First Amended Complaint amending its original pleading to add a claim for breach of contract.

The MACo filed a Complaint for Declaratory Judgment, Injunctive Relief, and a Writ of Prohibition against the MPERB and MPERA in the First Judicial District Court of Lewis and Clark County related to the same underlying issue that caused MPERA to initiate its action against Lewis and Clark County. This Complaint asked the District Court to rule that: 1) Article VIII, § 15 of the Montana Constitution does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 2) the 1947 Contract between the MPERB and Lewis and Clark County and Cascade County, as well as other similar agreements between the MPERB and all other Montana counties, does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 3) MACo is entitled to a preliminary and permanent injunction enjoining the MPERB from assessing withdrawal penalties against Montana counties; and 4) MACo is entitled to a Writ of Prohibition barring the MPERB from assessing withdrawal penalties against Montana counties. On May 15, 2020, MACo filed a First Amended Complaint and added the additional parties of Lewis and Clark County and Cascade County to this action as plaintiffs as well as additional claims for breach of express and implied contract.

On May 13, 2020, Lewis and Clark County filed a motion to dismiss the MPERB's Complaint and followed that on June 18, 2020, with a motion to dismiss MPERB's 1st Amended Complaint. Likewise, on June 25, 2020, the MPERB filed a motion to dismiss, or in alternative, a motion for partial summary judgment, several of the counts in the MACo suit. Both cases were subsequently consolidated into a single action by the Court on February 22, 2021.

On February 1, 2022, the district court ruled on the respective motions of the parties. In the only real narrowing of the case, the District Court cited statute that the State cannot be held liable under theories of implied contract to dismiss the counties' claim against the MPERB for breach of the covenant of good faith and fair dealing. The parties filed their respective answers on February 25, 2022, and are now conducting discovery.

In the opinion of management and legal counsel, the disposition of unfunded actuarial accrued liabilities owed to PERS in the consolidated Lewis and Clark County and the Montana Association of Counties (MACo) case, will have a material, adverse effect on the PERS plan's financial position as a whole should the Court rule against MPERA and the MPERB. An estimate of the potential liability for the Lewis and Clark County and MACo case cannot presently be made.

As of June 30, 2024, TRS has no pending litigation that would significantly affect the information presented in this financial report.

## **NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

### **A. General Information Non-trust Plans**

The State of Montana (State) and the Montana University System (MUS) provide optional postemployment healthcare benefits in accordance with Section 2-18-704, MCA 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. Medical, dental, and vision benefits are available through this plan. The State and MUS offer OPEB plans that are not administered through trusts; as such, there are no plan assets accumulated to offset the total OPEB liability.

In accordance with Section 2-18-704, MCA, the State provides post-retirement health insurance benefits to eligible employees who receive retirement benefits from the Public Employees' Retirement System (PERS) or various other State retirement systems, and elect to start medical coverage within 60 days of leaving employment. Retirement eligibility criteria differ by state retirement plan. Further detail on state retirement plans is provided in Note 6. MUS provides post-retirement health insurance benefits to eligible employees who receive retirement benefits from their plan, or an annuity under the MUS-RP, and have been employed by MUS for at least five years, are age 50, or have worked 25 years with MUS. They must elect to start medical coverage within 60 days of leaving employment. Spouses, unmarried dependent children, and surviving spouses are also eligible for both plans.

Montana State Fund, a discretely presented component unit of the State and participant in the State OPEB plan, by statute, prepares separately issued financial statements on a calendar year-end basis. Due to the difference in reporting period, there will be a variance between the note disclosures and the financial statements for OPEB related information.

### **B. Plan Descriptions**

Both healthcare OPEB plans for the State and MUS are reported as single-employer plans. In addition to the primary government, the participating employers under the State OPEB plan are Facility Finance Authority, Montana Board of Housing, Public Employees' Retirement System, Montana State Fund, and Teachers' Retirement System. The participating employers under the MUS OPEB plan are Office of Commissioner of Higher Education (OCHE), Montana State University - Billings (MSU-Billings), Montana State University - Bozeman (MSU-Bozeman), Great Falls College MSU, Montana State University - Northern (MSU-Northern), Montana Technological University, Helena College UM, University of Montana - Missoula (UM-Missoula), and University of Montana - Western (UM-Western). Participating employers under MUS, but excluded from the total OPEB liability due to not qualifying as component units, are Dawson Community College (Dawson CC), Flathead Valley Community College (Flathead CC), and Miles Community College (Miles CC). Each participating employer is required to disclose additional information as required per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75).

The State and MUS pay for post-employment healthcare benefits on a pay-as-you-go basis. Section 2-18-812, MCA gives authority for establishing and amending the funding policy to the Department of Administration for the State group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The healthcare OPEB plans allow retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in reporting the total OPEB liability in the related financial statements and note disclosures. Reported contributions are not a result of direct funding to the plans or for associated liabilities, but are a measure of the difference in retiree payments into the plans and actual medical costs associated with those individuals paid for by the plans.

As of December 31, 2023, the State OPEB plan's administratively established retiree medical premiums vary between \$484.00 and \$2,362.00 per month, depending on the medical plan selected, family coverage, and Medicare eligibility. Administratively established dental premiums vary between \$42.34 and



\$71.27 per month and vision hardware premiums vary between \$7.64 and \$22.26 per month, depending on the coverage selected. The plan provides different coinsurance amounts and deductibles depending on whether members use participating or non-participating providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the member is not enrolled in Medicare. A basic life insurance plan on the life of the retiree is also included with a retiree's core benefits until the retiree reaches age 65 or is eligible for Medicare.

As of June 30, 2024, the MUS OPEB plan's administratively established retiree medical premiums vary between \$368.00 and \$2,452.00 per month. Retiree dental premiums vary between \$52.00 and \$156.00 per month, while vision premiums vary from \$10.70 to \$31.18, depending on the types and number of dependents enrolled and which medical Third Party Administrator (TPA) was selected. The plan provides different coinsurance amounts and deductibles depending on whether members use in-network or out-of-network providers. The plan automatically reduces claim reimbursement for members eligible for Medicare, even if the member is not enrolled in Medicare. The premium changes were based on actual claims experience and actuarial projections based on the experience and trends.

### C. Basis of Accounting

Total OPEB liability is reported on an accrual basis on the proprietary and fiduciary fund financial statements, the government-wide financial statements, and the component unit financial statements. Total OPEB liability is not reported on the governmental fund financial statements, as it is considered a long-term liability. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Both OPEB plans state, that an employee enrolled in the OPEB plan, who (a) at least meets the early retirement criteria defined by Montana Public Employees' Retirement Administration (MPERA); and (b) makes arrangements with their respective benefit office, within 60 days of the date active employee coverage ends, to continue post-retirement coverage, may continue with the OPEB plan on a self-pay basis, retroactive back to the date active employee coverage was lost, and adhere to these provisions. Therefore, each plan does not include terminated employees who have accumulated benefits but are not yet receiving them. There have been no significant changes in the number covered or the type of coverage as of June 30, 2024.

The number of State Plan participants as of December 31, 2022, follows:

Enrollment	State Plan Participants						Total
	State <sup>(1)</sup>	Facility Finance Authority <sup>(2)</sup>	Montana Board of Housing <sup>(2)</sup>	Public Employee Retirement Board <sup>(3)</sup>	Montana State Fund <sup>(2)</sup>	Teachers Retirement System <sup>(3)</sup>	
Active employees	11,716	2	30	47	275	22	12,092
Retired employees, spouses, and surviving spouses	1,967	2	3	1	22	2	1,997
Total	13,683	4	33	48	297	24	14,089

The number of MUS Plan participants as of December 31, 2022, follows:

Enrollment	MUS Plan Participants									Total
	MSU-GFC <sup>(2)</sup>	UM-HC <sup>(2)</sup>	MSU-Billings <sup>(2)</sup>	MSU-Bozeman <sup>(2)</sup>	MSU-Northern <sup>(2)</sup>	OCHE <sup>(1)</sup>	UM-Missoula <sup>(2)</sup>	UM-MT Tech <sup>(2)</sup>	UM-Western <sup>(2)</sup>	
Active employees	98	76	421	2,955	158	50	1,872	365	180	6,175
Retired employees, spouses, and surviving spouses	7	14	103	433	31	13	458	83	49	1,191
Total	105	90	524	3,388	189	63	2,330	448	229	7,366

<sup>(1)</sup> Primary Government

<sup>(2)</sup> Discretely Presented Component Units of Primary Government

<sup>(3)</sup> Fiduciary Component Units of Primary Government



## D. Schedule of Changes in Total OPEB Liability

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

**Annual OPEB Cost & Changes in Total OPEB liability**  
(in thousands)

	State Plan			MUS Plan		
	Primary Government Total OPEB Liability	Discrete Component Unit and Fiduciary Component Unit Total OPEB Liability	Total State Plan	Primary Government Total OPEB Liability	Discrete Component Unit Total OPEB Liability	Total MUS Plan
Balances at 6/30/2023	\$ 29,926	\$ 1,071	\$ 30,997	\$ 378	\$ 36,040	\$ 36,418
Changes for the year:						
Service cost	906	31	937	16	2,138	2,154
Interest	1,238	44	1,282	15	1,538	1,553
Changes of assumptions or other inputs	(2,054)	(69)	(2,123)	(14)	(2,147)	(2,161)
Benefit payments	519	16	535	8	922	930
Net changes	609	22	631	25	2,451	2,476
Balances at 6/30/2024 <sup>(1)</sup>	\$ 30,535	\$ 1,093	\$ 31,628	\$ 403	\$ 38,491	\$ 38,894

<sup>(1)</sup> State, fiduciary component units, and discretely presented component units proportion of the collective total OPEB liability as of the measurement date for fiscal years 2023 and 2024 for the State Plan was 100% both years and for the MUS Plan is 95.45%, respectively.

## E. Actuarial Methods and Assumptions

The total OPEB liability (TOL) measured under GASB 75 is based upon service cost and more standardized reporting assumptions than prior GASB Statements. As 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.

The schedule of changes in the State's and MUS's TOL and related ratios, presented as required supplementary information following the notes to the financial statements is designed to present multi-year trend information about whether the actuarial value of plan TOL is increasing or decreasing over time relative to the actuarial liabilities for benefits. The schedule of changes in the State's and MUS's TOL and related ratios are based on the substantive plan (the plan as understood by the employer and the plan members). This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

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

**Other Postemployment Benefits  
State Single Employer Plan**

	<b>Retiree/Surviving Spouse</b>	<b>Spouse</b>
Contributions (weighted average):		
Before Medicare eligibility	\$ 15,372	\$ 7,370
After Medicare eligibility	5,592	5,213
Actuarial valuation date	December 31, 2022	
Experience study period	January 1, 2022, through December 31, 2022	
Actuarial measurement date <sup>(1)</sup>	March 31, 2024	
Actuarial cost method	Entry age normal funding method	
Amortization method	Level percent of payroll, open basis	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial assumptions:		
Discount rate	4.12%	
Projected payroll increases	3.50%	
Participation:		
Future retirees	40.00%	
Future eligible spouses	70.00%	
Marital status at retirement	70.00%	

<sup>(1)</sup> Updated procedures were used to roll forward the total OPEB liability to the measurement date.

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

**Mortality - Retired:** For TRS retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102.00% for males and 103.00% for females, projected generationally using MP-2021. For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104.00% for males, or adjusted 103.00% for females, projected generationally using MP-2021. For safety MPERA retirees, mortality follows the Pub-2010 Safety Retiree table set forward 1 year and adjusted 105% for males, or adjusted 100% for females, projected generationally using MP-2021.

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

**Mortality - Disabled:** For TRS retirees, mortality follows the Pub-2010 General Disabled table, projected generationally using MP-2021. 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. For safety MPERA retirees, mortality follows the Pub-2010 Safety Disabled table set forward 1 year for males, projected generationally using MP-2021.

**Changes in actuarial assumptions and methods since last measurement date:** The discount rate increased from 3.98% to 4.12%.

**Changes in benefit terms since last measurement date:** None

Additional information as of the latest actuarial valuation for MUS OPEB plan follows:

**Other Postemployment Benefits  
MUS Single Employer Plan**

	<b>Retiree/Surviving Spouse</b>	<b>Spouse</b>
Contributions (in thousands):		
Before Medicare eligibility	\$ 11,772	\$ 10,055
After Medicare eligibility	4,416	4,969
Actuarial valuation date	December 31, 2022	
Actuarial measurement date <sup>(1)</sup>	March 31, 2024	
Experience study period	January 1, 2022, through December 31, 2022	
Actuarial cost method	Entry age normal funding method	
Amortization method	Level percent of payroll, open basis	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial assumptions:		
Discount rate	4.12%	
Projected payroll increases	3.50%	
Participation:		
Future retirees	40.00%	
Future eligible spouses	70.00%	
Marital status at retirement	70.00%	

<sup>(1)</sup> Updated procedures were used to roll forward the total OPEB liability to the measurement date.

**Mortality - Contributing Members:** For TRS and MUS-RP employees, mortality follows the Pub-2010 Teacher table, projected generationally using MP-2021. For general MPERA members, mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021. For GWPORS members, mortality follows the Pub-2010 Safety table, projected generationally using MP-2021.

**Mortality - Retired:** For TRS and MUS-RP retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102.00% for males and 103.00% for females, projected generationally using MP-2021. For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104.00% for males, or adjusted 103.00% for females, projected generationally using MP-2021. For GWPORS retirees, mortality follows the Pub-2010

Safety Retiree table set forward 1 year and adjusted 105.00% for males, or adjusted 100.00% for females, projected generationally using MP-2021.

*Mortality - Surviving Beneficiaries:* For TRS and MUS-RP survivors, mortality follows the Pub-2010 Contingent Survivor table, projected generationally using MP-2021. 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. For GWPORS survivors, mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males, projected generationally using MP-2021.

*Mortality - Disabled:* For TRS and MUS-RP retirees, mortality follows the Pub-2010 General Disabled table, projected generationally using MP-2021. 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. For GWPORS retirees, mortality follows the Pub-2010 Safety Disabled table set forward 1 year for males, projected generationally using MP-2021.

*Changes in actuarial assumptions and methods since last measurement date:* The discount rate increased from 3.98% to 4.12%.

*Changes in benefit terms since last measurement date:* None

**Sensitivity of the TOL to changes in the discount rate**

The following presents the TOL of the State and MUS OPEB plans, as well as what they would be if calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher (than the current discount rate):

State OPEB plan (in thousands)				
	1.0% Decrease (3.12%)	Current Discount Rate (4.12%)	1.0% Increase (5.12%)	
Primary Government	\$ 40,620	\$ 30,535	\$ 23,272	
Discrete Component Units and Fiduciary Component Units	1,461	1,093	825	
Total OPEB liability	\$ 42,081	\$ 31,628	\$ 24,097	
MUS OPEB plan (in thousands)				
	1.0% Decrease (3.12%)	Current Discount Rate (4.12%)	1.0% Increase (5.12%)	
Primary Government	\$ 512	\$ 403	\$ 322	
Discrete Component Units	47,899	38,491	31,362	
Total OPEB liability	\$ 48,411	\$ 38,894	\$ 31,684	

**Sensitivity of the TOL to changes in the healthcare cost trend rates**

The following presents the TOL of the State and MUS OPEB plans, as well as what they would be if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. Rates shown on the State Plan are trend rates for medical/pharmacy, respectively.

State Plan (in thousands)				
	1.0% Decrease (5.1%/6.7%)	Current Healthcare Cost Trend Rate (6.1%/7.7%)	1.0% Increase (7.1%/8.7%)	
Primary Government	\$ 23,351	\$ 30,535	\$ 40,767	
Discrete Component Unit and Fiduciary Component Units	824	1,093	1,471	
Total OPEB liability	\$ 24,175	\$ 31,628	\$ 42,238	
MUS Plan (in thousands)				
	1.0% Decrease (4.6%/5.5%)	Current Healthcare Cost Trend Rate (5.6%/6.5%)	1.0% Increase (6.6%/7.5%)	
Primary Government	\$ 320	\$ 403	\$ 519	
Discrete Component Unit	31,187	38,491	48,408	
Total OPEB liability	\$ 31,507	\$ 38,894	\$ 48,927	

**OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2024, the State OPEB plan's OPEB expense is \$936.0 thousands and the MUS OPEB plan's OPEB expense is \$2.2 million.

At June 30, 2024, the State OPEB plan deferred outflows and inflows of resources are from the following sources:

	State Plan (in thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Primary Government</u>		
Difference between expected and actual experience	\$ —	\$ 59,048
Changes of assumptions or other inputs	81,906	77,267
Amounts associated with transactions subsequent to the measurement date of the total OPEB liability	3,004	—
Total	<u>\$ 84,910</u>	<u>\$ 136,315</u>
<u>Discrete Component Units and Fiduciary Component Units</u>		
Difference between expected and actual experience	\$ 294	\$ 1,346
Changes of assumptions or other inputs	2,189	2,279
Amounts associated with transactions subsequent to the measurement date of the total OPEB liability	59	—
Total	<u>\$ 2,542</u>	<u>\$ 3,625</u>

At June 30, 2024, the MUS OPEB plan deferred outflows and inflows of resources are from the following sources:

	MUS Plan (in thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Primary Government</u>		
Difference between expected and actual experience	\$ 162	\$ 246
Changes of assumptions or other inputs	382	469
Total	<u>\$ 544</u>	<u>\$ 715</u>
<u>Discrete Component Units</u>		
Difference between expected and actual experience	\$ 18,082	\$ 21,291
Changes of assumptions or other inputs	37,623	52,626
Total	<u>\$ 55,705</u>	<u>\$ 73,917</u>

Deferred outflows of resources and deferred inflows of resources related to TOL will be recognized as OPEB expense as follows:

Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense				
State Plan (in thousands)				
Year ended June 30	Primary Government	Discrete Component Units and Fiduciary Component Units	State Plan Total	
2025	\$ (4,383)	\$ (76)	\$	(4,459)
2026	(4,383)	(76)		(4,459)
2027	(4,383)	(76)		(4,459)
2028	(4,383)	(76)		(4,459)
2029	(4,383)	(76)		(4,459)
Thereafter	(32,494)	(762)		(33,256)

Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense				
MUS Plan (in thousands)				
Year ended June 30	Primary Government	Discrete Component Units	MUS Plan Total	
2025	\$ (19)	\$ (1,927)	\$	(1,946)
2026	(19)	(1,927)		(1,946)
2027	(19)	(1,927)		(1,946)
2028	(19)	(1,927)		(1,946)
2029	(19)	(1,924)		(1,943)
Thereafter	(76)	(8,580)		(8,656)

## **F. General Information Trust Plan**

### **General Information**

Section 19-3-2141, MCA, establishes a long-term disability plan trust fund (PERS-DCRP Disability) for all State of Montana employees that participate in the Public Employee's Retirement System-Defined Contribution Retirement Plan (PERS-DCRP). All new PERS members are initially members of the Public Employee Retirement System-Defined Benefit Retirement Plan (PERS-DBRP) and have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed, the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. Only those participants that choose the PERS-DCRP are covered by the PERS-DCRP Disability plan.

### **Plan Description**

The PERS-DCRP Disability is a multiple-employer cost-sharing plan that covers employees of the State, local governments, and certain employees of the university system and school districts, who are not covered by a separate retirement system governed by Title 19, MCA. The PERS-DCRP Disability plan provides disability benefits to PERS-DCRP 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 PERS-DCRP Disability plan members, and it is accounted for as a fiduciary fund. The assets are held in a trust capacity for the beneficiaries. The Public Employee Retirement System 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 following:

Public Employees' Retirement Board  
100 North Park, Suite 200  
P.O. Box 200131  
Helena, MT 59620-0131

## **G. Termination Benefits**

During the year ended June 30, 2024, the State made the following termination benefit arrangements: provided for one-time lump-sum incentive payments for 15 employees, and paid administrative leave for 52 employees.

During the year ended June 30, 2024, component units of the State made the following termination benefit arrangements: continued coverage of health insurance benefits and/or one-time incentive payments for 7 employees.

During the year ended June 30, 2024, the cost of termination benefits for the fiscal year was \$644.2 thousand and \$310.9 thousand for the State and its component units, respectively.



## NOTE 8. RISK MANAGEMENT

There are three primary government public entity risk pools and one claims-servicing pool that are reported within the enterprise funds. These pools include Hail Insurance, the Montana University System (MUS) Group Insurance Plan, the MUS Workers Compensation Program, and the Subsequent Injury claims-servicing pool. The State of Montana (Old Fund) provides risk financing as an entity other than a public entity risk pool. The liability and payment of the workers' compensation claims for incidents occurring before July 1, 1990, are reported in the government-wide financial statements within the primary government. Unpaid claims and claim adjustment expenses are estimated based on the ultimate cost of settling the claims, including the effects of inflation and other societal/economic factors. Additionally, the primary government reports its own risk management activity within two internal service funds: Employees Group Benefits Plans and Administration Insurance Plans. In all of these funds, there are no significant reductions in insurance coverage from the prior year. These funds use the accrual basis of accounting. By statute, these funds cannot invest in common stock. Investments are recorded at fair value. Premiums and discounts are amortized using the straight-line method over the life of the securities.

### A. Public Entity Risk Pools

**(1) Hail Insurance** – Any Montana producer engaged in growing crops subject to destruction or damage by hail may participate in the Hail Insurance program. The Hail Insurance program issued 262 policies during the 2024 growing season. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs, and claims paid for hail damage. Depending upon the reserve fund's actuarial soundness and the damage in a season, producers may receive a premium refund. Anticipated investment income is considered in computing a premium deficiency, of which there is none.

A claim must be submitted to the State Board of Hail Insurance within 14 days of a loss occurrence. The claim must indicate whether the grain is stemming, in the boot, heading out, in the milk, in the stiff dough, ready to bind, or combine. If beans, peas, or other crops are damaged, the growth-stage must also be indicated. Inspection of a crop will occur as promptly as possible after claim receipt. The liability on all insured crops expires after October 1. The insurance only covers loss or damage to growing grain that exceeds 5.0% destruction by hail.

To reduce its exposure to large losses, the fund purchased Crop Hail Quota Share Reinsurance for the 2024 growing season, with a 50.0% share of premiums and losses allotted to the Reinsurer and a 50.0% share of each allotted to the State Hail Insurance. The fund recorded a liability of \$47.5 thousand, which is 50.0% of the estimated claims (\$91.8 thousand) plus adjustment expenses through June 30, 2024. The amount deducted from the estimated claims as of June 30, 2024, for reinsurance was \$45.9 thousand (50.0% of estimated claims). The premiums ceded to the Reinsurer through June 30, 2024, were \$1.1 million, which was 50.0% of total premiums of \$2.2 million.

Any crop insurance liability is paid to the producers within one year of occurrence; therefore, liabilities are not discounted. The fund has no excess insurance or annuity contracts.

**(2) Montana University System (MUS) Group Insurance Plan** – This plan is authorized by the Board of Regents and in Section 20-25-13, MCA. The plan's purpose is to provide medical, dental, prescription drug, and related group benefits coverage to employees of the Montana University System and affiliates, and their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured, except for life insurance, long-term disability, and accidental death and dismemberment insurance. Delta Dental administers the dental plan, Blue Cross and Blue Shield of Montana administers the vision plan, and Navitus is the administrator for the prescription drug program. Blue Cross and Blue Shield of Montana is the third-party claims administrators for the self-insured managed care plan and also has a contract for utilization management. The utilization management program consists of hospital pre-authorization and medical necessity review, as well as large case management. Premiums are collected from employees through payroll deductions and recorded in the MUS Group Insurance enterprise fund. The claims liability is calculated by Actuaries Northwest and estimated to be \$9.7 million as of June 30,

2024, based on prior year experience. A liability is reported in the accompanying financial statements for these estimated claims.

**(3) Montana University System (MUS) Workers' Compensation Program** – This plan was formed to provide self-insured workers compensation coverage for MUS employees. The MUS Board of Regents provides workers' compensation coverage under Compensation Plan Number One (Section 39-7-2101, MCA). The program is self-insured for workers' compensation claims with losses in excess of \$750.0 thousand per occurrence (\$500.0 thousand for claims occurring prior to July 1, 2013) and \$1.0 million per aircraft occurrence covered by reinsurance with a commercial carrier. Employer's liability claims are covered to a maximum of \$1.0 million above the self-insured amount of \$750.0 thousand (\$500.0 thousand for claims occurring prior to July 1, 2013). During fiscal year 2024, the program ceded \$488.4 thousand in premiums to reinsurers.

The MUS Workers' Compensation Program Committee establishes premium rates for all participating campuses based on actuarial calculations of premium need and composite premium rate. Premium rates are adjusted periodically based on inflation, claims experience, and other factors. Premiums are recorded as revenue in the MUS Workers' Compensation Program in the period for which coverage is provided. Members may be subject to supplemental assessments in the event of deficiencies. The program considers anticipated investment income in determining if a premium deficiency exists.

The fund recorded a liability of \$3.9 million for estimated claims at June 30, 2024. The liability is based on the estimated ultimate cost of settling the reported and unreported claims, claims reserve development, including the effects of inflation, and other societal and economic factors. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Estimated claims liabilities are recomputed periodically based on a current review of claims information, experience with similar claims, and other factors. Adjustments to estimated claims liabilities are recorded as an increase or decrease in claims expense in the period the adjustments are made.

**(4) Subsequent Injury** – The purpose of the Subsequent Injury Fund (SIF) is to assist individuals with a permanent impairment that may create an obstacle to employment by limiting workers' compensation exposure for employers who hire SIF-certified individuals. The program is funded through an annual assessment for Montana self-insured employers and a surcharge on premium for private insured and Montana State Fund policyholders.

The Employment Standards Division sets the assessment and surcharge rates annually. The amount assessed is calculated by adding the amount of paid losses reimbursed by SIF from April 1 of the previous calendar year through March 31 of the current calendar year, plus administration expenses, less other income earned. Employers share in the reimbursement in two ways: (1) if self-insured, the reimbursement is based on their share of overall paid losses in the previous calendar year, (2) if insured through a private carrier or Montana State Fund, the reimbursement is based on both overall paid losses in the previous calendar year, and the amount of the employer's premium paid for their business.

The SIF program reduces the liability of the employer (if self-insured) or insurer by placing a limit of 104 weeks on the amount an employer (if self-insured), or the employer's insurer, will have to pay for medical and wage loss benefits in the event a worker who is SIF-certified becomes injured or re-injured on the job. SIF will assume liability for the claim when the 104 weeks is reached. For an insured employer, since the insurer's liability is limited to 104 weeks on the claim, this can favorably impact the employer's modification factor, which in turn could keep premiums lower than would otherwise be the case without SIF. For a self-insured employer, it provides a direct recovery of expenses paid for a workers' compensation claim. If a certified worker does become injured on the job, the worker remains entitled to all benefits due under the Workers' Compensation Act.

An estimated liability is recorded based on a projected cost analysis and total population of registered SIF participants. As of June 30, 2024, this liability amount was estimated to be \$2.2 million.

**(5) Changes in Claims Liabilities for the Past Two Years** – As indicated above, these funds establish liabilities for both reported and unreported insured events, including estimates of future payments of losses and related claim adjustment expenses. The following tables present changes (in thousands) in those aggregate liabilities during the past two years. All information in these tables is presented at face value and has not been discounted.

	<u>Hail Insurance</u>		<u>MUS Group Insurance Plan</u>		<u>MUS Workers Compensation</u>	
	2024	2023	2024	2023	2024	2023
Unpaid claims and claim adjustment expenses at beginning of year	\$ 44	\$ 12	\$ 9,606	\$ 8,839	\$ 3,832	\$ 3,860
Incurred claims and claim adjustment expenses: provision for insured events of the current year	1,115	449	116,731	110,900	2,062	2,172
Increase (decrease) in provision for insured events of prior years	(26)	710	—	—	(77)	(376)
Total incurred claims and claim adjustment expenses	1,089	1,159	116,731	110,900	1,985	1,796
Payments: Claims and claim adjustment expenses attributable to insured events of the current year	(1,067)	(405)	(116,645)	(110,133)	(526)	(600)
Claims and claim adjustment expenses attributable to insured events of prior years	(18)	(722)	—	—	(1,386)	(1,224)
Total payments	(1,085)	(1,127)	(116,645)	(110,133)	(1,912)	(1,824)
Total unpaid claims and claim adjustment expenses at end of year	\$ 48	\$ 44	\$ 9,692	\$ 9,606	\$ 3,905	\$ 3,832

## B. Entities Other Than Pools

**(1) Administration Insurance Plans** – This self-insurance plan provides coverage for general liability, automobile liability, automobile physical damage, foster care liability, and State-administered foreclosure of housing units. The State self-insures the \$2.0 million deductible per occurrence for most property insurance, as well as various deductible amounts for other State property. The State also self-insures against property losses below \$2.0 million of value, with State agencies paying the first \$1.0 thousand. Commercial property insurance protects approximately \$7.3 billion of State-owned buildings and contents. The State's property insurance includes separate earthquake and flood protection coverage, with deductibles of \$2.0 million for earthquake and \$2.0 million for flood per occurrence. Premiums are collected from all state agencies, including component units, and recorded as revenue in the Administration Insurance Fund.

An annual actuarial study prepared by Willis Towers Watson (WTW) Company, and issued for the accident period July 1, 2011, through June 30, 2024, is the basis for estimating the liability for unpaid claims and is supported by historical loss data. As of June 30, 2024, the estimated claims liability was \$28.0 million.

**(2) Employee Group Benefits Plans** – The medical and dental health plans provided by the State are fully self-insured with the State assuming the risk for claims incurred by employees of the State, elected officials, retirees, former employees covered by COBRA benefits, and their dependents. The State contracted with Blue Cross Blue Shield of Montana as the third-party administrator for medical coverage. Delta Dental is the administrator for dental coverage. Navitus is the administrator for the pharmacy

program. Contributions are collected through payroll deductions, deductions through the Montana Public Employee Retirement Administration, the Legislative Branch, and self-payments. The contributions are recorded as revenue in the Employee Group Benefits internal service fund. As of June 30, 2024, estimates for claims liabilities, which include both incurred but not reported claims and grandfathered claims resulting from a 1998 change in period for which the benefit coverage is available, as well as other actuarially determined liabilities, were \$20.5 million as provided by Actuaries Northwest, a consulting actuarial firm. In fiscal year 2025, \$18.3 million of these claims liabilities are estimated to be paid.

**(3) State of Montana (Old Fund)** – State of Montana (Old Fund) covers workers' compensation claims that were incurred before July 1, 1990. Old Fund was originally a risk financing insurance entity, but upon depletion of all of its assets, is now financed by the General Fund. The participants within the pool are individuals outside of governmental entities.

An actuarial study prepared by WTW, as of June 30, 2024, estimated the cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. At June 30, 2024, \$37.9 million of unpaid claims and claim adjustment expenses were reported at face value.

**(4) Changes in Claims Liabilities for the Past Two Years** – These funds establish liabilities for both reported and incurred but not reported claims. Grandfathered claims are not included as they relate to future claims not yet incurred. The following table presents changes in the balances of claims liabilities during the past two fiscal years (in thousands).

	<u>Administration Insurance Plans</u>		<u>Employers Group Benefits Plan</u>		<u>State of Montana Old Fund</u>	
	2024	2023	2024	2023	2024	2023
Amount of claims liabilities at the beginning of each fiscal year	\$ 23,075	\$ 19,080	\$ 18,507	\$ 25,877	\$ 39,656	\$ 41,478
Incurred claims:						
Provision for insured events of the current year	11,258	9,725	216,594	198,390	—	—
Increase (decrease) in provision for insured events of prior years	1,530	4,887	(4,157)	(5,399)	2,131	4,064
Total incurred claims	12,788	14,612	212,437	192,991	2,131	4,064
Payments:						
Claims attributable to insured events of the current year	(3,431)	(6,305)	(196,146)	(179,970)	—	—
Claims attributable to insured events of prior years	(4,415)	(4,312)	(14,335)	(20,391)	(3,891)	(5,886)
Total payments	(7,846)	(10,617)	(210,481)	(200,361)	(3,891)	(5,886)
Total claims liability at end of each fiscal year	\$ 28,017	\$ 23,075	\$ 20,463	\$ 18,507	\$ 37,896	\$ 39,656

## **NOTE 9. COMMITMENTS**

### **A. Highway Construction**

At June 30, 2024, the Department of Transportation had contractual commitments of approximately \$480.5 million for construction of various highway projects. Funding for these highway projects is to be provided by federal grants and matched with state special revenue funds.

### **B. Capital Assets and/or Other Construction**

At June 30, 2024, the Department of Administration, Architecture & Engineering Division (A&E) had contractual commitments of approximately \$218.3 million for planning and construction of capital projects for the renovation, deferred maintenance, and new construction of state-owned facilities. These projects will be funded with \$110.4 million in capital project funds, \$27.2 million in federal special revenue funds (including \$16.8 million in ARPA federal funds), \$15.1 million in state special revenue funds, \$35.0 million in private donations, and \$1.0 million in proprietary funds. The Montana University System will fund \$29.6 million in university plant funds. A&E also had \$3.0 million contractual commitments for the planning and implementation of the division's new Broadband Program and \$279.3 million in grant awards. The Broadband Program commitments will be funded with ARPA & Infrastructure Investment and Jobs Act federal grants.

At June 30, 2024, the Department of Fish, Wildlife, and Parks had contractual commitments of approximately \$3.8 million for engineering and construction of various capital projects, which will be provided by federal grants and state special revenue funds.

At June 30, 2024, the Department of Justice, Division of Motor Vehicles had commitments of \$26.0 million for the CARS project, a subscription-based information technology arrangement, to include consultation services, software, and maintenance. The funding for this will be provided by the General Fund and state special revenue funds.

At June 30, 2024, the Department of Labor and Industry had \$2.6 million contractual commitments for Montana State AmeriCorps Programs and \$14.2 million for information technology contracts of which \$920.0 thousand is for a subscription-based information technology arrangement. The funding for these programs will be provided by federal grants and state special revenue funds.

At June 30, 2024, the Department of Transportation had contractual commitments of approximately \$154.7 million for engineering and construction of various infrastructure projects and approximately \$8.9 million for buses and transit facilities for various local governments and transit authorities. The funding for both of these commitments will be provided by federal funds.

At June 30, 2024, the Commissioner of Higher Education had a contractual commitment of approximately \$2.1 million for an online management system of which \$1.5 million for a subscription-based information technology arrangement and \$600.0 thousand for operating expenses. The funding for this will be provided by federal funds and transfers from campuses to a state special revenue fund.

At June 30, 2024, the Department of Military Affairs had contractual commitments in place for upgrades, expansions, and completion of armories for approximately \$32.9 million, which will be provided by federal funds.

At June 30, 2024, the Department of Corrections had \$4.3 million in contractual commitments for aluminum, \$14.5 million for licensing equipment, and \$5.5 million for electronic health records. The funding for these programs will be provided by General Fund and enterprise funds.

### **C. Loan and Mortgage Commitments**

The Montana Board of Investments (BOI) makes firm commitments to fund commercial loans, residential mortgages, and Veterans' Home Loan Mortgages (VHLM) from the Coal Severance Tax Permanent Trust Fund. These commitments have expiration dates and may be extended according to BOI policies. As of

June 30, 2024, BOI had committed, but not yet purchased, \$5.8 million in loans from Montana lenders. Additionally, lenders had reserved \$19.2 million for loans as of June 30, 2024. As of June 30, 2024, another \$2.2 million represented lender reservations for the VHLM residential mortgage purchases with no purchase commitments, and an additional \$22.0 million is reserved in the Multifamily Coal Trust Homes Program.

BOI makes reservations to fund mortgages from the State’s pension funds. As of June 30, 2024, there were no mortgage reservations. All BOI residential mortgage purchases are processed by the Montana Board of Housing (MBOH). MBOH does not differentiate between a mortgage reservation and a funding commitment.

BOI makes reservations for the Impact Fee Loan Program which is available to assist businesses to expand housing opportunities in Montana. As of June 30, 2024, there was \$6.0 million in reservations for the program.

BOI makes firm commitments to fund loans from the INTERCAP loan program. BOI’s outstanding commitments to eligible Montana governments, as of June 30, 2024, totaled \$34.6 million.

**D. Bond Commitments**

At June 30, 2024, the outstanding tax-exempt bonds distributed by the Facility Finance Authority were issued in the amount of \$4.1 million of which \$1.5 million in principal payments are scheduled to be paid by June 30, 2025. These bonds have been issued to operating treatment facilities and prerelease centers. The Department of Corrections agrees to provide payment on behalf of the contractors for the total principal and interest due regarding these outstanding bonds. These costs are then recovered through the center’s monthly billing for inmate room and board.

**E. Proprietary Fund Commitments**

Budgets are administratively established in the enterprise and internal service funds, excluding depreciation, compensated absences, and bad debt expense. Appropriations may be committed for goods/services that are not received as of fiscal year-end. These executory commitments are included in unrestricted net position in the accompanying financial statements as follows (in thousands):

<u>Enterprise Funds</u>	<u>Amount</u>
Liquor Warehouse	\$ 296
Surplus Property	14
Subtotal - Enterprise funds	<u>\$ 310</u>
 <u>Internal Service Funds</u>	
Labor Central Services	\$ 5,677
FWP Equipment	134
Print and Mail	126
Building and Grounds	77
Subtotal - Internal Service funds	<u>\$ 6,014</u>

**F. Encumbrances**

As of June 30, 2024, the State of Montana encumbered expenditures as presented in the table below (in thousands):

	<u>Federal Special Revenue Fund</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>State Special Revenue Fund</u>	<u>Total</u>
Encumbrances	\$ 62,298	\$ 23,573	\$ 1,965	\$ 74,464	\$ 162,300

**NOTE 10. RIGHT-TO-USE/FINANCED PURCHASE PAYABLES AND LEASE RECEIVABLES****A. Right-to-Use/Financed Purchase Payables**

Right-to-use assets include lease assets and subscription-based information technology arrangements (SBITA) assets. Leases, SBITAs, and financed purchases consist of agreements that grant the State use of property in exchange for payments over a period of time. The primary difference is that a financed purchase agreement grants ownership of the property to the State by the end of the contract period. In contrast, lease and SBITA agreements only grant the use of the property for a specified period. A right-to-use agreement may contain an option to purchase the property or it may be a contract that transfers ownership of the property to the State with specific types of termination options. The State's lease payables are primarily related to the use of buildings, with some contracts related to the use of land and equipment. The State's SBITA payables are associated with the subscriptions of underlying IT assets provided by the SBITA vendors. The State's financed purchase payables are exclusively associated with equipment purchases. Information regarding the right-to-use assets can be found in Note 5.

Principal and interest requirements to maturity for leases, SBITAs, and financed purchases at June 30, 2024, were as follows (in thousands):

Fiscal Year Ended June 30:	Governmental Activities					
	Lease Principal	Lease Interest	SBITA Principal	SBITA Interest	Financed Purchase Principal	Financed Purchase Interest
2025	\$ 20,551	\$ 3,022	\$ 17,006	\$ 1,686	\$ 2,954	\$ 421
2026	17,715	2,576	9,731	904	2,796	320
2027	16,177	2,170	7,242	469	2,714	227
2028	13,669	1,822	5,677	178	2,369	139
2029	11,944	1,552	134	10	1,856	51
2030 - 2034	38,910	4,694	200	10	64	3
2035 - 2039	18,423	1,692	—	—	—	—
2040 - 2044	3,411	366	—	—	—	—
2045 - 2049	35	10	—	—	—	—
2050 - 2054	45	7	—	—	—	—
2055 - 2059	57	3	—	—	—	—
Total	\$ 140,937	\$ 17,914	\$ 39,990	\$ 3,257	\$ 12,753	\$ 1,161

Fiscal Year Ended June 30:	Business-Type Activities			
	Lease Principal	Lease Interest	SBITA Principal	SBITA Interest
2025	\$ 383	\$ 49	\$ 492	\$ 19
2026	359	42	272	11
2027	255	36	239	5
2028	144	33	—	—
2029	141	30	—	—
2030 - 2034	705	109	—	—
2035 - 2039	665	43	—	—
2040 - 2044	60	—	—	—
Total	\$ 2,712	\$ 342	\$ 1,003	\$ 35



## B. Lease Receivables

The State's lease receivables are primarily associated with the leasing of lands granted to the State to support public schools and state institutions. For the fiscal year ended June 30, 2024, the State's total lease revenue was \$5.9 million, and the related interest revenue was \$3.3 million.

## C. Lease-Leaseback Transaction

The State's lease payable and lease receivable balances exclude \$659.1 thousand related to an arrangement where the State is leasing a building that was constructed on land that is being leased from the State. GASB Statement No. 87 requires such arrangements to be accounted for as a net transaction.

## D. Intra-Entity Leases of Investment Properties

The State owns buildings that are recorded as investments under GASB Statement No. 72, which are leased to discretely presented component units and fiduciary component units. In those cases, the discretely presented component units and fiduciary component units may record lease payables. However, the State does not record receivables for leases recorded as investments.

Total lease principal and interest requirements payable to the primary government at June 30, 2024, were as follows (in thousands):

Fiscal Year Ended June 30:	Discretely Presented Component Units		Fiduciary Component Units	
	Lease Principal	Lease Interest	Lease Principal	Lease Interest
2025	\$ 23	\$ 3	\$ 408	\$ 105
2026	24	3	431	98
2027	26	3	454	91
2028	27	2	478	84
2029	28	2	503	76
2030 - 2034	92	2	2,921	242
2035 - 2039	—	—	1,355	36
Total	<u>\$ 220</u>	<u>\$ 15</u>	<u>\$ 6,550</u>	<u>\$ 732</u>

## E. Variable Payments

Variable lease or SBITA payments, other than those variable payments that depend on an index or a rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease liability or SBITA liability. For the fiscal year ended June 30, 2024, the State recognized \$106.9 thousand and \$937.6 thousand as expenses from the variable payments for lease and SBITA, respectively.



**NOTE 11. STATE SHORT-TERM DEBT AND LONG-TERM LIABILITIES****A. General Information**

The State has no constitutional limit on its power to issue obligations or incur debt other than a provision that no debt may be created to cover deficits incurred because appropriations exceeded anticipated revenues. No State debt shall be created unless authorized by a two-thirds vote of the members of each house of the Legislature or a majority of the electors voting thereon. The Board of Examiners (consisting of the Governor, Secretary of State, and Attorney General) is authorized, pursuant to various enabling acts, to issue bonds and notes of the State.

**B. Short-term Debt**

On November 30, 2021, the Board of Investments adopted Resolution 249, which allowed for the redemption of all outstanding bonds of the INTERCAP program and the issuance of a new bond to the Board of Investments Unified Investment Program. The bond may be extended annually each February, with no limit on the number of extensions. The INTERCAP program lends money to local governments for capital projects and improvements. The following schedule summarizes the activity for the year ended June 30, 2024 (in thousands):

**Business-Type Activities**

	Beginning Balance	Additions	Reductions	Ending Balance
INTERCAP Bonds	\$ 68,707	\$ 77,207	\$ 70,707	\$ 75,207

**C. Long-term Debt**

The full faith, credit, and taxing powers of the State are pledged for the payment of all general obligation debt. Revenue and mortgage bonds are secured by a pledge from the facilities they relate to and by certain other revenues, fees, and assets of the State and the various colleges and universities. Primary government notes outstanding on June 30, 2024, were as follows (in thousands):

			Principal Payments		
	Amount	Interest	Fiscal Year	In Year of	Balance
<u>Governmental Activities</u>	Issued	Range (%) <sup>(1)</sup>	2025	Maturity <sup>(2)</sup>	June 30, 2024
<b>Notes Payable</b>					
Middle Creek Dam Project <sup>(3)</sup>	\$ 3,272	8.125	\$ 113	229 (2034)	\$ 1,449
Total notes payable	3,272		113		1,449
Subtotal before unamortized balances	3,272		113		1,449
Total governmental activities	\$ 3,272		\$ 113		\$ 1,449

<sup>(1)</sup> The interest range is over the life of the obligation.

<sup>(2)</sup> Year of maturity refers to the fiscal year.

<sup>(3)</sup> U.S. Bureau of Reclamation loan to the Department of Natural Resources & Conservation.

D. Debt Service Requirements

Primary government debt service requirements on June 30, 2024, were as follows (in thousands):

Fiscal Year Ended June 30:	Governmental Activities	
	Notes Payable	
	Principal	Interest
2025	\$ 113	\$ 37
2026	118	37
2027	123	37
2028	129	37
2029	135	37
2030 - 2034	831	186
Total	\$ 1,449	\$ 371

## E. Summary of Changes in Long-term Liabilities

Primary government long-term liability activities for the year ended June 30, 2024, were as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due In More Than One Year
<b>Governmental activities</b>						
Bonds/notes payable						
Special revenue bonds	\$ 300	\$ —	\$ 300	\$ —	\$ —	\$ —
Notes payable	6,236	—	4,787	1,449	113	1,336
Total bonds/notes payable	6,536	—	5,087	1,449	113	1,336
Other liabilities						
Right to use lease payable <sup>(2)</sup>	138,053	24,236	21,352	140,937	20,551	120,386
Right to use SBITA payable <sup>(2)</sup>	32,813	15,753	8,576	39,990	17,006	22,984
Financed purchase payable <sup>(2)</sup>	10,823	5,627	3,697	12,753	2,954	9,799
Compensated absences payable, net <sup>(1)</sup>	114,760	14,650	—	129,410	67,936	61,474
Estimated insurance claims	81,238	227,357	222,220	86,375	31,496	54,879
Pollution remediation	152,354	14,222	5,493	161,083	15,003	146,080
Net pension liability	2,509,797	30,553	139,067	2,401,283	—	2,401,283
Total OPEB liability	29,740	609	—	30,349	—	30,349
Total other liabilities	3,069,578	333,007	400,405	3,002,180	154,946	2,847,234
Total governmental activities long-term liabilities	\$ 3,076,114	\$ 333,007	\$ 405,492	\$ 3,003,629	\$ 155,059	\$ 2,848,570
<b>Business-type activities</b>						
Right to use lease payable <sup>(2)</sup>	\$ 2,930	\$ 153	\$ 371	\$ 2,712	\$ 383	\$ 2,329
Right to use SBITA payable <sup>(2)</sup>	1,306	127	430	1,003	492	511
Compensated absences payable, net <sup>(1)</sup>	2,437	251	—	2,688	1,128	1,560
Estimated insurance claims	15,973	119,805	119,975	15,803	12,743	3,060
Net pension liability	13,360	922	398	13,884	—	13,884
Total OPEB liability	562	27	—	589	—	589
Total business-type activities long-term liabilities	\$ 36,568	\$ 121,285	\$ 121,174	\$ 36,679	\$ 14,746	\$ 21,933

<sup>(1)</sup> The beginning balance has been restated for implementation of GASB Statement No. 101.

<sup>(2)</sup> The right to use lease payable, right to use SBITA payable, and the financed purchase payable additions include adjustments related to prior periods and correction of errors.

## F. Refunded and Early Retired Debt

### Defeased Debt

During the 2023 Legislative session, House Bill 251 was approved. This bill established a Debt and Liability Free account to utilize excess General Fund balances to pay off outstanding bonds, notes, and other obligations. As a result, several bonds were defeased with either cash-funded defeasance or escrow-funded defeasance during fiscal year 2023. As of June 30, 2024, the bonds listed below (in thousands) were legally defeased, are no longer outstanding under State law, and are no longer reflected as liabilities.

DEFEASED TO ESCROW			
Bond or Note Issue	Principal Amount Outstanding	Cash Required for Escrow	
Series 2020H, General Obligation Long-Range Building Program Bonds, amount issued \$5,900	\$ 5,255	\$	5,783
Series 2014, General Obligation Long-Range Building Program Refunding Bonds, amount issued \$28,810	8,565		8,664
Series 2020I, General Obligation Trust Lands Refunding Bonds (Taxable), amount issued \$12,510	8,780		7,965
Series 2020G, General Obligation Bonds, amount issued \$32,505	24,395		28,465
Series 2020C, General Obligation Bonds, amount issued \$28,900	18,545		20,582
Series 2013C, General Obligation Long-Range Building Program Refunding Bonds, amount issued \$6,780	115		117
Total defeased debt	<u>\$ 65,655</u>	<u>\$</u>	<u>71,576</u>

### Prepayments

The Department of Natural Resources and Conservation (DNRC) used current available resources in the amount of \$3.7 million and funds from the Debt and Liability Free account in the amount of \$399.3 thousand to prepay the Tongue River Dam Project note payable, resulting in the payoff of the note.

DNRC used funds from the Debt and Liability Free account in the amount of \$300.0 thousand to prepay special revenue bond series 2020L, resulting in the payoff of these debts.

## G. Conduit Debt Obligations

Information is presented below for financing authorities participating in debt issues. The related debt issued does not constitute a debt, liability, obligation, or pledge of faith and credit of the State. Accordingly, these bonds and notes are not reflected in the accompanying financial statements.

Montana Board of Investments (BOI) is authorized to issue Qualified Zone Academy Bonds (QZAB) under the Municipal Finance Consolidation Act as conduit (no-commitment) debt. The revenues, and in some cases, the taxing power of the borrower, are pledged to repay the bonds. At June 30, 2024, QZAB debt outstanding aggregated \$3.6 million.

BOI is also authorized to issue Qualified School Construction Bonds (QSCB) under the Municipal Finance Consolidation Act as conduit (no-commitment) debt. The revenues of the borrower are pledged to repay the bonds. At June 30, 2024, QSCB debt outstanding aggregated \$1.2 million.

## H. Estimated Pollution Remediation Obligation

Estimated pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The estimates are derived using the expected cash flow method and technical estimates from record of decisions, consent decrees, and/or settlement agreements. There may be factors influencing the estimates that are not known at this time. Prospective recoveries from other responsible parties may reduce the State's obligation.

The State's estimated pollution remediation liability as of June 30, 2024, was \$161.1 million. Of this liability, \$2.3 million resulted in settlement agreements to restore natural resources, water supplies, and natural resource-based recreational opportunities up to the settlement amount; \$158.8 million is based on decrees or settlements for remediation activities. Other estimated liabilities have been recorded for soil and polychlorinated biphenyls (PCB) contamination and asbestos contamination removal. The estimated pollution remediation liability was recorded in compliance with accounting and reporting standards and does not constitute the State's total acceptance of the liability or responsibility for these matters.

## I. Non-Exchange Financial Guarantee

BOI provides loan guarantees from STIP, TFIP, and the Coal Severance Tax Fund to the Facility Finance Authority (FFA). BOI exposure to bond issues, surety bonds, and designated loans of FFA totaled \$104.0 million as of June 30, 2024. FFA is a discretely presented component unit of the State of Montana. FFA guarantee requests are submitted to BOI for review and approval. BOI's participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into FFA's statutorily allowed capital reserve account is explicitly limited by statute, which requires BOI to act prudently. The guarantee requests from FFA pertain to bonds issued by FFA with a term of up to 40 years. BOI receives a credit enhancement fee at FFA bond closing based on the term of the financing, the type of bond, the rating of the borrower, and the type of reserve fund. BOI and FFA have entered into an agreement detailing repayment to BOI. No credit enhancement fees were generated during the fiscal year. BOI has not had to perform on any loan guarantee in the past.

The following schedule summarizes the activity related to the non-exchange financial guarantee during the year ended June 30, 2024 (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
\$ 109,133	\$ —	\$ 5,170	\$ 103,963

**NOTE 12. INTERFUND BALANCES AND TRANSFERS****A. Balances Due From/To Other Funds**

Balances due from/to other funds arise when there is a timing difference between the dates that reimbursable expenditures and interfund services provided/used are recorded in the accounting system and the dates on which payments are made. Balances also arise when there is a timing difference between the dates transfers between funds are recorded and the dates on which payments are made. Balances due from/to other funds also include the current portion of balances related to amounts loaned by the Municipal Finance Programs to other funds, under the Board of Investments' INTERCAP loan program. Balances due from/to other funds are expected to be repaid within one year from origination.

Balances due from/to other funds at June 30, 2024, consisted of the following (in thousands):

	Due to Other Funds						Total
	Federal Special Revenue	General Fund	Internal Service Funds	Nonmajor Enterprise Funds <sup>(2)</sup>	Nonmajor Governmental Funds	State Special Revenue	
<b>Due from Other Funds</b>							
Federal Special Revenue	\$ —	\$ 23	\$ —	\$ —	\$ —	\$ 473	\$ 496
General Fund	2,248	—	—	12,845	—	24,097	39,190
Internal Service Funds	—	38	20	—	—	11	69
Municipal Finance Programs	—	—	2,560	204	8	—	2,772
Nonmajor Enterprise Funds	—	—	—	—	—	7	7
Nonmajor Governmental Funds	6,267	29	—	—	—	4,739	11,035
State Special Revenue <sup>(1)</sup>	—	—	—	13,125	963	—	14,088
<b>Total</b>	<b>\$ 8,515</b>	<b>\$ 90</b>	<b>\$ 2,580</b>	<b>\$ 26,174</b>	<b>\$ 971</b>	<b>\$ 29,327</b>	<b>\$ 67,657</b>

<sup>(1)</sup> Due to differences in the basis of accounting for fund financial statements versus government wide statements, the total due from other funds to the state special revenue fund on the fund financial statement is reported as \$21.9 million. The difference of \$7.9 million between the amount reported above and the amount reported on the fund financial statement relates to long-term receivables created by the State Building Energy Conservation Program (SBCEP) loans, which is not included in the above balances for due from/to other funds. The receivables are reported in the state special revenue fund.

<sup>(2)</sup> Due to differences in the basis of accounting for fund financial statements versus government wide statements, the total due to other funds from the nonmajor enterprise funds on the fund financial statement is reported as \$26.3 million. The difference of \$144.2 thousand between the amount reported above and the amount reported on the fund financial statement relates to loans payable created by the SBCEP loans, which is not included in the above balances due from/to other funds.

## B. Interfund Loans Receivable/Payable

Montana statutes include a provision for interfund loans when the expenditure of an appropriation is necessary, and the cash balance in the fund from which the appropriation was made is insufficient to pay the expenditure. Interfund loans receivable/payable are expected to be repaid within one year from the date of origination.

Interfund loans receivable/payable at June 30, 2024, consisted of the following (in thousands):

	Interfund Loans Payable						Total
	Coal Severance Tax	Federal Special Revenue	Internal Service Funds	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	State Special Revenue	
<b>Interfund Loans Receivable</b>							
General Fund	\$ 1,851	\$ 136,357	\$ 880	\$ 364	\$ —	\$ 28,677	\$ 168,129
Nonmajor Enterprise Funds	—	1,249	—	—	—	—	1,249
Nonmajor Governmental	—	2,004	—	—	—	—	2,004
State Special Revenue	—	126,321	1,700	372	160	—	128,553
Total	\$ 1,851	\$ 265,931	\$ 2,580	\$ 736	\$ 160	\$ 28,677	\$ 299,935

## C. Advances To/From Other Funds

Advances to/from other funds represent the portion of interfund loans that are not expected to be repaid within one year from the date of origination. Advances to/from other funds also include the noncurrent portion of balances related to amounts loaned by the Municipal Finance Programs to other funds, under the Board of Investments' INTERCAP loan program. For more information on the INTERCAP loan program, refer to Note 11.

Advances to/from other funds at June 30, 2024, consisted of the following (in thousands):

	Advances from Other Funds					Total
	Federal Special Revenue	Internal Service Funds	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	State Special Revenue	
<b>Advances to Other Funds</b>						
General Fund	\$ 55,191	\$ —	\$ —	\$ 1,800	\$ —	\$ 56,991
Municipal Finance Program	—	10,154	95	942	—	11,191
Nonmajor Governmental Funds	—	—	—	—	3,056	3,056
State Special Revenue	735	—	1,170	—	—	1,905
Total	\$ 55,926	\$ 10,154	\$ 1,265	\$ 2,742	\$ 3,056	\$ 73,143

Additional detail for certain advance balances at June 30, 2024, follows (in thousands):

Advances from the Municipal Finance Programs under the INTERCAP Loan Program	
Departmental Function	Balance
Natural Resources and Conservation	\$ 2,043
Public Safety	3,166
Transportation	5,982
Total	\$ 11,191

## D. Interfund Transfers

Routine transfers between funds are recorded to (1) transfer revenues from the fund legally required to receive the revenue to the fund authorized to expend the revenue, (2) transfer resources from the General Fund and special revenue funds to debt service funds to support principal and interest payments, (3) transfer resources from enterprise funds to the General Fund to finance general government expenditures, and (4) provide operating subsidies.

Interfund transfers for the year ended June 30, 2024, consisted of the following (in thousands):

Transfers Out									
	Coal Severance Tax	Federal Special Revenue	General Fund <sup>(1)</sup>	Internal Service Funds	Land Grant	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	State Special Revenue	Total
<b>Transfers In</b>									
Coal Severance Tax	\$ —	\$ —	\$ 77,893	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 77,893
Federal Special Revenue	—	—	1,905	—	—	—	—	3,304	5,209
General Fund <sup>(1)</sup>	19,139	2,661	—	—	7	62,598	544	40,933	125,882
Internal Service Funds	—	188	1,393	—	—	—	—	3,013	4,594
Land Grant	—	—	55	—	—	—	—	17	72
Nonmajor Enterprise Funds	—	803	202	—	—	—	—	114	1,119
Nonmajor Governmental Funds	—	52,971	88,792	68	2,343	—	5,174	35,260	184,608
State Special Revenue	9,988	28,591	193,219	358	111,012	24,873	34,951	—	402,992
<b>Total</b>	<b>\$ 29,127</b>	<b>\$ 85,214</b>	<b>\$ 363,459</b>	<b>\$ 426</b>	<b>\$ 113,362</b>	<b>\$ 87,471</b>	<b>\$ 40,669</b>	<b>\$ 82,641</b>	<b>\$ 802,369</b>

<sup>(1)</sup> Several State Special Revenue funds are combined with the General Fund for reporting purposes (discussed further in Note 1). As a result, several transfers are not accounted for in the above table, as both the transfer-ins and respective transfer-outs have been eliminated as required for proper financial reporting. Transfers from the General Fund to the following funds were eliminated (in millions):

Description	Amount
Behavioral Health System for Future Generations	\$ 155,000
Budget Stabilization Reserve	30,417
Community reinvestment	50,000
Fire Suppression Fund	10,298
Local Road and Bridge Account	100,000
<b>Total</b>	<b>\$ 345,715</b>



**NOTE 13. FUND EQUITY DEFICITS**

The following funds have a deficit net position remaining at June 30, 2024, as follows (in thousands):

<b>Fund Type/Fund</b>	<b>Deficit</b>
<b>Internal Service Funds <sup>(1)</sup></b>	
Information Tech Services	\$ (15,814)
Building and Grounds	(722)
Admin Central Services	(771)
Labor Central Services	(6,639)
Commerce Central Services	(1,815)
OPI Central Services	(1,993)
DEQ Indirect Cost Pool	(1,415)
Payroll Processing	(1,061)
Warrant Processing	(190)
Investment Division	(3,706)
Aircraft Operation	(696)
Justice Legal Services	(1,304)
Other Internal Services	(340)
SABHRS Finance & Budget Bureau	(567)
<b>Enterprise Fund <sup>(1)</sup></b>	
State Lottery	(2,395)

<sup>(1)</sup> The allocation of net pension liability and total OPEB liability is a significant factor in creating these deficits. For more detail related to these liabilities, see Notes 6 and Note 7, respectively.

**NOTE 14. MAJOR PURPOSE PRESENTATION**

**Special Revenue and Fund Balances Classifications by Purpose** – In the governmental fund financial statements, classifications of special revenue fund revenues and fund balances are presented in the aggregate. The tables presented below further display the special revenue fund revenues and fund balances by major purpose for the year ending June 30, 2024.

State Special Revenue By Source (in thousands)							
	General Government	Public Safety	Transportation	Health and Human Services	Education	Natural Resources	Total
Licenses/permits	\$ 145,074	\$ 62,439	\$ 27,684	\$ 1,514	\$ 424	\$ 104,982	\$ 342,117
Taxes	782,358	6,653	288,066	—	—	18,699	1,095,776
Charges for services	34,589	29,392	9,719	29,237	3,472	40,234	146,643
Investment earnings (losses)	2,505	2,400	5,826	2,010	2,326	26,575	41,642
Securities lending income	—	201	—	3	30	359	593
Sale of documents/ merchandise/property	2,986	4,083	135	53	8	7,480	14,745
Rentals/leases/royalties	276	46	768	67	1	249	1,407
Contributions/premiums	35,360	—	—	50	—	767	36,177
Grants/contracts/donations	1,431	183	1,337	11,966	23,381	4,924	43,222
Federal	3,521	—	—	—	4	—	3,525
Federal indirect cost recoveries	—	100	77,267	296	—	7,722	85,385
Other revenues	2,397	1,072	376	149	386	918	5,298
Transfers in	151,890	5,722	—	12,584	76,177	156,619	402,992
Total State Special Revenue	\$ 1,162,387	\$ 112,291	\$ 411,178	\$ 57,929	\$ 106,209	\$ 369,528	\$ 2,219,522

Federal Special Revenue By Source (in thousands)							
	General Government	Public Safety	Transportation	Health and Human Services	Education	Natural Resources	Total
Charges for services	\$ 933	\$ 15	\$ —	\$ 6,396	\$ 2	\$ —	\$ 7,346
Investment earnings (losses)	39,021	95	—	—	92	488	39,696
Rentals/leases/royalties	20	—	—	—	—	—	20
Grants/contracts/donations	150	—	—	—	1	12	163
Federal	442,858	13,859	736,973	2,421,311	370,931	167,141	4,153,073
Federal indirect cost recoveries	1	8	—	90,740	671	317	91,737
Other revenues	153	12	—	1,747	471	—	2,383
Transfers in	1,905	2,148	—	880	276	—	5,209
Total Federal Special Revenue	\$ 485,041	\$ 16,137	\$ 736,973	\$ 2,521,074	\$ 372,444	\$ 167,958	\$ 4,299,627

## Governmental Fund Balance By Function, (in thousands)

June 30, 2024

	Special Revenue			Permanent		Nonmajor	Total
	General	State	Federal	Coal Severance Tax	Land Grant		
Fund balances:							
Nonspendable							
Inventory	\$ 7,513	\$ 28,225	\$ —	\$ —	\$ —	\$ —	\$ 35,738
Permanent fund principal	—	500	—	1,269,286	947,028	417,913	2,634,727
Long-term notes/receivables	56,990	—	—	—	—	—	56,990
Prepaid expenditure	876	1,217	114	—	—	189	2,396
Total nonspendable	65,379	29,942	114	1,269,286	947,028	418,102	2,729,851
Restricted							
General government	—	3,632	77,181	—	—	10,063	90,876
Public safety	—	152,524	2	—	—	1	152,527
Transportation	—	135,008	—	—	—	—	135,008
Health and human services	—	46,489	9,081	—	—	576	56,146
Education	—	84,973	1,539	—	—	18	86,530
Natural resources	—	869,220	—	—	—	15,608	884,828
Total restricted	—	1,291,846	87,803	—	—	26,266	1,405,915
Committed							
General government	1,163,512	355,800	58,608	73,712	—	768,053	2,419,685
Public safety	—	118,980	—	—	—	11,553	130,533
Transportation	63,891	48,056	—	—	—	—	111,947
Health and human services	67,565	78,404	—	—	—	—	145,969
Education	—	66,700	—	—	—	—	66,700
Natural resources	135,135	499,994	—	—	—	34,371	669,500
Total committed	1,430,103	1,167,934	58,608	73,712	—	813,977	3,544,334
Assigned							
General government	—	657	—	—	—	2,148	2,805
Public safety	—	70	—	—	—	739	809
Health and human service	—	3,132	—	—	—	—	3,132
Education	—	86	—	—	—	—	86
Natural resources	—	76	—	—	—	—	76
General govt. (Encumbrance)	23,573	—	—	—	—	—	23,573
Total assigned	23,573	4,021	—	—	—	2,887	30,481
Unassigned	989,243	—	—	—	—	—	989,243
Total fund balance	\$ 2,508,298	\$ 2,493,743	\$ 146,525	\$ 1,342,998	\$ 947,028	\$ 1,261,232	\$ 8,699,824

## NOTE 15. RELATED PARTY TRANSACTIONS

The Montana School for the Deaf and Blind is associated with a foundation, a nonprofit organization outside of state government. The school's foundation is governed by a board of directors. The superintendent of the school is a non-voting member of the foundation board and the school's Student Life Director is a voting member of the board. There were no transactions between the two entities during fiscal year 2024.

Per Administrative Rules of Montana 17.58.101, the Montana Petroleum Tank Release Compensation Board (Board) is an independent board that is attached to the Department of Environmental Quality (DEQ) for administrative purposes only. Board members are required to follow Montana's code of ethics, which includes recusing oneself in matters related to a conflict of interest. One board member is an employee of a company that had a release of funds that were paid as direct payments to contractors on behalf of the company. The total amount of such payments was \$70.8 thousand for the fiscal year ended June 30, 2024.

There are campus-affiliated foundations within the Montana University System (MUS) identified in the Montana Board of Regents of Higher Education Policy 901.9 – Campus-Affiliated Foundations; Montana University System Foundation. The private foundations affiliated with campuses of the MUS provide support to their respective campuses, consistent with the mission and priorities of such campuses. Transactions occur between the Commissioner of Higher Education and said foundations as reimbursements for hosting MUS constituents and other related events and gatherings. Amounts differ each year based on the number of activities and events hosted in each fiscal year. For fiscal year 2024, transactions totaled \$5.0 thousand.

The MUS Group Insurance program offers insurance coverage and collects insurance premiums from the community colleges as a related party. The premium revenue collected was \$5.2 million for the fiscal year ended June 30, 2024.

All lotteries that offer multi-state games transact with the Multi-State Lottery Association (MUSL), which requires the lottery directors from each of the states to be on the MUSL board of directors. The Director of the Montana Lottery is on the MUSL board along with other directors of other states. The Director of the Montana Lottery is in a position to vote and have influence for both MUSL and the Montana Lottery who have significant transactions between each other. The Montana Lottery has prize reserves with MUSL in the amounts of \$1.3 million for the fiscal year ended June 30, 2024. The prize reserve monies are assets to the Montana Lottery and would be transferred over if the Montana Lottery were to quit any of the multi-state games. Weekly, MUSL collects each state's share of prize expenses to go towards respective jackpots. If a state has a large enough prize amount or number of winners for any particular draw, MUSL would then reimburse any state for the excess amount of prizes paid out. The Montana Lottery paid MUSL \$11.8 million for its share of prizes and received reimbursements for prizes in the amount of \$547.0 thousand for the fiscal year ended June 30, 2024.

The Governor is a trustee for the Gianforte Family Foundation and the Gianforte Family Charitable Trust. The Foundation has pledged to donate up to \$50.0 million in construction costs towards the MSU Computing Building, a part of the Montana University System. During fiscal year 2024, \$1.8 million of the pledge was received based on the reimbursement requests submitted to the Trust.

The Department of Corrections has a contract with Alternatives Inc. for prerelease centers in Billings, MT. One of the active board members is an employee of the department. The contract expires as of June 30, 2025. During the fiscal year 2024, \$11.5 million was paid to Alternatives Inc.

The Department of Corrections receives federal grant funding from the Board of Crime Control. One of the board members is an employee. The total amount received from the COAP Grant for fiscal year 2024 was \$263.0 thousand.

## NOTE 16. CONTINGENCIES

### Litigation

The State is party to legal proceedings, which normally occur in government operations. In the opinion of the State's legal counsel and the Department of Administration, the likelihood the legal proceedings will have a material adverse impact on the State's financial position is remote, except where listed below.

PPL v. Montana, known as State of Montana v. Talen Montana, LLC et al. (Cause No CV 16-35-H-DLCJCL). This case involves ownership of sections of riverbed on the Missouri, Clark Fork, and Madison rivers. The case originated in 2003, when a group of parents of school-age children sued Petitioner PPL Montana, LLC (PPL), in Federal Court, alleging that the company must pay rent for the use of state-owned riverbeds to generate hydroelectric power. After the Federal Court dismissed the case for lack of jurisdiction, PPL filed an action in the state district court seeking a declaration that the state could not charge them rent for the use of the riverbeds at issue. The State intervened in the case and counterclaimed for a declaration that PPL and its co-plaintiffs unlawfully occupied state lands and must compensate the State Land Trust on behalf of its public beneficiaries for the use of those lands. The legal test for ownership of the riverbeds is whether the rivers at issue were navigable at the time of statehood. Based upon the historical record, the District Court granted the State summary judgment on the question of navigability, and the case proceeded to trial on the issue of compensation for the use of trust lands. In June of 2008, the Court issued its ruling and ordered that PPL owed the State almost \$41.0 million for past use of the riverbeds.

PPL appealed the decision to the Montana Supreme Court. The case was briefed and argued before the Court. In March 2010, the Montana Supreme Court issued a decision upholding the district court's finding of navigability and determination of compensation.

PPL appealed the case to the United States Supreme Court. The case was briefed and argued, and in February 2012, the Court reversed the Montana Supreme Court's decision. The United States Supreme Court concluded that the Montana courts had applied an incorrect legal standard for determining a river's navigability. The Court clarified that navigability had to be determined on a segment-by-segment basis. The Court remanded the case for further proceedings, and the case currently is pending in the Montana First Judicial District, Lewis and Clark County, Judge Michael McMahon presiding. The cause number is CDV 2004-846. Additional detail is provided below as the case has been remanded to the United States District Court, District of Montana, Helena Division.

The most obvious impact of the Supreme Court's decision is that the State is no longer entitled to the \$41.0 million judgment. The monetary amount that the State may be entitled to depends on the navigability of the rivers, which will have to be determined under the Supreme Court's segment-by-segment approach. Going forward, the litigation will focus on applying the Supreme Court's segmentation approach to determine the navigable reaches of the Madison, Clark Fork, and Missouri Rivers. At this stage, it is difficult to predict an outcome of this litigation.

A less obvious financial impact is the bill of costs that PPL submitted to the district court following the remand. PPL requested that the district court tax the State of Montana with \$1.2 million for PPL's costs relating to the appellate proceedings. All, but approximately \$31.0 thousand, relate to premiums that PPL paid for a supersede as bond in support of staying the \$41.0 million judgment. In May 2012, the State filed its response to PPL's bill of costs and agreed to costs of \$31.3 thousand. However, the State moved the court to deny PPL's request for costs related to the supersede as bond. The parties stipulated to hold this issue in abeyance until the court rules on all remaining matters in the case. Counsel for the State has agreed to release the supersede as bond. In the opinion of counsel, there are good legal arguments that support the State's position that it should not be required to pay the supersede as bond premiums; however, legal and procedural uncertainties exist that make an adverse determination reasonably possible.

This case is now known as State of Montana v. Talen Montana, LLC et al. (Cause No. CV 16-35-H-DLC-JCL). A bench trial occurred on January 3 through January 19, 2022. No decision was made by the

Judge. The parties were required to submit amended proposed findings of fact and conclusions of law. The State of Montana submitted its proposed findings and conclusions on April 29, 2022, and an amended proposed findings and conclusions on May 13, 2022. Talen filed notice of suggestion of bankruptcy on May 10, 2022. The Court entered an automatic stay of proceedings because of the bankruptcy filing on June 23, 2022. The Court lifted the stay on September 16, 2022, and ordered Talen to respond to Montana's amended proposed findings of fact and conclusions of law by October 6, 2022, which Talen complied with on October 6, 2022. The Court has not rendered a decision on parties' proposed findings of fact and conclusions of law. The State's claims against the utilities remained unchanged throughout trial, and the State still holds the opinion that no further potential liability to the State is expected relative to this action.

The Court entered its Findings of Fact and Conclusions of Law on August 25, 2023, quieting title in favor of Montana on certain segments, in favor of the United States in all other disputed reaches, and in favor of Talen and NorthWestern for the riverbed lying between the ordinary low water marks of certain disputed reaches. The Court certified its liability findings as final for purposes of appeal to the Ninth Circuit, staying its determination of damages pending the Ninth Circuit's resolution of the appeal. Montana appealed, and Talen and NorthWestern cross-appealed. The parties completed their written briefing on appeal before the Ninth Circuit, and counsel presented oral arguments in San Francisco on January 15, 2025. On March 4, 2025 the Ninth Circuit issued its Opinion, affirming the district court's judgment and remanding to the district court to determine damages as to the Sun River to Black Eagle Falls Segment of the Missouri River, and directing the parties to bear their own costs on appeal. The damages determination on remand will resolve the amount of compensation Talen and Northwestern owes Montana for the past, present, and future use of the riverbeds within that segment.

Diaz et al. v. Blue Cross and Blue Shield of Montana et al. (Diaz) was a lawsuit filed in the Montana First Judicial District Court, Lewis and Clark County, Cause No. BVD-2008-956, in October 2008, by plaintiffs Jeanette Diaz, Leah Hoffman-Bernhardt, and Rachel Laudon, individually, and on behalf of others similarly situated, naming Blue Cross and Blue Shield of Montana (BCBS), New West Health Services (New West), Montana Comprehensive Health Association, and the State of Montana (State) as defendants. The complaint alleges that the defendants have violated the made-whole laws of Montana and illegally given themselves subrogation rights.

On June 12, 2009, the Plaintiffs filed with the District Court a motion for class certification. The District Court Judge denied the Plaintiffs' motion for class certification on December 16, 2009. The Plaintiffs appealed this decision to the Montana Supreme Court. As part of the review of the underlying decision denying class certification, the Montana Supreme Court remanded the case to the District Court to determine the question of whether the made-whole laws, codified in Section 2-18-902 and Section 33-30-1102, MCA, apply to the various types of third-party administrators (TPAs) at issue in Diaz. The District Court held that these laws do not apply to TPAs. The Plaintiffs appealed this decision.

On December 21, 2011, the Supreme Court issued its decision, holding that the District Court abused its discretion in denying a class action and that BCBS and New West, as TPAs of the State's health plan, are not subject to the made-whole laws as "insurers" under Section 2-18-901 and Section 2-18-902, MCA, or under a third-party beneficiary theory.

On June 20, 2012, the District Court ruled on the State's summary judgment motion seeking an order from the court that the State has not violated the made-whole laws in the administration of its health plan. The court denied the State's motion, ruling that the State is an insurer for the purposes of the made-whole laws and that it must conduct a made-whole analysis before exercising and subrogation/coordination of benefits rights. The State filed with the District Court a motion requesting that the court certify its decision to the Montana Supreme Court. The District Court granted the motion, and the Montana Supreme Court, over the Plaintiffs' objection, ultimately agreed in a November 27, 2012, Order to hear this issue. The Plaintiffs also appealed to the Montana Supreme Court, the District Court's definition of the class action.

On August 6, 2013, the Montana Supreme Court issued its opinion, affirming the Montana First Judicial District Court's decision defining the class action to include only those State benefit plan members who had timely filed claims for covered benefits for services that took place no earlier than eight years before the filing of the Plaintiffs' complaint, which was October 23, 2008.

On November 6, 2013, the Montana Supreme Court issued its opinion, affirming the District Court's June 20, 2012, decision that the applicable made-whole laws apply to the State benefit plan.

On September 8, 2014, the District Court issued an order ruling on several motions that the parties had filed. The principal rulings were: (i) the Court authorized Plaintiffs to proceed with additional discovery to determine if the class definition should be altered or amended; (ii) given its order to allow additional discovery, the Court held in abeyance its decision on the State's Motion for Summary Judgment requesting that the class be limited to those who timely filed claims within the one-year filing restriction contained in the State's policy; (iii) the Court granted the Plaintiffs' motions asking the Court to require the State to conform its health plans, procedures, notices, and practices to comply with the Montana Supreme Court's rulings in this case and to pay covered medical expenses, await the resolution of claims against liability carriers, and then conduct a made-whole determination before it can exercise subrogation or accept reimbursements from its members or providers; and (iv) the Court ordered the parties to develop a class notice to be sent to past and current plan members dated back to eight years before this suit was filed. The State and Plaintiffs' counsel developed the notice that has been sent to class members.

On April 13, 2015, the District Court issued an Order on Interest to Be Paid, requiring the State to include in the payments ultimately made to class members' interest at the rate of 10.0% per annum. For claims arising before December 24, 2009, interest would begin 30 days following the Montana Supreme Court's decision in Blue Cross and Blue Shield of Montana, Inc. v. Montana State Auditor. For any claims arising after December 24, 2009, interest would begin starting on the day the underlying medical expenses were incurred.

On October 5, 2015, the Plaintiffs filed with the District Court a motion directing the State to pay attorney fees arising from the class action suit. On November 9, 2015, the District Court issued an order denying Plaintiffs' motion for attorney fees.

On December 14, 2015, the District Court issued an order certifying that its orders concerning interest and attorney fees were final for purposes of an appeal to the Montana Supreme Court. On January 12, 2016, the Plaintiffs filed a Notice of Appeal with the Montana Supreme Court, appealing the interest and attorney fee orders.

Pursuant to the Montana Supreme Court's mandatory mediation process, the parties reached a settlement on attorney fee payments; however, the parties did not reach an agreement on the interest issue. On October 25, 2016, the Montana Supreme Court issued its ruling on the interest issue, finding that November 14, 2009, is the date that interest commences; and, for claims arising after November 14, 2009, interest will begin starting on the day the underlying medical expenses were incurred.

On April 28, 2017, the District Court appointed a Special Master to consider and resolve issues regarding expanding the class to persons with unsubmitted claims; whether to include claims after 2009; whether the State must identify members from third-party administrators other than Blue Cross/Blue Shield; whether, if at all, the State must reform its systematic practices; supervising the payment and notice process; which party or parties should pay the Special Master for her time and expenses; whether the District Court should approve a partial payment of attorney fees; setting a time frame for making claims; setting a time for ending the class action; determining payment of residual funds; and any other issues as necessary to facilitate the swift and equitable resolution of the case.

As of June 30, 2017, the State paid Plaintiffs \$1.4 million in based payments plus interest.

On June 21, 2017, the Special Master issued a report and recommended order regarding the partial payment of the Plaintiffs' counsels' attorney fees. This recommendation was based on a stipulation the State and the Plaintiffs' counsel had reached, agreeing that the State would pay counsel \$400.8 thousand for claims made by individuals that could be documented. The State has paid this amount to class counsel.



The Special Master issued a second report and recommended an order expanding the class on August 8, 2018. The principal findings of this recommendation were to expand the class definition to include those individuals who did not submit claims to the State for processing; to expand the class to end June 30, 2016; and to redefine the class as (a) employees, employee dependents, retirees, and retiree dependents who participate or participated in the State of Montana's health benefit plan(s), administered or operated by the State and/or the third party administrators whose claims for covered benefits took place no earlier than eight years prior to the filing of the complaint in this action, which was October 23, 2008; (b) who were injured through the legal fault of persons who have legal obligations to compensate them for all damages sustained; and (c) who have not been made whole for their damages (or for whom the State and TPAs conducted no made-whole analysis) because the State and the third party administrators programmatically failed to pay benefits for their covered medical costs. On October 29, 2018, the District Court Judge issued an Order Adopting the Special Master's Report Expanding the Class.

As of June 30, 2018, the State paid Plaintiffs \$1.7 million in based payments plus interest.

On April 23, 2019, the District Court Judge approved the parties' motion for a process to identify and distribute residual funds for known class members on the master list for Blue Cross Blue Shield of Montana claims. On May 2, 2019, the State issued payment of \$122.0 thousand to the Hunt Law Firm for the residual funds and interest thereon.

On May 1, 2019, the parties filed the Notice to Special Master of Agreement on Notice Procedure. Pursuant to that notice, the State distributed notices to all former and current State employees enrolled in the State health plan between January 1, 2010, through June 30, 2016. Notice was distributed through email and first-class mail. The initial distribution of notices was May 23, 2019. The deadline for a claimant to return a claim to the State was November 30, 2019.

As of June 30, 2019, the State paid Plaintiffs \$2.0 million, including the payment for residual funds and interest.

As of June 30, 2020, the State paid Plaintiffs \$2.9 million for claim payments, interest, and attorney fees for Plaintiffs' counsel.

As of February 28, 2021, the state paid Plaintiffs a cumulative \$3.0 million for claim payments, interest, and Plaintiffs' attorney fees.

On March 23, 2021, Plaintiffs filed a motion to enforce an October 29, 2018 Order to address first party medical payments coverage in casualty insurance policies (the "Med-pay Claims"). Plaintiffs contend that the Med-pay Claims should be paid. On July 23, 2021, Special Master held a hearing on Plaintiffs' motion.

As of June 30, 2024, the amount paid by State for claim payments, interest, and attorney fees for Plaintiffs' counsel has not changed from February 28, 2021. Since the case is ongoing, the State does not have sufficient information to determine the ultimate cost to the State.

S.W. v. State of Montana, No. DDV 13-813 (Mont. Eighth Jud. Dist. Cascade County) is a case filed in 2013 by the guardian of a minor against the State of Montana Department of Public Health and Human Services (DPHHS). The Plaintiff contends that the Department was negligent per se as a matter of law involving a child abuse incident caused by the birth father's girlfriend that permanently harmed SW. The perpetrator was subsequently convicted and imprisoned for thirty years. On February 18, 2020, the then presiding district court judge issued an order granting partial summary judgment to Plaintiff, determining that DPHHS had a duty to SW, that a violation of the statutory and administrative regulations constitutes negligence per se, that DPHHS is not entitled to immunity, and that the statutory damages cap in Mont. Code Ann. § 2-9-108(1) does not apply. A jury trial, limited to the issue of damages, was held on November 16-17, 2021. The jury awarded damages of \$16.7 million which included damages for loss of future earning capacity, past personal care assistance, future care costs, mental and emotional suffering, and impairment of capacity to pursue an established course of life. DPHHS timely appealed to the Montana Supreme Court which reversed the judgment in March, 2024, and remanded the case for a new trial on liability, causation and damages. On remand, DPHHS in turn moved to substitute the original



judge, who as called in a replacement. The case is now set for a re-trial beginning on July 7, 2025. As they have from the outset, outside counsel for DPHHS believe that DPHHS has meritorious defenses to Plaintiff's claims.

Vincent, Benner, and Hoch v. DPHHS, No. CDV-19-0314 (Mont. Eighth Jud. Dist. Cascade County) was filed on May 17, 2019, by Montana Optometric Association members seeking class certification of all licensed Montana optometrists who are participating providers in Montana Medicaid. The named Plaintiffs claim the department's Medicaid rate structure discriminates against them because they are paid less than physicians (doctors of medicine or doctors of osteopathy) for performing the same services. They cite Section 37-10-104, MCA, as the basis of the discrimination claim. They seek declaratory relief and permanent injunctive relief in their claims of discrimination, violations of MAPA, and breach of contract and implied covenant of good faith. They request damages, interests, costs, and attorney fees, which would amount to more than \$1.0 million. Plaintiffs' motion for class certification has been granted. DPHHS understands that Plaintiffs' counsel has served required notices to class members, the contents of which DPHHS's counsel approved in February, 2024. DPHHS received a Class Notice Report from Plaintiffs' counsel in June 2024, and not has received any further communication from Plaintiffs' counsel since then. It is likely the case will be resolved by means of a judicial interpretation of provisions of Montana laws dealing with health care practitioners and with Medicaid reimbursement. Neither Plaintiffs' counsel nor DPHHS has yet filed a motion asking for the court to do so.

Blixseth v. Montana Department of Revenue (MDOR), (BK Case No. 11-15010) Mr. Blixseth filed a Complaint in US Bankruptcy Court, District of Nevada, on December 23, 2021, against MDOR seeking costs, attorneys fees, and proximate and punitive damages. On January 25, 2022, the Department filed a Motion to Dismiss the adversary proceeding asserting Eleventh Amendment sovereign immunity. On July 27, 2022, the Bankruptcy Court granted the Department's Motion to Dismiss as to the punitive damages. However, the Bankruptcy Court denied the Department's Motion as to costs, attorneys fees, and proximate damages. The Department filed a Notice of Appeal to the 9<sup>th</sup> Circuit Bankruptcy Appellate Panel on August 10, 2022. Mr. Blixseth filed a Motion for Summary Disposition and an opposing motion to the Department's Notice of Appeal before the 9<sup>th</sup> Circuit on December 16, 2022. On that same day, Mr. Blixseth filed a Motion for Sanctions. The Department's opening brief was due to be filed on December 23, 2022. The Department filed an extension motion on the opening brief, but the 9<sup>th</sup> Circuit denied the motion, stating that the briefing schedule is stayed until resolution of Mr. Blixseth's Motion for Summary Disposition. On December 22, 2022, the Department filed a response to Mr. Blixseth's Motion for Summary Disposition and he replied on December 28, 2022. The matter remains pending before the 9<sup>th</sup> Circuit. At this time, the litigation is still dealing with the threshold jurisdictional question and no discovery has been conducted. Without answers to the jurisdictional question and the without discovery, the "degree of probability of an unfavorable outcome and any associated loss" cannot be reasonably estimated. On March 31, 2023, the Department filed its opening Appellate Brief and on May 31, 2023, Mr. Blixseth filed his answering brief. The Ninth Circuit heard oral argument on the appeal on January 10, 2024, in Pasadena, CA. Mr. Blixseth petitioned the Ninth Circuit for a rehearing en banc (before the whole court), which the Circuit Court denied on September 30, 2024. The state is awaiting Mr. Blixseth's petition to the U.S. Supreme Court (SCOTUS) for a writ of certiorari to hear his appeal of the Ninth Circuit's August 14, 2024. The deadline for Mr. Blixseth's SCOTUS filing is February 27, 2025.

Thomas Strobhar v. State, et al. In 2019, the Legislature passed HB 694, which set licensing fees for securities salespersons and investment advisor representatives at \$50 for residents and \$100 for nonresidents. On January 12, 2024, Thomas Strobhar, on behalf of himself and all others similarly situated, filed a class action against the State of Montana, Montana Department of Revenue, Brendan Beatty, in his official capacity as Director of the Department of Revenue; and Troy Downing, in his official capacity as State Auditor of Montana (Cause No. DDV-2024-27), in First Judicial District Court, Lewis and Clark County. Since then, DOR was dismissed from the case and Misty Ann Giles, in her official capacity as Director of the Department of Administration ("DOA"), was added as a defendant. Both the State and DOA are represented by their own counsel. The lawsuit alleges that charging out of state licensees more than in state licensees is unconstitutional under both the U.S. and Montana Constitutions, and seeks declaratory and injunctive relief, as well as money damages.

On December 6, 2024, the District Court heard oral argument regarding Plaintiffs' petition for class certification at which defendants argued that the class should be limited based on statutes of limitation. The District Court requested additional briefing on the statute of limitations issue, which is not yet

complete, but indicated during the hearing that he was leaning toward certifying the class. While at this time it is not possible to reasonably estimate the amount of loss if the State's defense were unsuccessful, based on Plaintiff's request for damages any such loss could exceed \$1 million.

Held v. State, No. CDV-2020-307 (Mont. 1st Jud. Dist. Ct. Aug. 14, 2023): The district court ruled that MEPA provisions 75-1-201(2)(a), MCA and 75-1-201(6)(a)(ii), MCA were facially unconstitutional. The State (through the AG's office) and the Executive Branch agencies filed separate Notices of Appeal with the Montana Supreme Court.

The Montana Supreme Court affirmed the District Court's decision on December 18, 2024. Held v. State, 2024 MT 312. The MT Supreme Court has not yet remanded the case back to the District Court. Thereafter, the parties will brief the issue of attorneys' fees, including (1) whether attorneys' fees are available, and (2) if so, the amount of an award.

Public Employee Retirement Board (PERB) – Refer to Note 6, section K, for contingency disclosure information.

Montana State Fund – Refer to Note 18, Section N, for contingency disclosure information.

### **Federal Contingencies**

Federal Grants – The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs (which are not included in the basic financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or financial and compliance audits by the granter agencies of the Federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities of the State. The State's management believes ultimate disallowances and sanctions, if any, will not have a material effect on the basic financial statements.

Food Distribution Program – The amount reported for Food Distribution programs (Assistance Listing Number (ALN) #10.555, #10.565, #10.567, #10.569, and #93.053) represents the dollar value of food commodities distributed to eligible recipients during the year. The U.S. Department of Agriculture provides the current value of the commodities used by the State to compute the amount reported. The amount of funds received to administer the program is also included in the reported amount. The State also distributes food commodities to other states in the western region of the United States, the value of which is excluded from the reported amounts. During fiscal year 2024, the State distributed \$689.3 thousand of food commodities under ALN #10.567 to other states.

The State distributed \$14.2 million in commodities in fiscal year 2024. The value at June 30, 2024, of commodities stored at the State's warehouse, is \$2.5 million, for which the State is liable in the event of loss. The State has insurance to cover this liability.

### **Miscellaneous Contingencies**

Loss Contingencies – Certain corporations have requested refunds that are not reported on the State's financial statements as of June 30, 2024. The corporations have appealed the Department of Revenue's decision to deny or adjust the refund. As of June 30, 2024, these include \$1.8 million of General Fund corporation tax refunds. \$1.5 million of the \$1.8 million is related to one corporation tax refund.

Certain companies have protested property taxes that have been included as revenue on the State's financial statements as of June 30, 2024. As of June 30, 2024, these include \$39.1 thousand of protested property taxes recorded in the General Fund and \$43.8 thousand recorded in State Special Revenue Funds.

**NOTE 17. SUBSEQUENT EVENTS****Investment Related Issues**

Since June 30, 2024, the Board of Investments (BOI) has:

1. Made additional commitments to fund loans from the INTERCAP loan program of \$17.6 million. In addition, BOI requested an advance of bonds of \$3.8 million in July 2024 and paid down \$5.0 million of principal in August 2024 and an additional \$6.0 million in November 2024.
2. Committed an additional \$212.0 million within Real Estate, \$145.0 million within Real Assets, and \$440.0 million within Private Investments, of which \$640.0 million is related to CAPP, \$115.0 million to TFIP, and \$42.0 million to SMA.
3. Funded an additional \$18.1 million to Montana lenders from the Coal Severance Tax Permanent Fund's In-State Loan Program. Reservations in the amount of \$3.9 million were made for the VHLM residential mortgage purchases.

**Other Subsequent Events**

Department of Natural Resources and Conservation (DNRC) had a new \$20.0 Million BAN issued in August 2024 from BOI. DNRC drew the full amount in August and the debt was retired (paid off with debt free '23 funds) on August 27, 2024.

**NOTE 18. COMPONENT UNITS****A. Condensed Financial Statements**

Below are the condensed financial statements of the component units for the State of Montana as of June 30, 2024 (in thousands):

	Condensed Statement of Net Position						
	Component Units						
	Montana Board of Housing	Facility Finance Authority	Montana Reinsurance Association <sup>(1)</sup>	Montana State Fund <sup>(1)</sup>	Montana State University	University of Montana	Total Component Units
<b>Assets:</b>							
Cash, investments and other assets	\$ 792,486	\$ 10,419	\$ 2	\$ 1,627,207	\$ 1,028,272	\$ 813,220	\$ 4,271,606
Due from primary government	—	—	—	—	1,536	1,436	2,972
Due from component units	—	—	—	—	—	727	727
Capital assets (net) (Note 18C)	2,205	212	—	39,467	691,048	508,697	1,241,629
Total assets	794,691	10,631	2	1,666,674	1,720,856	1,324,080	5,516,934
<b>Deferred Outflows of Resources</b>	559	103	—	4,060	79,271	54,243	138,236
<b>Liabilities:</b>							
Accounts payable and other liabilities	9,471	212	10	101,333	97,925	87,904	296,855
Due to primary government <sup>(2) (3)</sup>	—	—	—	—	1,562	—	1,562
Due to component units	—	—	—	—	727	—	727
Advances from primary government <sup>(2) (3)</sup>	—	—	—	—	6,317	325	6,642
Long-term liabilities (Note 18I)	615,943	676	37,897	1,000,812	428,572	375,166	2,459,066
Total liabilities	625,414	888	37,907	1,102,145	535,103	463,395	2,764,852
<b>Deferred Inflows of Resources</b>	396	64	—	4,511	49,983	46,470	101,424
<b>Net Position:</b>							
Net investment in capital assets	(114)	(8)	—	39,467	451,003	288,675	779,023
Restricted	169,554	—	—	—	541,163	513,445	1,224,162
Unrestricted	—	9,790	(37,905)	524,611	222,875	66,338	785,709
Total net position	\$ 169,440	\$ 9,782	\$ (37,905)	\$ 564,078	\$ 1,215,041	\$ 868,458	\$ 2,788,894

<sup>(1)</sup> Montana Reinsurance Association and Montana State Fund report their financial statements on a calendar-year basis. The information provided is for the year ended December 31, 2023.

<sup>(2)</sup> Loans from the Board of Investment's INTERCAP program make up \$6.4 million of the balance for Montana State University.

<sup>(3)</sup> Loans from the Department of Environmental Quality's energy conservation loan programs make up \$1.4 million and \$325.4 thousand of these balances for Montana State University and University of Montana, respectively.

## Condensed Statement of Activities

## Component Units

	Montana Board of Housing	Facility Finance Authority	Montana Reinsurance Association <sup>(1)</sup>	Montana State Fund <sup>(1)</sup>	Montana State University	University of Montana	Total Component Units
<b>Expenses</b>	\$ 27,028	\$ 859	\$ 39,696	\$ 214,893	\$ 798,185	\$ 556,803	\$ 1,637,464
<b>Program Revenues:</b>							
Charges for services	25,688	771	—	176,150	351,529	215,801	769,939
Operating grants and contributions	7,035	344	33,875	668	381,505	223,464	646,891
Capital grants and contributions	—	—	—	—	13,839	8,857	22,696
Total program revenues	32,723	1,115	33,875	176,818	746,873	448,122	1,439,526
Net (expense) program revenues	5,695	256	(5,821)	(38,075)	(51,312)	(108,681)	(197,938)
<b>General Revenues:</b>							
Unrestricted investment earnings (losses)	—	—	—	87,555	23,632	14,600	125,787
Payment from primary government <sup>(2)(3)</sup>	—	—	12,416	—	171,497	120,060	303,973
Gain on sale of capital assets	—	—	—	—	271	2,889	3,160
Miscellaneous	—	—	—	671	—	—	671
Contributions to term and permanent endowments	—	—	—	—	10	57,839	57,849
Total general revenues and contributions	—	—	12,416	88,226	195,410	195,388	491,440
Change in net position	5,695	256	6,595	50,151	144,098	86,707	293,502
Total net position – July 1 – as previously reported	163,745	9,526	(44,500)	513,927	1,075,519	782,038	2,500,255
Adjustments to beginning net position (Note 2)	—	—	—	—	(4,576)	(287)	(4,863)
Total net position – July 1 – as adjusted	163,745	9,526	(44,500)	513,927	1,070,943	781,751	2,495,392
Total net position – June 30	\$ 169,440	\$ 9,782	\$ (37,905)	\$ 564,078	\$ 1,215,041	\$ 868,458	\$ 2,788,894

(1) Montana Reinsurance Association and Montana State Fund report their financial statements on a calendar-year basis. The information provided is for the year ended December 31, 2023.

(2) Payments to both Montana State University and the University of Montana are appropriated by the State legislature to assist with higher education related costs.

(3) Payments to Montana Reinsurance Association is the association member assessments collected by Montana Commissioner of Securities and Insurance.

## B. Cash/Cash Equivalents and Investments

Due to the integration of funds and combined financial information, component unit cash and cash equivalents, equity in pooled investments, and investments are included with the primary government in Note 3. For more detail on investments held outside of the Montana Board of Investments, refer to the entity's respective separately issued financial statements.

### C. Capital Assets

The following table summarizes net capital assets reported by the discretely presented component units (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

	Montana State University	University of Montana	Other	Total
Capital assets not being depreciated:				
Land	\$ 8,300	\$ 8,344	\$ 1,139	\$ 17,783
Construction work in progress	97,167	78,701	324	176,192
Capitalized collections	10,117	28,742	—	38,859
Livestock for educational purposes	4,516	—	—	4,516
Total capital assets not being depreciated	120,100	115,787	1,463	237,350
Capital assets being depreciated:				
Infrastructure	45,122	9,904	—	55,026
Land improvements	36,756	19,191	—	55,947
Buildings/Improvements	897,527	726,570	27,943	1,652,040
Equipment	209,035	146,652	6,933	362,620
Livestock	—	245	—	245
Library books	68,747	61,105	—	129,852
Leasehold improvements	8,668	—	—	8,668
Right to use lease buildings	48,050	—	8,893	56,943
Right to use lease equipment	633	1,780	—	2,413
Right to use subscriptions	10,363	27,632	1,067	39,062
Total capital assets being depreciated	1,324,901	993,079	44,836	2,362,816
Total accumulated depreciation	(772,925)	(616,164)	(41,054)	(1,430,143)
Total capital assets being depreciated, net	551,976	376,915	3,782	932,673
Intangible assets	31	2,008	36,639	38,678
MSU Component Unit capital assets not being depreciated	5,807	—	—	5,807
MSU Component Unit capital assets being depreciated, net	13,134	—	—	13,134
UM Component Unit capital assets not being depreciated	—	8,967	—	8,967
UM Component Unit capital assets being depreciated, net	—	5,020	—	5,020
Discretely Presented Component Units capital assets, net	\$ 691,048	\$ 508,697	\$ 41,884	\$ 1,241,629

Total right to use lease capital assets (in thousands):

	Right to Use Lease Capital Assets	Right to Use Lease Accumulated Amortization	Right to Use Subscription	Right to Use Subscription Amortization	Right to Use Assets, Net
Montana State University	\$ 48,683	\$ (12,299)	\$ 10,363	\$ (4,568)	\$ 42,179
University of Montana	1,780	(875)	27,632	(11,058)	17,479
Other	8,893	(1,560)	1,067	(171)	8,229
Total	\$ 59,356	\$ (14,734)	\$ 39,062	\$ (15,797)	\$ 67,887

## **D. Other Postemployment Benefits (OPEB)**

Non-university component units are included in the State of Montana benefit plan, whereas the Office of the Commissioner of Higher Education (included in the primary government otherwise) is included in the Montana University System benefit plan. For these reasons, component unit OPEB information is included in Note 7.

## **E. Risk Management**

**(1) Montana State Fund or New Fund (MSF)** – MSF estimates unpaid claims and claim adjustment expenses based on the ultimate cost of settling the claims, including the effects of inflation and other societal/economic factors. There are no significant reductions in insurance coverage from the prior year, nor any insurance settlements exceeding insurance coverage for the last three years for MSF. This fund uses the accrual basis of accounting. Montana State Fund investments are recorded at fair value, and the premiums and discounts are amortized using the scientific interest method over the life of the securities.

This fund provides liability coverage to employers for injured employees who are insured under the Workers' Compensation and Occupational Disease Acts of Montana and workers' compensation claims occurring on or after July 1, 1990. MSF is a self-supporting, competitive State fund, and functions as the guaranteed market. At December 31, 2023, approximately 22,500 employers were insured with MSF. Anticipated investment income is considered for computing a premium deficiency, and employers must pay premiums to MSF within specified time frames.

An actuarial study prepared by WTW, as of December 31, 2023, estimated the cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. Due to the fact that actual claim costs depend on complex factors such as inflation and changes in the law, claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, and other economic and societal factors.

A provision for inflation is implicit in the calculation of estimated future claim costs because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. As of December 31, 2023, \$902.4 million of unpaid claims and claim adjustment expenses were presented at face value.

Section 39-71-2311, MCA, requires MSF to set premiums, at least annually, at a level sufficient to ensure adequate funding of the insurance program during the period the rates will be in effect. It also requires MSF to establish a minimum surplus above risk-based capital requirements to support MSF against risks inherent in the business of insurance.

For the year ended December 31, 2023, MSF ceded premiums to other reinsurance companies to limit the exposure arising from large losses. This arrangement, an excess of loss contract, provides coverage for occurrences up to \$100.0 million; however, MSF retains the first \$20.0 million of coverage. The excess of loss protection applies to an individual occurrence with a maximum of \$10.0 million on any one life.

In the event reinsurers are unable to meet their obligations, MSF would remain liable for all losses, as the reinsurance agreements do not discharge MSF from its primary liability to the policyholders.

Premium revenue was reduced by premiums paid for reinsurance coverage of \$1.6 million during the year ended December 31, 2023.

Estimated claim reserves were reduced by \$831.0 thousand as of December 31, 2023, for the amount of reinsurance estimated to be ultimately recoverable on incurred losses.

**(2) Montana Reinsurance Association (MRA)** – MRA estimates its liability for claims that were incurred before year-end, but for which payment will not be made until after year-end. The estimate is based on information concerning incurred but not reported claims provided by MRA members that are currently participating in the Montana individual marketplace. The MRA's Board monitors the estimates with assistance from actuarial consultants, and the necessary adjustments are reflected in current operations. As of December 31, 2023, \$37.9 million of the provision for unreported and unpaid claims were presented at face value. Differences between actual and estimated claims are charged to operations in the year that the differences, if any, become known.

The provision for incurred losses and loss adjustments decreased during the year ended December 31, 2023. The change is primarily due to unanticipated developments during the year on losses incurred from previous years, and the corresponding change in the actuarial estimates of ultimate liabilities for incurred claims from those years.

**(3) Changes in Claims Liabilities for the Past Two Years** – As indicated above, the funds establish liabilities for both reported and unreported insured events, including estimates of future payments of losses and related claim adjustment expenses. The following table presents changes (in thousands) in the aggregate liabilities for Montana State Fund net of estimated reinsurance recoverable, and the liabilities for Montana Reinsurance Association. The information presented is at face value and has not been discounted.

Year Ended December 31,	<u>Montana State Fund</u>		<u>Montana Reinsurance Association</u>	
	2023	2022	2023	2022
Unpaid claims and claim adjustments expenses at beginning of year	\$ 924,392	\$ 935,977	\$ 44,266	\$ 39,116
Incurring claims and claim adjustment expenses:				
Provision for insured event of the current year	138,319	129,509	37,897	44,265
Increase (decrease) in provision for insured events of prior years	(25,386)	(26,980)	1,503	254
Total incurred claims and claim adjustment expenses	112,933	102,529	39,400	44,519
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(29,953)	(25,836)	—	—
Claims and claim adjustment expenses attributable to insured events of prior years	(104,950)	(88,278)	(45,768)	(39,369)
Total payments	(134,903)	(114,114)	(45,768)	(39,369)
Total unpaid claims and claim adjustment expenses at end of year	\$ 902,422	\$ 924,392	\$ 37,898	\$ 44,266



## F. Lease Payables and SBITA Payables

Discretely presented component units reported lease payables primarily related to the use of buildings and equipment. The discretely presented component units' SBITA payables are associated with the subscriptions of underlying IT assets provided by the SBITA vendors. Information regarding the right to use assets associated with leases and SBITAs can be found in Section C of Note 18.

Principal and interest requirements to maturity for leases at June 30, 2024, were as follows (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

Fiscal Year Ended June 30:	Montana State University		University of Montana		Other		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 4,598	\$ 607	\$ 159	\$ 8	\$ 405	\$ 123	\$ 5,162	\$ 738
2026	4,106	525	152	3	421	116	4,679	644
2027	4,201	449	27	—	435	109	4,663	558
2028	3,995	375	—	—	443	102	4,438	477
2029	3,461	310	—	—	451	95	3,912	405
2030 - 2034	7,463	1,034	—	—	2,373	359	9,836	1,393
2035 - 2039	3,798	615	—	—	2,564	158	6,362	773
2040 - 2044	3,652	349	—	—	431	6	4,083	355
2045 - 2049	2,596	67	—	—	—	—	2,596	67
Total	\$ 37,870	\$ 4,331	\$ 338	\$ 11	\$ 7,523	\$ 1,068	\$ 45,731	\$ 5,410

Principal and interest requirements to maturity for SBITAs at June 30, 2024, were as follows (in thousands):

Fiscal Year Ended June 30:	Montana State University		University of Montana		Other		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,587	\$ 168	\$ 4,168	\$ 214	\$ 180	\$ 13	\$ 5,935	\$ 395
2026	1,249	117	3,332	97	122	11	4,703	225
2027	1,020	69	1,566	34	88	9	2,674	112
2028	748	29	736	8	90	7	1,574	44
2029	385	2	72	5	93	6	550	13
2030 - 2034	—	—	45	2	311	12	356	14
Total	\$ 4,989	\$ 385	\$ 9,919	\$ 360	\$ 884	\$ 58	\$ 15,792	\$ 803

## G. Lease Receivables

The lease receivables reported by Montana State University (MSU) and the University of Montana (UM) were associated with the leasing of building space. For the fiscal year ended June 30, 2024, MSU reported total lease revenue of \$294.6 thousand and related interest revenue of \$32.5 thousand while UM reported total lease revenue of \$304.6 thousand and related interest revenue of \$123.1 thousand.

## H. Debt Service Requirements

Debt service requirements of discretely presented component units at June 30, 2024, were as follows (in thousands):

Fiscal Year Ended June 30:	Montana Board of Housing		Montana State University		Montana State University Direct Placement		University of Montana	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 18,895	\$ 22,614	\$ 8,585	\$ 5,973	\$ 680	\$ 455	\$ 3,380	\$ 8,246
2026	21,940	22,197	8,920	5,702	670	459	3,515	8,112
2027	20,810	21,600	8,195	5,449	695	436	3,670	7,958
2028	21,750	21,000	8,505	5,185	715	413	3,845	7,782
2029	21,615	20,360	6,960	4,916	740	388	4,030	7,597
2030 - 2034	108,650	90,734	38,530	20,721	4,105	1,540	23,145	34,983
2035 - 2039	102,701	71,395	35,705	13,752	4,875	779	27,565	30,585
2040 - 2044	97,650	52,329	37,935	7,242	2,245	87	32,255	25,869
2045 - 2049	101,590	31,780	18,115	1,249	—	—	37,900	20,229
2050 - 2054	80,560	9,989	—	—	—	—	68,340	8,119
2055 - 2059	1,320	39	—	—	—	—	—	—
Total	\$ 597,481	\$ 364,037	\$ 171,450	\$ 70,189	\$ 14,725	\$ 4,557	\$ 207,645	\$ 159,480

# I. Summary of Changes in Long-term Liabilities Payable

Long-term liability activity of discretely presented component units for the year ended June 30, 2024, was as follows (in thousands):

	Beginning Balance <sup>(2)</sup>	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due In More Than One Year
<b><u>Discretely presented component units</u></b>						
Bonds/notes payable						
Montana Board of Housing	\$ 458,909	\$ 196,037	\$ 45,688	\$ 609,258	\$ 18,895	\$ 590,363
Montana State University (MSU)	194,499	—	10,119	184,380	8,585	175,795
MSU Direct Placement	8,800	6,275	350	14,725	680	14,045
University of Montana (UM)	224,635	—	4,271	220,364	3,380	216,984
Total bonds/notes payable <sup>(1)</sup>	886,843	202,312	60,428	1,028,727	31,540	997,187
Other liabilities						
Right to use lease payable	49,328	1,962	5,559	45,731	5,162	40,569
Right to use SBITA payable	18,231	8,703	11,142	15,792	5,935	9,857
Compensated absences payable	73,124	20,803	14,302	79,625	31,900	47,725
Arbitrage rebate tax payable	989	774	78	1,685	1,237	448
Estimated insurance claims	968,658	152,333	180,671	940,320	175,815	764,505
Due to federal government	15,769	77	3,507	12,339	—	12,339
Reinsurance funds withheld	58,283	2,496	—	60,779	—	60,779
Unearned compensation	638	100	41	697	—	697
Net pension liability	212,683	48,274	32,836	228,121	—	228,121
Total OPEB liability	38,651	4,599	3,867	39,383	—	39,383
Total other liabilities	1,436,354	240,121	252,003	1,424,472	220,049	1,204,423
	<u>\$ 2,323,197</u>	<u>\$ 442,433</u>	<u>\$ 312,431</u>	<u>\$ 2,453,199</u>	251,589	2,201,610
Long-term liabilities of Montana University System component units <sup>(3)</sup>					167	5,700
Total discretely presented component units' long-term liabilities					<u>\$ 251,756</u>	<u>\$ 2,207,310</u>

<sup>(1)</sup> When applicable, this amount includes unamortized discounts and unamortized premiums.

<sup>(2)</sup> Beginning balances are taken from component unit financial statements, which may have been adjusted from the prior year's ending balances.

<sup>(3)</sup> Inter-entity transaction eliminations between Montana University System component units for debt shown in the component unit information can cause negative balances in component unit information.

**J.   Refunded and Early Retired Debt**

Defeased Debt Outstanding

The University of Montana has defeased certain bond issues by placing the proceeds of new bonds in an irrevocable trust. The proceeds, together with interest earned thereon, will be sufficient for future debt service payments on the refunded issues. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's consolidated financial statements. As of June 30, 2024, \$49.2 million of bonds outstanding were considered defeased.

**K.   Conduit Debt**

Information is presented below for financing authorities participating in debt issues. The State has no commitment or obligation for this debt. Accordingly, these bonds and notes are not reflected in the accompanying financial statements.

Facility Finance Authority (FFA)

FFA is authorized to issue bonds and notes to finance projects for qualifying health care and other community-based service providers. The revenue bonds 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. The notes are payable solely from loan repayments pursuant to loan agreements. The revenue bonds and notes payable issued by FFA do not constitute a debt, liability, obligation, or pledge of faith and credit of the State of Montana. At June 30, 2024, revenue bonds and notes outstanding aggregated \$1.3 billion.

Montana Board of Housing (MBOH)

MBOH is authorized to issue bonds and make mortgage loans in order to finance affordable housing for Montana residents. The bonds are special limited obligations, payable solely from pledged revenues and assets of the borrower, not general obligations of MBOH. These bonds issued by MBOH do not constitute a debt, liability, obligation, or pledge of faith and credit of the State of Montana. At June 30, 2024, bonds outstanding aggregated \$329.0 million.

**L.   Non-Exchange Financial Guarantee**

BOI provides loan guarantees from STIP, TFIP, and the Coal Severance Tax Fund to the Facility Finance Authority (FFA). BOI exposure to bond issues, surety bonds, and designated loans of the FFA totaled \$104.0 million as of June 30, 2024. FFA is a discretely presented component unit of the State of Montana. FFA guarantee requests are submitted to BOI for review and approval. BOI's participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into FFA's statutorily allowed capital reserve account is explicitly limited by statute, which requires BOI to act prudently. The guarantee requests from FFA pertain to bonds issued by FFA with a term of up to 40 years. BOI and FFA have entered into an agreement detailing repayment to BOI.

The following schedule summarizes the activity related to the non-exchange financial guarantee during the year ended June 30, 2024 (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
\$ 109,133	\$ —	\$ 5,170	\$ 103,963

## **M. Related Party Transactions**

Montana Board of Housing (MBOH) uses an attorney for general legal services throughout the year who is employed with a firm that is partially owned by a Board member. The total paid for legal services was \$124.6 thousand for the year ended June 30, 2024. Additionally, MBOH has accrued for services in accounts payable the amount of \$12.9 thousand at June 30, 2024. The State of Montana approves the attorney contract for MBOH and the transactions are in the ordinary course of operations and handled the in the same manner as all other transactions.

Private nonprofit organizations with relations to the University of Montana (UM) include the University of Montana Alumni Association, the Montana Technology Enterprise Center (MonTEC), the Montana Tech Digger Athletic Association, and the Montana Tech Alumni Association. The associations and athletic association operate exclusively to encourage, promote, and support educational programs, research, scholarly pursuits, and athletics at, or in connection with, UM. For the year ended June 30, 2024, \$308.2 thousand was transferred from or expended by the Montana Tech Digger Athletic Association for scholarships, academic, and institutional support. In exchange, UM provides the associations and athletic association with office space, staff, and some related office expenses.

MonTEC was established as a nonprofit 501(c)3 corporation in fiscal year 2001 as a result of an agreement between UM and the Missoula Area Economic Development Foundation (MAEDF). MonTEC provides low-cost lease space and business consulting to local “start-up” companies. The corporation's board of directors is comprised of no less than five members and no more than nine members. The UM's Vice President for Research is the President of MonTEC and a voting member of the board of MonTEC. UM does not provide office space or other services to MonTEC.

Private nonprofit organizations affiliated with Montana State University (MSU) include the MSU-Bozeman Bookstore, Friends of KUSM, and Friends of KEMC. MSU-Bozeman leased certain office space from the MSU Foundation's wholly-owned subsidiary, Advanced Technology Inc. (ATI). Rental and other payments to ATI totaled \$658.3 thousand for the year ended June 30, 2024. Friends of Montana Public Television provided \$2.3 million and Friends of KEMC Public Radio provided \$1.2 million in support of the MSU's television and radio stations for the year ended June 30, 2024.

## **N. Litigation Contingencies**

Component units for the State of Montana are closely monitoring if they are involved in litigation arising in the normal course of business. There are no known matters at this time that will have a material adverse financial impact.

## **O. Subsequent Events**

On August 12, 2024, Montana Board of Housing (MBOH) approved Bond Resolution 24-0812-SF02\_2024B for the Single Family Mortgage Bonds, 2024 Series B (tax exempt), in the aggregate principal amount not to exceed \$75.0 million. The Board issued the 2024 Series B (tax exempt) bonds in the aggregate principal amount of \$56.4 million on November 7, 2024. The 2024 Series B bonds were issued and secured by the Trust Indenture dated March 10, 1977, as amended and restated as of May 1, 1997, between the Board and Wilmington Trust, National Association, as amended and supplemented, and a 2024 Series B Supplemental Trust Indenture, dated as of November 1, 2024. The 2024 Series B Bonds were issued in order to refund a portion of the MBOH's single family program bonds, to acquire additional mortgage loans and to purchase Mortgage-Backed Securities.

On August 29, 2024, the MBOH approved the Twin Creek 4 Housing Associated LLP (Twin Creek 4 Apartments Project) Multifamily Housing revenue Bonds which closed for an amount not to exceed \$8.5 million.

On August 30, 2024, the MBOH approved the Big Fork Senior Housing LLC Multifamily Housing Revenue Obligation which closed for an amount not to exceed \$3.6 million.

On October 22, 2024, the MBOH approved a resolution for Multifamily Housing Revenue Bonds for the Aurora Apartments in an aggregate principal amount not to exceed \$30.0 million.

On December 9, 2024, the MBOH approved a resolution for Multifamily Housing Revenue Bonds for the Franklin School Apartments in an aggregate principal amount not to exceed \$7.5 million.

On December 17, 2024, the MBOH approved the Aurora Apartments Multifamily Housing Revenue Bonds which closed for an amount not to exceed \$27.1 million.

On December 19, 2024, the MBOH approved the Manor Multifamily Housing Revenue Obligation which closed for an amount not to exceed \$6.5 million.

On January 13, 2025, the MBOH approved a resolution for the 2025 Series A Single Family Mortgage Revenue Bond in an amount not to exceed \$75.0 million.

On July 20, 2024, the Montana Facility Finance Authority (FFA) authorized an amount of \$1.6 million 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 FFA authorized an amount of \$247.5 thousand for Xerxes Investments, LLC under the C-PACE program with the purpose to provide funding for solar panels on a hotel.

On October 2, 2024, the FFA paid and closed a Montana Capital Assistance Program Grant for \$25.0 thousand to Alternative, Inc in Billings for the purpose of Capital Planning Report for their building facilities.

On October 15, 2024, the FFA authorized an amount of \$231.1 thousand for Hormzid Investments, LLC under the C-PACE program with the purpose to provide funding for solar panels on a hotel.

On November 15, 2024, the FFA issued a direct loan in the amount of \$334.9 thousand to the Bitterroot Health for the purpose of purchase of imaging equipment for it new clinics.

On December 2, 2024, the FFA issued a direct loan in the amount of \$275.8 thousand to the Fallon Medical Complex for the purpose of a purchase of a mammography machine.

On December 3, 2024, the FFA authorized an amount of \$235.0 thousand for Darius Investments, LLC under the C-PACE program with the purpose to provide funding for solar panels on a hotel.

On July 25, 2024, Montana State University (MSU) issued new debt totaling \$43.7 million which is comprised of Series K-2 2024 (\$8.5 million) and Series K-3 2024 (\$35.2 million). These issuances are direct placement loans and will be used as bridge funding for two separate donor-funded projects, the Kennedy Stark Athletic Center (Series K-2 2024) and the 5 College of Nursing Buildings (Series K-3 2024) across the state. The financing will cover the gap between timing of construction expenses and project donations. The bonds are secured by the current indenture.

On August 12, 2024, MSU President Waded Cruzado announced her plans to retire in June of 2025. This will mark a change in leadership following President Cruzado's 15-year tenure as the leader of MSU.

On November 21, 2024, the MSU Board of Regents granted MSU authority to expend up to \$50.5 million to execute energy performance contracts (EPC) for multi-year, multi-phased projects to address deferred maintenance, reduce utility costs and improve energy efficiency.

On January 28, 2025, a memo was issued by the White House's Office of Management and Budget (OMB) pausing federal disbursements and subsequently rescinded, noting necessary compliance with Presidential Executive Orders. MSU is working with federal agencies to evaluate any conflicts and determine financial impacts.

MSU-Billings Foundation was notified in late October 2024 of a \$1.0 million planned gift due to the unexpected death of a donor.

MSU-Northern Foundation as been named as a beneficiary in a will for a donor who passed away in July 2024. The Foundation is to receive approximately \$750.0 thousand to create an endowed scholarship in the donor's name.

On January 31, 2024, the Museum of the Rockies, Inc. utilized \$1.1 million from its line of credit to purchase real property adjacent to the Museum.

## **P. Commitments**

As of June 30, 2024, Montana State University (MSU) had issued purchase orders committing the expenditure of approximately \$40.9 million for equipment, supplies, and services which had not yet been received.

As of June 30, 2024, the University of Montana (UM) has spent \$81.7 million of \$199.0 million in budget authorizations for capital and maintenance projects.

As of June 30, 2024, Montana Board of Housing (MBOH) has committed \$3.1 million to purchase Single Family Mortgages, consisting of \$50.0 thousand for Foreclosure Prevention, \$863.0 thousand for Disabled Affordable Accessible Homeownership, \$726.4 thousand for Lot Refinance, and \$1.5 million for Habitat for Humanity.

**NOTE 19. COMPLIANCE WITH FINANCE-RELATED LEGAL PROVISIONS****Constitutionality of Retirement Plan Funding**

The Montana Constitution, Article VIII, Section 15, and Section 19-2-409, MCA state that public retirement systems shall be funded on an actuarially sound basis. To maintain a fund on an actuarially sound basis, the rate of contributions should fund the normal cost, in addition to amortizing the unfunded liability over a period not to exceed 30 years, except that with respect to Judges' Retirement System (JRS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), and Game Wardens' and Peace Officers' Retirement System (GWPORS), the unfunded liabilities must be paid using the layered amortization approach with a 25-year closed amortization period for the legacy unfunded liability as of June 30, 2023, and 10-year closed amortization period for contemporary unfunded liability which is the incremental change in the unfunded liability in the subsequent actuarial valuations.

A traditional funding actuarial valuation of each of the defined benefit plans is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress and to determine the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ended June 30, 2024. The statutory funding rate is tested in the valuation of each public retirement plan to determine if it is sufficient to cover the normal cost rate plus an amortization payment of the unfunded actuarial liability, if any, within 30 years or 25 years for JRS, HPORS, SRS, and GWPORS. As of June 30, 2024, all the public retirement systems were in compliance with the state law.



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**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL AND MAJOR SPECIAL REVENUE FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
 (amounts expressed in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Licenses/permits	\$ 154,365	\$ 154,365	\$ 154,991	\$ 626
Taxes:				
Natural resource	103,256	103,256	103,997	741
Individual income	2,054,243	2,054,243	2,227,702	173,459
Corporate income	275,821	275,821	310,515	34,694
Property	17,895	17,895	16,946	(949)
Fuel	—	—	—	—
Other	324,115	324,115	311,100	(13,015)
Charges for services/fines/forfeits/settlements	29,266	29,266	29,539	273
Investment earnings (losses)	—	—	182,322	182,322
Sale of documents/merchandise/property	503	503	312	(191)
Rentals/leases/royalties	39	39	38	(1)
Contributions/premiums	—	—	127	127
Grants/contracts/donations	9,815	9,815	25,411	15,596
Federal	24,783	24,783	15,878	(8,905)
Federal indirect cost recoveries	207	207	389	182
Other revenues	135	135	1,049	914
Total revenues	<u>2,994,443</u>	<u>2,994,443</u>	<u>3,380,316</u>	<u>385,873</u>
<b>EXPENDITURES</b>				
Current:				
General government	923,978	923,978	676,508	247,470
Public safety	435,998	435,998	408,684	27,314
Transportation	101,102	101,102	29,642	71,460
Health and human services	778,650	778,650	722,679	55,971
Education	808,180	808,180	783,463	24,717
Natural resources	150,047	150,047	101,018	49,029
Debt service (Note RSI-1):				
Principal retirement	—	—	11,958	(11,958)
Interest/fiscal charges	—	—	1,932	(1,932)
Capital outlay (Note RSI-1)	—	—	18,524	(18,524)
Total expenditures	<u>3,197,955</u>	<u>3,197,955</u>	<u>2,754,408</u>	<u>443,547</u>
Excess of revenue over (under) expenditures	<u>(203,512)</u>	<u>(203,512)</u>	<u>625,908</u>	<u>829,420</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance proceeds	—	—	20	20
General capital asset sale proceeds	107	107	111	4
Bond issued	—	—	—	—
Energy conservation loans	—	—	—	—
Transfers in (Note 12)	387,406	387,406	125,882	(261,524)
Transfers out (Note 12)	(559,871)	(559,871)	(363,459)	196,412
Total other financing sources (uses)	<u>(172,358)</u>	<u>(172,358)</u>	<u>(237,446)</u>	<u>(65,088)</u>
Net change in fund balances (Budgetary basis)	<u>(375,870)</u>	<u>(375,870)</u>	<u>388,462</u>	<u>764,332</u>
<b>RECONCILIATION OF BUDGETARY/GAAP REPORTING</b>				
1. Securities lending income	—	—	536	536
2. Securities lending costs	—	—	(339)	(339)
3. Inception of right-to-use and financed purchase payables	—	—	8,509	8,509
4. Adjustments for nonbudgeted activity	—	—	—	—
(GAAP basis)	<u>(375,870)</u>	<u>(375,870)</u>	<u>397,168</u>	<u>773,038</u>
Fund balance - July 1	—	—	1,923,693	1,923,693
Prior period adjustments	—	—	187,437	187,437
Fund balances - June 30	<u>\$ (375,870)</u>	<u>\$ (375,870)</u>	<u>\$ 2,508,298</u>	<u>\$ 2,884,168</u>

The notes to the required supplementary information are an integral part of this schedule.

Budgetary data is not broken down to the same account level as actual financial statement data, which accounts for some of the larger variances.

The original and final budget figures reflect adjustments to the original budget for various reasons, including legislative and executive changes.

STATE SPECIAL REVENUE FUND				FEDERAL SPECIAL REVENUE FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
\$ 345,209	\$ 345,209	\$ 342,091	\$ (3,118)	\$ 1	\$ 1	\$ —	(1)
113,689	113,689	99,710	(13,979)	—	—	—	—
—	—	—	—	—	—	—	—
15	15	6	(9)	—	—	—	—
453,588	453,588	460,464	6,876	—	—	—	—
297,979	297,979	288,056	(9,923)	—	—	—	—
297,340	297,340	247,518	(49,822)	1	1	—	(1)
117,106	117,106	136,408	19,302	6,806	6,806	7,346	540
—	—	33,277	33,277	—	—	39,696	39,696
17,963	17,963	14,604	(3,359)	1	1	—	(1)
1,400	1,400	1,284	(116)	49	49	20	(29)
36,147	36,147	36,177	30	—	—	—	—
24,281	24,281	13,228	(11,053)	180	180	163	(17)
6,162	6,162	3,441	(2,721)	4,077,350	4,077,350	4,153,073	75,723
60,606	60,606	85,389	24,783	88,017	88,017	91,737	3,720
5,250	5,250	4,729	(521)	1,171	1,171	2,383	1,212
1,776,735	1,776,735	1,766,382	(10,353)	4,173,576	4,173,576	4,294,418	120,842
1,146,551	1,146,551	222,870	923,681	1,320,300	1,320,300	249,451	1,070,849
131,982	131,982	100,398	31,584	49,418	49,418	18,071	31,347
410,544	410,544	335,497	75,047	842,524	842,524	142,590	699,934
286,645	286,645	242,459	44,186	3,293,436	3,293,436	2,509,553	783,883
560,603	560,603	540,153	20,450	490,193	490,193	371,537	118,656
377,492	377,492	197,536	179,956	809,212	809,212	238,307	570,905
—	—	14,222	(14,222)	—	—	6,256	(6,256)
—	—	1,399	(1,399)	—	—	761	(761)
—	—	99,808	(99,808)	—	—	593,387	(593,387)
2,913,817	2,913,817	1,754,342	1,159,475	6,805,083	6,805,083	4,129,913	2,675,170
(1,137,082)	(1,137,082)	12,040	1,149,122	(2,631,507)	(2,631,507)	164,505	2,796,012
508	508	587	79	—	—	1	1
2,914	2,914	3,261	347	—	—	—	—
3,046	3,046	—	(3,046)	—	—	—	—
—	—	283	283	—	—	—	—
420,447	420,447	400,985	(19,462)	27,785	27,785	5,209	(22,576)
(341,754)	(341,754)	(65,082)	276,672	(384,757)	(384,757)	(85,214)	299,543
85,161	85,161	340,034	254,873	(356,972)	(356,972)	(80,004)	276,968
(1,051,921)	(1,051,921)	352,074	1,403,995	(2,988,479)	(2,988,479)	84,501	3,072,980
—	—	593	593	—	—	—	—
—	—	(452)	(452)	—	—	—	—
—	—	1,480	1,480	—	—	5,055	5,055
—	—	4,320	4,320	—	—	—	—
(1,051,921)	(1,051,921)	358,015	1,409,936	(2,988,479)	(2,988,479)	89,556	3,078,035
—	—	2,135,728	2,135,728	—	—	56,969	56,969
—	—	—	—	—	—	—	—
\$ (1,051,921)	\$ (1,051,921)	\$ 2,493,743	\$ 3,545,664	\$ (2,988,479)	\$ (2,988,479)	\$ 146,525	\$ 3,135,004

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### NOTE RSI – 1. BUDGETARY REPORTING

#### A. State Budget Process

The Montana Legislature meets in the odd-numbered years to prepare annual budgets for the next biennium. The Constitution requires that legislative appropriations not exceed available revenues. The Legislature uses revenue estimates in the budgetary process to establish appropriation levels. Expenditures may not legally exceed budget appropriations at the fund level. In addition, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceeded anticipated revenues. State law requires an appropriation for disbursements from the general, special revenue and capital projects funds, except for those special revenue funds from non-state and non-federal sources restricted by law or by the terms of an agreement. The level of budgetary control is established by fund type, except capital project funds, which are at project level. Budgets may be established in other funds for administrative purposes.

Agency budget requests are submitted to the Governor, and the Legislative Fiscal Division receives a copy. The Office of Budget and Program Planning (OBPP) and the Governor analyze the requests, establish priorities, and develop the requests into the executive budget request submitted to the Legislature. Joint appropriations subcommittee hearings are held, and an omnibus appropriation bill is reported in the House and subsequently sent to the Senate. The Legislature generally enacts one bill to establish the majority of appropriations for the next two fiscal years. OBPP establishes appropriations for each program by accounting entity (fund) within an agency. The Legislature enacts other appropriations, but only within the available revenue. Agencies must prepare and submit to the budget director operational plans showing the allocation of operating budgets by expenditure category (i.e., personal services, operating expenses, equipment, etc.). The budget director or other statutorily designated approving authority may authorize changes among expenditure categories and transfers between program appropriations.

Appropriations may not be increased by amendment in the General Fund. However, a department, institution, or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the Governor through the budget director. In the second year of the biennium, during the legislative session, the Legislature may authorize supplemental appropriations. The Governor, or designee, may approve budget amendments for non-General Fund monies not available for consideration by the Legislature and for emergencies. In the accompanying financial schedule, original and final budget amounts are reported. There were no expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations for debt service activities are continuing through statutory authority until the obligation is extinguished. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided. Appropriations for capital projects funds are not made on an annual basis, but are adopted on a project-length basis. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

Appropriations may be continued into the next fiscal year when authorized by the Legislature or the Governor's Office. After fiscal year-end, appropriations that are not continued are reverted. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued or encumbered. Fund balances are not reserved for reverted appropriations. For fiscal year 2024, reverted governmental fund appropriations were as follows: \$84.5 million in the General Fund, \$166.5 million in the State Special Revenue Fund, and \$307.7 million in the Federal Special Revenue Fund. Agencies are allowed to carry forward 30.0% of their reverted operating appropriations into the next two fiscal years. This amount can be used for new expenditures at the request of the agency and upon approval of OBPP.

**B. Budget Basis**

The Legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end, compensated absences, capital assets and inventories purchased in proprietary funds, certain loans from governmental funds, and other miscellaneous non-budgeted activity.

## REQUIRED SUPPLEMENTARY INFORMATION

### NOTE RSI – 2. PENSION PLAN INFORMATION

#### Required Supplementary Information State of Montana as an Employer Entity

#### Judges' Retirement System Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios For the Fiscal Year Ended June 30 (dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability (TPL)</b>										
Service costs	\$ 1,908	\$ 2,022	\$ 1,897	\$ 1,748	\$ 1,772	\$ 1,664	\$ 1,628	\$ 1,578	\$ 1,653	\$ 1,594
Interest	5,301	5,099	4,949	4,842	4,458	4,503	4,044	3,986	3,934	3,824
Differences between expected and actual experience	(2,570)	(2,782)	376	(262)	2,743	(2,901)	862	(1,341)	(1,032)	—
Changes of assumptions	—	(1,467)	1,870	1,912	—	—	3,865	—	—	—
Refunds of contributions	—	—	—	—	—	(149)	—	—	—	—
Benefit payments	(4,427)	(4,357)	(4,205)	(4,038)	(3,846)	(3,723)	(3,554)	(3,416)	(3,041)	(3,023)
Net change in total pension liability	212	(1,485)	4,887	4,202	5,127	(606)	6,845	807	1,514	2,395
Total pension liability – beginning	72,923	74,408	69,521	65,319	60,192	60,798	53,953	53,146	51,632	49,237
Total pension liability – ending	<u>\$73,135</u>	<u>\$72,923</u>	<u>\$74,408</u>	<u>\$69,521</u>	<u>\$65,319</u>	<u>\$60,192</u>	<u>\$60,798</u>	<u>\$53,953</u>	<u>\$53,146</u>	<u>\$51,632</u>
<b>Plan Fiduciary Net Position</b>										
Contributions – employer	\$ —	\$ 79	\$ 2,139	\$ 1,988	\$ —	\$ 1,085	\$ 1,800	\$ 1,806	\$ 1,684	\$ 1,651
Contributions – member	648	629	589	560	517	575	488	729	534	481
Net investment income	10,331	(5,547)	29,150	2,827	5,687	8,467	10,368	1,779	3,843	12,421
Refunds of contributions	—	—	—	—	—	(149)	—	—	—	—
Benefit payments	(4,427)	(4,357)	(4,205)	(4,038)	(3,846)	(3,723)	(3,554)	(3,416)	(3,041)	(3,023)
Administrative expense	(53)	(56)	(126)	(157)	(123)	(264)	(254)	(197)	(136)	(100)
Other	—	—	(3)	—	—	7	—	(3)	—	—
Net change in plan fiduciary net position	6,499	(9,252)	27,544	1,180	2,235	5,998	8,848	698	2,884	11,430
Plan fiduciary net position - beginning	124,358	133,610	106,066	104,886	102,651	96,653	87,805	87,107	84,223	72,793
Plan fiduciary net position - ending	<u>\$130,857</u>	<u>\$124,358</u>	<u>\$133,610</u>	<u>\$106,066</u>	<u>\$104,886</u>	<u>\$102,651</u>	<u>\$96,653</u>	<u>\$87,805</u>	<u>\$87,107</u>	<u>\$84,223</u>
<b>Net Pension (Asset) – Beginning</b>	<u>\$(51,435)</u>	<u>\$(59,202)</u>	<u>\$(36,545)</u>	<u>\$(39,567)</u>	<u>\$(42,459)</u>	<u>\$(35,855)</u>	<u>\$(33,852)</u>	<u>\$(33,961)</u>	<u>\$(32,591)</u>	<u>\$(23,556)</u>
<b>Net Pension (Asset) – Ending</b>	<u>\$(57,722)</u>	<u>\$(51,435)</u>	<u>\$(59,202)</u>	<u>\$(36,545)</u>	<u>\$(39,567)</u>	<u>\$(42,459)</u>	<u>\$(35,855)</u>	<u>\$(33,852)</u>	<u>\$(33,961)</u>	<u>\$(32,591)</u>
Plan fiduciary net position as a percentage of TPL	178.93%	170.53%	179.56%	152.57%	160.58%	170.54%	158.97%	162.74%	163.90%	163.12%
Covered payroll	\$ 8,561	\$ 8,408	\$ 8,282	\$ 8,001	\$ 7,382	\$ 7,291	\$ 6,974	\$ 6,920	\$ 6,525	\$ 6,355
Net pension (asset) as a percentage of covered payroll	(674.24)%	(611.74)%	(714.83)%	(456.76)%	(535.99)%	(582.35)%	(514.12)%	(489.19)%	(520.48)%	(512.84)%

**Schedule of Employer Contributions**  
**For the Fiscal Year Ended June 30**  
*(in thousands)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ —	\$ —	\$ 79	\$ 2,138	\$ 1,988	\$ —	\$ 1,085	\$ 1,800	\$ 1,786	\$ 1,684
Contributions made in relation to the contractually required contributions	—	—	79	2,138	1,988	—	1,085	1,800	1,786	1,684
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 9,001	\$ 8,561	\$ 8,408	\$ 8,282	\$ 8,001	\$ 7,382	\$ 7,291	\$ 6,974	\$ 6,920	\$ 6,525
Contributions as a percentage of covered payroll	0.00%	0.00%	0.94%	25.82%	24.85%	0.00%	14.88%	25.81%	26.00%	26.00%

**Judges' Retirement System**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The following actuarial determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	0 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50%, including inflation
Inflation	2.75%
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Mortality (active)	PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104.00% for males and 103.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 General Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for both males and females.
Mortality (contingent survivor)	PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males and females. Projected generationally using MP-2021.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as an Employer Entity**

**Highway Patrol Officers' Retirement System  
Schedule of Changes in Net Pension Liability and Related Ratios  
For the Fiscal Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability (TPL)</b>										
Service costs	\$ 4,355	\$ 4,089	\$ 7,578	\$ 3,337	\$ 3,453	\$ 3,643	\$ 3,665	\$ 3,799	\$ 3,598	\$ 3,464
Interest	19,702	18,597	16,742	17,688	16,926	16,294	15,121	14,545	14,113	13,518
Changes in benefits	—	—	—	—	—	—	—	—	1,856	—
Difference between expected and actual experience	1,538	(2,487)	1,913	(993)	2,413	590	2,774	18	267	—
Changes of assumptions	—	(2,749)	(125,247)	141,055	—	—	7,892	—	—	—
Benefit payments	(14,653)	(13,743)	(13,710)	(12,685)	(12,063)	(11,546)	(11,037)	(10,482)	(10,001)	(9,443)
Refunds of contributions	(748)	(1,515)	(2,026)	(331)	(582)	(322)	(245)	(94)	—	—
Net change in total pension liability	10,194	2,192	(114,750)	148,071	10,147	8,659	18,170	7,786	9,833	7,539
Total pension liability – beginning	273,241	271,049	385,799	237,728	227,581	218,922	200,752	192,966	183,133	175,594
Total pension liability – ending	<u>\$283,435</u>	<u>\$273,241</u>	<u>\$271,049</u>	<u>\$385,799</u>	<u>\$237,728</u>	<u>\$227,581</u>	<u>\$218,922</u>	<u>\$200,752</u>	<u>\$192,966</u>	<u>\$183,133</u>
<b>Plan Fiduciary Net Position</b>										
Contributions – employer	\$ 6,908	\$ 6,639	\$ 6,423	\$ 6,003	\$ 5,845	\$ 5,858	\$ 5,782	\$ 5,916	\$ 5,840	\$ 5,736
Contributions – non-employer	2,206	4,213	224	226	233	250	263	243	—	—
Contributions – member	2,377	2,285	2,206	2,170	2,002	2,387	1,950	1,917	1,624	1,458
Net investment income	14,637	(7,841)	41,277	4,101	8,269	12,283	15,099	2,605	5,738	18,677
Benefit payments	(14,653)	(13,743)	(13,710)	(12,685)	(12,063)	(11,546)	(11,037)	(10,482)	(10,001)	(9,443)
Administrative expense	(79)	(77)	(342)	(163)	(127)	(256)	(248)	(197)	(144)	(109)
Refunds of contributions	(748)	(1,515)	(2,026)	(331)	(582)	(322)	(245)	(94)	—	—
Other	—	—	(40)	(131)	2	8	—	(2)	—	—
Net change in plan fiduciary net position	10,648	(10,039)	34,012	(810)	3,579	8,662	11,564	(94)	3,057	16,319
Plan fiduciary net position – beginning	175,941	185,980	151,968	152,778	149,199	140,537	128,973	129,067	126,010	109,691
Plan fiduciary net position – ending	<u>\$186,589</u>	<u>\$175,941</u>	<u>\$185,980</u>	<u>\$151,968</u>	<u>\$152,778</u>	<u>\$149,199</u>	<u>\$140,537</u>	<u>\$128,973</u>	<u>\$129,067</u>	<u>\$126,010</u>
<b>Net Pension Liability – Beginning</b>	<u>\$ 97,300</u>	<u>\$ 85,069</u>	<u>\$233,831</u>	<u>\$ 84,950</u>	<u>\$ 78,382</u>	<u>\$ 78,385</u>	<u>\$ 71,779</u>	<u>\$ 63,899</u>	<u>\$ 57,123</u>	<u>\$ 65,903</u>
<b>Net Pension Liability – Ending</b>	<u>\$ 96,846</u>	<u>\$ 97,300</u>	<u>\$ 85,069</u>	<u>\$233,831</u>	<u>\$ 84,950</u>	<u>\$ 78,382</u>	<u>\$ 78,385</u>	<u>\$ 71,779</u>	<u>\$ 63,899</u>	<u>\$ 57,123</u>
Plan fiduciary net position as a percentage of TPL	65.83%	64.39%	68.61%	39.39%	64.27%	65.56%	64.20%	64.24%	66.89%	68.81%
Covered payroll	\$ 18,005	\$ 17,275	\$ 16,631	\$ 15,608	\$ 15,178	\$ 15,251	\$ 14,779	\$ 15,276	\$ 14,549	\$ 14,149
Net pension liability as a percentage of covered payroll	537.88%	563.24%	511.51%	1498.15%	559.69%	513.95%	530.38%	469.88%	439.20%	403.72%



**Schedule of Employer Contributions  
For the Fiscal Year Ended June 30**

*(dollars in thousands)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 6,933	\$ 7,107	\$ 6,835	\$ 6,599	\$ 6,209	\$ 6,051	\$ 5,843	\$ 5,706	\$ 6,161	\$ 5,782
Contributions in relation to the contractually required contributions	6,933	7,107	6,835	6,599	6,209	6,051	5,843	5,706	6,161	5,782
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 17,529	\$ 18,005	\$ 17,275	\$ 16,631	\$ 15,608	\$ 15,178	\$ 15,251	\$ 14,779	\$ 15,276	\$ 14,549
Contributions as a percentage of covered payroll	39.55%	39.47%	39.57%	39.68%	39.78%	39.87%	38.31%	38.61%	40.33%	39.74%

**Notes to Required Supplementary Information  
Highway Patrol Officers' Retirement System  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** The unreduced retirement eligibility was changed from 20 years of service at any age, to age 50 and 20 years of service for new hire entering HPORS effective July 1, 2023.

**Required Supplementary Information  
State of Montana as an Employer Entity**

**Game Wardens' and Peace Officers' Retirement System  
Schedule of Changes in Net Pension Liability and Related Ratios  
For the Fiscal Year Ended June 30**  
(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability (TPL)</b>										
Service costs	\$ 13,481	\$ 10,139	\$ 12,315	\$ 8,029	\$ 8,004	\$ 8,098	\$ 8,623	\$ 8,403	\$ 8,008	\$ 7,850
Interest	23,305	21,167	19,379	18,535	17,618	16,018	14,269	12,911	12,398	11,258
Difference between expected and actual experience	11,463	(1,279)	4,927	(2,027)	(4,728)	4,781	3,743	2,705	731	—
Changes of assumptions	(99,900)	89,103	(68,688)	85,967	—	—	5,878	—	—	—
Benefit payments	(11,838)	(10,618)	(9,283)	(8,247)	(7,350)	(6,523)	(5,810)	(5,068)	(5,352)	(5,229)
Refunds of contributions	(1,105)	(1,464)	(870)	(1,200)	(1,001)	(1,105)	(1,036)	(1,066)	—	—
Net change in total pension liability	(64,594)	107,048	(42,220)	101,057	12,543	21,269	25,667	17,885	15,785	13,879
Total pension liability – beginning	412,898	305,850	348,070	247,013	234,470	213,201	187,534	169,649	153,864	139,985
Total pension liability – ending	\$348,304	\$412,898	\$305,850	\$348,070	\$247,013	\$234,470	\$213,201	\$187,534	\$169,649	\$153,864
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 5,279	\$ 4,941	\$ 5,411	\$ 4,868	\$ 4,686	\$ 4,613	\$ 4,464	\$ 4,278	\$ 4,088	\$ 3,762
Contributions - member	6,476	6,075	6,393	5,803	5,566	5,512	5,278	5,036	4,924	4,462
Net investment income	21,971	(11,720)	59,128	5,583	11,125	15,573	18,590	3,167	6,435	20,069
Benefit payments	(11,838)	(10,618)	(9,283)	(8,247)	(7,350)	(6,523)	(5,810)	(5,068)	(5,352)	(5,229)
Administrative expense	(184)	(169)	(234)	(241)	(202)	(369)	(329)	(269)	(200)	(162)
Refunds of contributions	(1,105)	(1,464)	(870)	(1,200)	(1,001)	(1,105)	(1,036)	(1,066)	—	—
Other	45	—	(63)	(4)	1	(19)	(1)	(31)	—	—
Net change in plan fiduciary net position	20,644	(12,955)	60,482	6,562	12,825	17,682	21,156	6,047	9,895	22,902
Plan fiduciary net position – beginning	260,437	273,392	212,910	206,348	193,523	175,841	154,685	148,638	138,743	115,841
Plan fiduciary net position – ending	\$281,081	\$260,437	\$273,392	\$212,910	\$206,348	\$193,523	\$175,841	\$154,685	\$148,638	\$138,743
<b>Net Pension Liability – Beginning</b>	\$152,461	\$ 32,458	\$135,160	\$ 40,665	\$ 40,947	\$ 37,360	\$ 32,849	\$ 21,011	\$ 15,121	\$ 24,144
<b>Net Pension Liability – Ending</b>	\$ 67,223	\$152,461	\$ 32,458	\$135,160	\$ 40,665	\$ 40,947	\$ 37,360	\$ 32,849	\$ 21,011	\$ 15,121
Plan fiduciary net position as a percentage of TPL	80.70%	63.08%	63.08%	61.17%	83.54%	82.54%	82.48%	82.48%	87.00%	90.00%
Covered payroll	\$ 58,393	\$ 54,287	\$ 60,023	\$ 53,825	\$ 51,677	\$ 50,823	\$ 49,381	\$ 47,108	\$ 44,885	\$ 41,637
Net pension liability as a percentage of covered payroll	115.12%	280.84%	54.08%	251.11%	78.69%	80.57%	75.66%	69.73%	47.00%	36.00%

**Schedule of Employer Contributions  
For the Fiscal Year Ended June 30**

*(dollars in thousands)*

	2024	2023	2022 <sup>(1)</sup>	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 7,018	\$ 5,256	\$ 4,873	\$ 5,394	\$ 4,837	\$ 4,644	\$ 4,574	\$ 4,447	\$ 4,240	\$ 4,040
Contributions in relation to the contractually required contributions	7,018	5,256	4,873	5,394	4,837	4,644	4,574	4,447	4,240	4,040
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 66,456	\$ 58,393	\$ 54,287	\$ 60,023	\$ 53,825	\$ 51,677	\$ 50,823	\$ 49,381	\$ 47,108	\$ 44,885
Contributions as a percentage of covered payroll	10.56%	9.00%	8.98%	8.99%	8.99%	8.99%	9.00%	9.01%	9.00%	9.00%

<sup>(1)</sup> The contribution amount for the fiscal year 2022 was updated to the correct amount. The amount previously reported was calculated incorrectly.

**Notes to Required Supplementary Information  
Game Wardens' and Peace Officers' Retirement System  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Total salary increases	4.54% to 10.12%, including inflation
Inflation	2.75%
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

**Changes of assumptions:** The discount rate was increased from 5.55% to 7.30% in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as an Employer Entity**

**Public Employees' Retirement System-Defined Benefit Retirement System  
Schedule of Proportionate Share of the Net Pension Liability  
For the Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	48.36%	48.33%	50.56%	49.00%	39.14%	39.55%	53.05%	53.24%	53.61%	53.22%
Employer's proportionate share of the net pension liability	\$1,180,228	\$1,149,270	\$916,807	\$1,292,651	\$818,162	\$825,387	\$1,033,200	\$906,880	\$749,414	\$663,174
Employer's covered payroll	\$732,649	\$680,543	\$715,975	\$654,193	\$638,674	\$640,177	\$648,671	\$621,755	\$620,286	\$597,083
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	161.09%	168.88%	128.05%	197.59%	128.10%	128.93%	159.28%	145.86%	120.82%	111.07%
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	74.00%	75.00%	78.00%	80.00%

**Schedule of Employer Contributions  
For the Fiscal Year Ended June 30  
(dollars in thousands)**

	2024	2023 <sup>(1)</sup>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 86,907	\$ 81,817	\$ 77,020	\$ 78,878	\$ 58,504	\$ 56,183	\$ 54,844	\$ 56,256	\$ 59,073	\$ 58,575
Contributions in relation to the contractually required contributions	\$ 86,907	\$ 81,817	77,020	78,878	58,504	56,183	54,844	56,256	59,073	58,575
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$794,638	\$732,649	\$680,543	\$715,975	\$654,193	\$638,674	\$640,177	\$648,671	\$621,755	\$620,286
Contributions as a percentage of covered payroll	10.94%	11.17%	11.32%	11.02%	8.94%	8.80%	8.57%	8.67%	9.50%	9.44%

<sup>(1)</sup> The contribution amount for the fiscal year 2023 was updated to the correct amount. Montana State Fund (MSF), a discretely presented component unit of the State, by statute, prepares separately issued financial statements on a calendar year-end basis with a 6-month contribution while a full 12-month contribution is used for the state's financial report note disclosures. The amount previously reported excluded the second half of the MSF's contribution amount of \$901 thousand. Due to the correction to the contribution amount, the contributions as a percentage of covered payroll also was updated.

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50% to 8.47%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104.00% for males and 103.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 General Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for both males and females.
Mortality (contingent survivor)	PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males and females. Projected generationally using MP-2021.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as a Nonemployer Entity**

**Public Employees' Retirement System-Defined Benefit Retirement System  
Schedule of Proportionate Share of the Net Pension Liability  
For the Year Ended June 30**  
(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	13.14%	13.84%	13.17%	14.22%	24.41%	24.92%	1.01%	0.96%	0.96%	0.96%
Nonemployer's proportionate share of the net pension liability	\$320,610	\$329,115	\$238,887	\$375,032	\$510,277	\$520,058	\$ 19,622	\$ 16,287	\$ 13,365	\$ 11,978
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	74.00%	75.00%	78.00%	80.00%

**Schedule of Nonemployer Contributions  
For the Fiscal Year Ended June 30**  
(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 22,898	\$ 22,482	\$ 20,904	\$ 21,180	\$ 35,008	\$ 34,642	\$ 34,706	\$ 28,763	\$ 30,800	\$ 32,397
Contributions in relation to the contractually required contributions	22,898	22,482	20,904	21,180	35,008	34,642	34,706	28,763	30,800	32,397
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The detail of the actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation, can be found on the previous page. The contractually determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

**Special Funding**

The State contributes 0.10% of member compensation on behalf of local government entities per Section 19-3-319, MCA.

The State contributes 0.37% of member compensation on behalf of school district entities per Section 19-3-319, MCA.

The State contributes a statutory appropriation from General Fund per Section 19-3-320, MCA.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as an Employer Entity**

**Sheriffs' Retirement System  
Schedule of Proportionate Share of the Net Pension Liability  
For the Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	5.07%	4.87%	5.09%	4.76%	4.88%	4.87%	4.86%	5.45%	5.64%	5.54%
Employer's proportionate share of the net pension liability	\$ 7,457	\$ 6,670	\$ 3,709	\$ 5,800	\$ 4,067	\$ 3,663	\$ 3,696	\$ 9,582	\$ 5,434	\$ 2,304
Employer's covered payroll	\$ 5,198	\$ 4,695	\$ 4,628	\$ 4,041	\$ 3,915	\$ 3,781	\$ 3,634	\$ 3,850	\$ 3,836	\$ 3,580
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	69.71%	70.39%	80.14%	143.53%	103.88%	96.88%	101.71%	248.88%	141.66%	64.36%
Plan fiduciary net position as a percentage of the total pension liability	77.09%	77.07%	86.94%	75.92%	81.89%	82.68%	81.00%	63.00%	75.00%	87.00%

**Schedule of Employer Contributions  
For the Fiscal Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 725	\$ 682	\$ 616	\$ 607	\$ 530	\$ 513	\$ 496	\$ 368	\$ 389	\$ 388
Contributions in relation to the contractually required contributions	725	682	616	607	530	513	496	368	389	388
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 5,530	\$ 5,198	\$ 4,695	\$ 4,628	\$ 4,041	\$ 3,915	\$ 3,781	\$ 3,634	\$ 3,850	\$ 3,836
Contributions as a percentage of covered payroll	13.11%	13.12%	13.12%	13.12%	13.12%	13.10%	13.12%	10.13%	10.10%	10.11%

**Notes to Required Supplementary Information  
For the Year ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** The retirement eligibility was changed from 20 years of service at any age, to age 50 and 20 years of service for new hire first entering SRS effective July 1, 2023.



	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	66.87%	67.02%	67.02%	66.85%	67.06%	67.12%	67.09%	66.50%	66.95%	66.89%
Nonemployer's proportionate share of the net pension liability	\$155,026	\$158,319	\$121,842	\$163,514	\$133,487	\$114,956	\$119,354	\$119,708	\$110,756	\$105,106
Plan fiduciary net position as a percentage of the total pension liability	71.65%	69.67%	75.76%	64.84%	68.84%	70.95%	68.00%	66.00%	67.00%	67.00%

[illegible]

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	24 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

The actuarially determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

The State contributes 29.37% of member compensation on behalf of all employer entities per Section 19-9-702, MCA.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as an Employer Entity**

**Firefighters' Unified Retirement System  
Schedule of Proportionate Share of the Net Pension Liability  
For the Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	2.62%	2.57%	2.51%	2.38%	2.01%	2.30%	2.23%	2.26%	2.40%	1.85%
Employer's proportionate share of the net pension liability	\$ 3,959	\$ 4,084	\$ 2,151	\$ 3,722	\$ 2,309	\$ 2,650	\$ 2,525	\$ 2,583	\$ 2,454	\$ 1,806
Employer's covered payroll	\$ 1,727	\$ 1,527	\$ 1,415	\$ 1,276	\$ 1,051	\$ 1,103	\$ 1,022	\$ 974	\$ 986	\$ 735
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	229.24%	267.45%	152.01%	291.69%	219.70%	240.25%	247.06%	265.20%	249.00%	245.00%
Plan fiduciary net position as a percentage of the total pension liability	81.00%	78.76%	87.72%	75.34%	80.08%	79.03%	78.00%	75.00%	77.00%	77.00%

**Schedule of Employer Contributions  
For the Fiscal Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 840	\$ 811	\$ 717	\$ 665	\$ 599	\$ 494	\$ 518	\$ 472	\$ 475	\$ 142
Contributions in relation to the contractually required contributions	840	811	717	665	599	494	518	472	475	142
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 1,788	\$ 1,727	\$ 1,527	\$ 1,415	\$ 1,276	\$ 1,051	\$ 1,103	\$ 1,022	\$ 974	\$ 986
Contributions as a percentage of covered payroll	46.98%	46.96%	46.95%	47.00%	46.94%	47.00%	46.96%	46.18%	48.77%	14.40%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	12 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as a Nonemployer Contributing Entity**

**Firefighters' Unified Retirement System  
Schedule of Proportionate Share of the Net Pension Liability  
For the Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	67.60%	67.57%	67.67%	67.66%	69.32%	67.97%	67.88%	67.81%	67.36%	68.01%
Nonemployer's proportionate share of the net pension liability	\$102,055	\$107,328	\$ 57,910	\$105,867	\$ 79,524	\$ 78,285	\$ 76,724	\$ 77,448	\$ 68,892	\$ 66,384
Plan fiduciary net position as a percentage of the total pension liability	81.00%	78.76%	87.72%	75.34%	80.08%	79.03%	78.00%	75.00%	77.00%	77.00%

**Schedule of Nonemployer Contributions  
For the Fiscal Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 22,820	\$ 20,821	\$ 18,871	\$ 17,897	\$ 17,147	\$ 16,209	\$ 15,272	\$ 14,042	\$ 13,635	\$ 13,573
Contributions in relation to the contractually required contributions	22,820	20,821	18,871	17,897	17,147	16,209	15,272	14,042	13,635	13,573
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of statutorily determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The detail of the actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation, can be found on the previous page. The statutorily determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

The State contributes 32.61% of member compensation on behalf of all employer entities per Section 19-13-604, MCA.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information**  
**State of Montana as a Nonemployer Contributing Entity**

**Volunteer Firefighters' Compensation Act**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30**  
*(dollars in thousands)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	100.00 %	100.00 %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Nonemployer's proportionate share of the net pension liability	\$ 1,590	\$ 5,223	\$ 1,323	\$ 9,106	\$ 6,907	\$ 7,667	\$ 10,087	\$ 10,599	\$ 10,504	\$ 5,089
Plan fiduciary net position as a percentage of the total pension liability	96.95 %	90.02 %	97.40%	81.42%	85.23%	83.48%	78.00%	76.00%	76.00%	87.00%

**Schedule of Nonemployer Contributions**  
**For the Fiscal Year Ended June 30**  
*(dollars in thousands)*

[illegible]

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022, actuarial valuation:

Valuation date	June 30, 2022
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	3 years
Asset valuation method	4-year smoothed market
Wage inflation	not applicable
Salary increases	not applicable
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

The statutorily determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

The State contributes 5.00% of certain fire tax insurance premiums paid per Section 19-17-301, MCA.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information  
State of Montana as an Employer Entity**

**Teachers' Retirement System  
Schedule of Proportionate Share of the Net Pension Liability  
For the Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	2.12%	1.94%	2.17%	2.30%	2.41%	2.55%	2.86%	3.12%	3.42%	4.69%
Employer's proportionate share of the net pension liability	\$ 40,985	\$ 38,166	\$ 35,874	\$ 51,812	\$ 46,493	\$ 47,407	\$ 48,227	\$ 57,016	\$ 56,230	\$ 72,168
Employer's covered payroll	\$ 22,709	\$ 20,293	\$ 21,776	\$ 22,384	\$ 23,250	\$ 24,275	\$ 26,944	\$ 28,915	\$ 31,252	\$ 32,937
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	180.48%	188.07%	164.74%	231.47%	199.97%	195.29%	178.99%	197.18%	179.00%	219.00%
Plan fiduciary net position as a percentage of the total pension liability	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.00%	67.00%	69.00%	70.00%

**Schedule of Employer Contributions  
For the Fiscal Year Ended June 30  
(dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 18,270	\$ 17,168	\$ 16,216	\$ 16,103	\$ 16,686	\$ 16,538	\$ 17,298	\$ 17,396	\$ 16,946	\$ 16,234
Contributions in relation to the contractually required contributions	18,270	17,168	16,216	16,103	16,686	16,538	17,298	17,396	16,946	16,234
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 25,109	\$ 22,709	\$ 20,293	\$ 21,776	\$ 22,384	\$ 23,250	\$ 24,275	\$ 26,944	\$ 28,915	\$ 31,252
Contributions as a percentage of covered payroll	72.76%	75.60%	79.91%	73.95%	74.54%	71.13%	71.26%	64.56%	58.61%	51.95%



**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending June 30, 2023, based on the results of the July 1, 2022, actuarial valuation:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Salary increases	3.50% to 9.00% for non-university members and 4.25% for university members, including inflation
Inflation	2.75%
Investment rate of return	7.30%, net of pension plan investment expense, and including inflation
Mortality (active)	PUBT-2010 General Employee Mortality Table projected to 2021. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUBT-2010 Retiree Mortality Table projected to 2021 adjusted 102.00% for males and 103.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUBT-2010 Disabled Retiree Mortality Table projected to 2021.
Mortality (contingent survivor)	PUBT-2010 Contingent Survivor Mortality Table projected to 2021. Projected generationally using MP-2021.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

**Required Supplementary Information**  
**State of Montana as a Nonemployer Contributing Entity**

**Teachers' Retirement System**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30**  
*(dollars in thousands)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	34.55%	35.07%	35.76%	36.55%	37.11%	37.74%	38.13%	38.73%	39.38%	38.78%
Nonemployer's proportionate share of the net pension liability	\$669,315	\$689,790	\$592,396	\$822,282	\$715,637	\$700,417	\$642,958	\$707,527	\$647,092	\$596,724
Plan fiduciary net position as a percentage of the total pension liability	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.00%	67.00%	69.00%	70.00%

**Schedule of Nonemployer Contributions**  
**For the Fiscal Year Ended June 30**  
*(dollars in thousands)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 48,688	\$ 48,159	\$ 47,680	\$ 46,701	\$ 44,841	\$ 44,333	\$ 43,718	\$ 43,028	\$ 42,400	\$ 42,806
Contributions in relation to the contractually required contributions	48,688	48,159	47,680	46,701	44,841	44,333	43,718	43,028	42,400	42,806
Contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

**Method and assumptions used in calculations of contractually determined contributions:** The actuarially determined contribution rates are determined on an annual basis. The detail of the actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2023, which were based on the results of the July 1, 2022, actuarial valuation, can be found on the previous page. The contractually required contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2023, are as follows:

The State contributes 0.11% of the compensation of members participating per Section 19-20-604, MCA.

The State contributes 2.38% of member compensation on behalf of school district and community college entities per Section 19-20-607, MCA.

The State contributes a \$25.0 million payment from the General Fund per Section 19-20-607, MCA.

**Changes of assumptions:** There were no changes made to the actuarial assumptions and methods in 2023.

**Changes of benefit terms:** There were no changes made to the benefit terms in 2023.

## REQUIRED SUPPLEMENTARY INFORMATION

### NOTE RSI – 3. OTHER POSTEMPLOYMENT BENEFITS PLAN INFORMATION (OPEB)

The State of Montana and MUS OPEB plans allow retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in the reporting of the Total OPEB Liability in the related financial statements and note disclosures.

In accordance with GASB 75, the following information is presented to reflect the funding progress of the Other Postemployment Benefits Plans for the State of Montana OPEB plan.

#### Total OPEB Liability and Related Ratios

Last 10 Fiscal Years <sup>(1)</sup>

(in thousands)

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 937	\$ 5,747	\$ 8,726	\$ 1,734	\$ 1,946	\$ 2,062	\$ 1,889
Interest	1,282	4,245	3,513	1,333	1,586	1,990	2,014
Difference between expected and actual experience	—	(56,723)	—	(6,137)	(9,409)	—	(4,723)
Changes of assumptions or other inputs	(2,123)	(43,608)	(38,710)	104,439	(1,877)	2,895	(295)
Benefit payments	535	(2,300)	2,592	(1,196)	(601)	(1,709)	1,705
Net change in Total OPEB Liability	631	(92,639)	(23,879)	100,173	(8,355)	5,238	590
Total OPEB Liability - Beginning	30,997	123,636	147,515	47,342	55,697	50,459	49,869
Total OPEB Liability - Ending	\$ 31,628	\$ 30,997	\$ 123,636	\$ 147,515	\$ 47,342	\$ 55,697	\$ 50,459
State and discretely presented component units' proportion of the collective Total OPEB Liability	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Covered employee payroll	\$ 797,258	\$ 770,298	\$ 707,118	\$ 689,871	\$ 690,563	\$ 702,688	\$ 675,661
Total OPEB Liability as a percentage of covered employee payroll	3.97 %	4.02 %	17.48 %	21.38 %	6.86 %	7.93 %	7.47%

<sup>(1)</sup> Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.

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

## **Factors that significantly affect trends in the amounts reported:**

### *Changes in Actuarial Assumptions and Methods*

*June 30, 2024:* Changes in assumptions for 2024 were due to an increase in the interest rate from 3.98% to 4.12%.

*June 30, 2023:* Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

*June 30, 2022:* Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

*June 30, 2021:* Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

*June 30, 2020:* Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest/discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

*June 30, 2019:* Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index per GASB 75 requirements.

*June 30, 2018:* Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements. Other changes include revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

### *Changes in Benefit Terms*

*June 30, 2024:* None

*June 30, 2023:* None

*June 30, 2022:* None

*June 30, 2021:* None

*June 30, 2020:* None

*June 30, 2019:* None

*June 30, 2018:* Medical plans moved from Cigna to Allegiance as of January 1, 2016, the State implemented reference-based pricing hospital contracts effective July 1, 2016, and pharmacy moved from URx to Navitus as of January 1, 2017. The State implemented an Employer Group Waiver Program for Medicare retirees effective January 1, 2017.

In accordance with GASB 75, the following information is presented to reflect the funding progress of the Other Postemployment Benefits Plans for MUS plan.

**Total OPEB Liability and Related Ratios**

**Last 10 Fiscal Years <sup>(1)</sup>**

**(in thousands)**

<b>Total OPEB Liability</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 2,154	\$ 2,209	\$ 3,684	\$ 1,412	\$ 1,736	\$ 1,952	\$ 1,954
Interest	1,553	1,649	1,387	777	1,130	1,495	1,410
Difference between expected and actual experience	—	21,787	—	(17,388)	(15,015)	—	(1,323)
Changes of assumptions or other inputs	(2,161)	(36,802)	(17,283)	45,674	(1,791)	1,351	(182)
Benefit payments	930	—	2,476	(13)	1,441	(888)	(679)
Net change in Total OPEB Liability	2,476	(11,157)	(9,736)	30,462	(12,499)	3,910	1,180
Total OPEB Liability - Beginning	36,418	47,575	57,311	26,849	39,348	35,438	34,258
Total OPEB Liability - Ending	\$ 38,894	\$ 36,418	\$ 47,575	\$ 57,311	\$ 26,849	\$ 39,348	\$ 35,438
State and discretely presented component units' proportion of the collective Total OPEB Liability	95.45 %	95.45 %	95.18 %	95.18 %	94.92 %	95.59 %	95.62 %
Covered employee payroll <sup>(2)</sup>	\$ 491,489	\$ 474,869	\$ 425,451	\$ 415,074	\$ 418,193	\$ 451,613	\$ 434,243
Total OPEB Liability as a percentage of covered employee payroll	7.91 %	7.67 %	11.18 %	13.81 %	6.42 %	9.11 %	8.53 %

<sup>(1)</sup> Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.

<sup>(2)</sup> Amount reported is for the whole MUS plan for 2018 and 2019. Community Colleges were included due to lack of ability to separate covered employee payroll for those years.

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

## **Factors that significantly affect trends in the amounts reported:**

### *Changes in Actuarial Assumptions and Methods*

*June 30, 2024:* Changes in assumptions for 2024 were due to an increase in the interest rate from 3.98% to 4.12%.

*June 30, 2023:* Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

*June 30, 2022:* Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

*June 30, 2021:* Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

*June 30, 2020:* Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest/discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

*June 30, 2019:* Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index per GASB 75 requirements.

*June 30, 2018:* Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements, lapse rates were removed to reflect a return to standard retiree contribution levels, added employees covered by the MUS-RP, changes in revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

### *Changes of Benefit Terms*

*June 30, 2024:* None

*June 30, 2023:* None

*June 30, 2022:* None

*June 30, 2021:* Carrier options reduced to one

*June 30, 2020:* Changes in benefit terms include increased annual deductible and out-of-pocket maximums

*June 30, 2019:* None

*June 30, 2018:* Increased deductible, increased out-of-pocket limits for Medical and RX, increased visit copays, pharmacy moved from URx to Navitus as of July 1, 2017, employer group waiver program for Medicare retirees became effective July 1, 2017, adopted combined annual visit max of 30 for multiple therapy services and massage therapy moved into rehabilitation benefit.

## REQUIRED SUPPLEMENTARY INFORMATION

### NOTE RSI – 4. RISK MANAGEMENT TREND INFORMATION

The following tables present risk management trend information for the Hail Insurance Fund and the MUS Group Benefits Fund. The Hail Insurance Fund pays claims within a calendar year cycle that parallels the growing season from spring planting to fall harvesting; therefore, it has no development cycle. The MUS Group Benefits Fund has a three to five-year development cycle.

The tables illustrate how the earned revenues (net of reinsurance) of the funds and their investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of the fiscal year (in thousands). Section 3 shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred. Section 4 shows the cumulative amounts paid as of the end of successive years for each policy year. Section 6 shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. Section 7 compares the latest re-estimated incurred claims amount to the amount originally established (Section 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. This table will be revised as data for successive policy years develops.

[illegible]



Montana University System – Medical, Dental, Vision, Rx Claims Claims Development Information											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
<b>1. Premiums and investment Revenue</b>	\$ 98,898	\$ 94,733	\$ 92,149	\$ 95,150	\$ 98,599	\$ 98,885	\$ 99,369	\$ 100,693	\$ 84,297	\$ 80,764	
<b>2. Unallocated expenses including overhead</b>	5,233	4,676	4,526	4,617	4,691	5,150	5,111	5,196	5,129	5,198	
<b>3. Estimated losses and expenses end of accident year</b>	\$ 116,930	\$ 110,643	\$ 105,327	\$ 103,924	\$ 93,326	\$ 93,392	\$ 90,427	\$ 85,802	\$ 87,233	\$ 87,353	
<b>4. Net paid (cumulative) as of:</b>											
End of policy year	\$ 107,304	\$ 101,040	\$ 96,927	\$ 93,363	\$ 83,896	\$ 82,211	\$ 80,393	\$ 75,601	\$ 76,400	\$ 79,388	
One year later	—	109,679	105,192	101,661	93,665	91,306	89,050	84,575	85,796	88,943	
Two years later	—	—	105,330	101,963	93,605	91,453	89,140	84,729	85,894	89,261	
Three years later	—	—	—	102,003	93,611	91,452	89,161	84,738	86,002	89,624	
Four years later	—	—	—	—	93,613	91,454	89,163	84,740	86,038	89,271	
Five years later	—	—	—	—	—	91,457	89,165	84,739	86,121	89,283	
Six years later	—	—	—	—	—	—	89,165	84,745	86,121	89,283	
Seven years later	—	—	—	—	—	—	—	84,745	86,121	89,283	
Eight years later	—	—	—	—	—	—	—	—	86,121	89,283	
Nine years later	—	—	—	—	—	—	—	—	—	89,283	
<b>5. Re-estimated ceded losses and expenses</b>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
<b>6. Re-estimated net incurred losses and expense:</b>											
End of policy year	\$ 116,930	\$ 110,643	\$ 105,327	\$ 103,924	\$ 96,326	\$ 93,392	\$ 90,427	\$ 85,802	\$ 87,233	\$ 87,353	
One year later	—	109,744	104,798	98,293	95,730	93,028	89,036	84,567	86,148	88,824	
Two years later	—	—	105,330	101,963	93,605	91,453	89,140	84,729	85,894	89,261	
Three years later	—	—	—	102,003	93,611	91,452	89,161	84,738	86,002	89,264	
Four years later	—	—	—	—	93,613	91,454	89,163	84,740	86,038	89,271	
Five years later	—	—	—	—	—	91,457	89,165	84,739	86,121	89,283	
Six years later	—	—	—	—	—	—	89,165	84,745	86,121	89,283	
Seven years later	—	—	—	—	—	—	—	84,745	86,121	89,283	
Eight years later	—	—	—	—	—	—	—	—	86,121	89,283	
Nine years later	—	—	—	—	—	—	—	—	—	89,283	
<b>7. Increase (decrease) in estimated net incurred losses and expenses from end of policy year</b>	\$ —	\$ (899)	\$ 3	\$ (1,921)	\$ (2,713)	\$ (1,936)	\$ (1,262)	\$ (1,058)	\$ (1,112)	\$ 1,931	

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

*Unclustered*

94.003	COVID-19 AmeriCorps State Commissions Support Grant	\$	-	\$	108,036
94.003	AmeriCorps State Commissions Support Grant		-		233,311
94.006	COVID-19 AmeriCorps State and National		-		90,978
94.006	AmeriCorps State and National		1,909,224		2,640,119
94.009	Training and Technical Assistance		-		188,336
94.013	AmeriCorps Volunteers in Service to America		-		296,318
<b>Unclustered Total</b>		<b>\$</b>	<b>1,909,224</b>	<b>\$</b>	<b>3,557,098</b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL</b>		<b>\$</b>	<b>1,909,224</b>	<b>\$</b>	<b>3,557,098</b>

**DEPARTMENT OF AGRICULTURE**

*Unclustered*

10.001	Agricultural Research Basic and Applied Research	\$	-	\$	25,378
10.025	Plant and Animal Disease, Pest Control, and Animal Care		-		1,499,926
10.028	Wildlife Services		-		19,623
10.069	Conservation Reserve Program		-		67,608
10.093	Voluntary Public Access and Habitat Incentive Program		-		433,653
10.162	Inspection Grading and Standardization		-		32,744
10.163	Market Protection and Promotion		-		99,645
10.164	Wholesale Farmers and Alternative Market Development		4,986		79,120
10.170	Specialty Crop Block Grant Program - Farm Bill		829,081		4,387,874
10.182	Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments		-		26,902
10.185	Local Food for Schools Cooperative Agreement Program		702,844		702,844
10.187	The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds		146,983		146,983
10.190	Resilient Food System Infrastructure Program		5,925		112,866

The accompanying notes are an integral part of this schedule.

		Provided to Subrecipients	Total Federal Expenditures
10.200	Grants for Agricultural Research, Special Research Grants University of California, Davis A21-3578-S012 University of California, Davis A21-3578-S023	- - -	- 3,425 3,563
10.210	Higher Education National Needs Graduate Fellowship Grants	-	85,711
10.310	Agriculture and Food Research Initiative (AFRI)	63,156	356,602
10.311	Board of Regents - Nevada System of Higher Education GR14548 Beginning Farmer and Rancher Development Program Servicemember Agricultural Vocation Education Corporation	- - -	60,824 - 2,050
10.435	Stone Child College 2021-49400-35612 State Mediation Grants	- -	54,514 6,769
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	-	1,314,177
10.500	Cooperative Extension Service Brown University 00001714 Utah State University 203672-758	244,777 - -	711,137 6,601 14,013
10.516	Rural Health and Safety Education Competitive Grants Program	-	72,906
10.525	Farm and Ranch Stress Assistance Network Competitive Grants Program	23,915	61,097
10.541	Child Nutrition-Technology Innovation Grant	-	1,835,624
10.542	COVID-19 Pandemic EBT Food Benefits	-	1,065,308
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	5,167,986	16,358,496
10.558	Child and Adult Care Food Program	514,201	10,133,380
10.560	State Administrative Expenses for Child Nutrition	-	1,900,026
10.567	COVID-19 Food Distribution Program on Indian Reservations	645,260	2,823,336
10.567	Food Distribution Program on Indian Reservations	2,306,974	6,479,774
10.572	WIC Farmers' Market Nutrition Program (FMNP)	1,376	70,618
10.574	Team Nutrition Grants	-	301,925
10.576	COVID-19 Senior Farmers Market Nutrition Program	-	153,761
10.576	Senior Farmers Market Nutrition Program	-	71,487
10.578	WIC Grants to States (WGS)	136,646	140,415
10.579	Child Nutrition Discretionary Grants Limited Availability	81,843	81,843

**The accompanying notes are an integral part of this schedule.**

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
10.594 Food Distribution Program on Indian Reservations Nutrition Education Grants	2,481	2,481
10.645 COVID-19 Farm to School State Formula Grant	-	153,326
10.646 Summer Electronic Benefit Transfer Program for Children	-	5,274
10.649 COVID-19 Pandemic EBT Administrative Costs	-	84,236
10.652 Forestry Research	-	26,035
10.664 Cooperative Forestry Assistance	2,962,244	6,660,733
10.674 Wood Utilization Assistance	-	50,011
10.676 Forest Legacy Program	-	40,385
10.678 Forest Stewardship Program	-	50,185
10.680 Forest Health Protection	5,793	62,137
10.684 International Forestry Programs	-	316,471
10.689 Community Forest and Open Space Conservation Program (CFP)	-	15,867
10.691 Good Neighbor Authority	-	795,744
10.697 State & Private Forestry Hazardous Fuel Reduction Program	784,759	837,872
10.698 State & Private Forestry Cooperative Fire Assistance	307,074	451,723
10.699 Partnership Agreements	-	347,443
10.705 Cooperative Forest Road Agreements	-	30,000
10.707 Research Joint Venture and Cost Reimbursable Agreements	-	32,319
10.715 Infrastructure Investment and Jobs Act Collaborative Forest Landscape Restoration Program	-	45,989
10.717 Infrastructure Investment and Jobs Act Restoration/Revegetation	-	430,273
10.720 Infrastructure Investment and Jobs Act Community Wildfire Defense Grants	134,389	496,599
10.724 Wildfire Crisis Strategy Landscapes	-	317,598
10.727 Inflation Reduction Act Urban & Community Forestry Program	-	5,291
10.864 Grant Program to Establish a Fund for Financing Water and Wastewater Projects	-	7,352
10.868 Rural Energy for America Program	39,258	44,643
10.902 Soil and Water Conservation	-	151,893
10.912 Environmental Quality Incentives Program	-	41,006
10.923 Emergency Watershed Protection Program	566,947	639,385

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
10.924	Conservation Stewardship Program	-	-
	Montana Association of Conservation Districts	-	6,657
	Partners for Conservation, Inc. 273577543	-	12,094
10.937	Partnerships for Climate-Smart Commodities	-	-
	Global Clean Energy Holdings Inc.	-	39,204
10.951	Census of Agriculture	-	49,000
10. UXX	Miscellaneous Grants	-	269,550
	<b>Unclustered Total</b>	<b>\$ 15,678,898</b>	<b>\$ 64,548,156</b>
<b>Child Nutrition Cluster</b>			
10.553	COVID-19 School Breakfast Program	\$ (1,211)	\$ (1,211)
10.553	School Breakfast Program	12,609,157	12,738,600
10.555	COVID-19 National School Lunch Program	4,912,426	4,980,683
10.555	National School Lunch Program	39,776,137	40,096,545
10.556	Special Milk Program for Children	6,001	6,001
10.559	Summer Food Service Program for Children	5,048,300	5,192,292
10.582	Fresh Fruit and Vegetable Program	1,607,091	1,708,232
	<b>Child Nutrition Cluster Total</b>	<b>\$ 63,957,901</b>	<b>\$ 64,721,142</b>
<b>Food Distribution Cluster</b>			
10.565	Commodity Supplemental Food Program	\$ 221,558	\$ 2,144,552
10.568	Emergency Food Assistance Program (Administrative Costs)	706,309	837,999
10.569	Emergency Food Assistance Program (Food Commodities)	-	3,599,085
	<b>Food Distribution Cluster Total</b>	<b>\$ 927,867</b>	<b>\$ 6,581,636</b>
<b>Forest Service Schools and Roads Cluster</b>			
10.665	Schools and Roads - Grants to States	\$ 13,396,642	\$ 13,396,642
	<b>Forest Service Schools and Roads Cluster Total</b>	<b>\$ 13,396,642</b>	<b>\$ 13,396,642</b>
<b>SNAP Cluster</b>			
10.551	Supplemental Nutrition Assistance Program	\$ -	\$ 168,976,387
10.561	COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	128,194	125,556
	Easter Seals-Goodwill Northern Rocky Mountain, Inc. 22022280000	-	27,995

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

		Provided to Subrecipients	Total Federal Expenditures
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Easter Seals-Goodwill Northern Rocky Mountain, Inc. 22022280000	1,124,071	13,983,154
		-	122,402
	<b>SNAP Cluster Total</b>	<b>\$ 1,252,265</b>	<b>\$ 183,235,494</b>
	<b>DEPARTMENT OF AGRICULTURE TOTAL</b>	<b>\$ 95,213,573</b>	<b>\$ 332,258,238</b>
<b>DEPARTMENT OF COMMERCE</b>			
<i>Unclustered</i>			
11.008	NOAA Mission-Related Education Awards	7,163	167,612
11.032	State Digital Equity Planning and Capacity Grant	-	94,065
11.035	Broadband Equity, Access, and Deployment Program	-	2,252,045
11.303	Economic Development Technical Assistance	-	117,934
11.432	National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	-	74,552
11.550	Public Telecommunications Facilities Planning and Construction	-	-
	Corporation for Public Broadcasting	-	248,404
11.611	Manufacturing Extension Partnership	-	848,091
	Oregon Manufacturing Extension	-	4,228
	<b>Unclustered Total</b>	<b>\$ 7,163</b>	<b>\$ 3,806,931</b>
<b>Economic Development Cluster</b>			
11.307	COVID-19 Economic Adjustment Assistance	-	604,842
11.307	Economic Adjustment Assistance	-	25,455
	<b>Economic Development Cluster Total</b>	<b>\$ -</b>	<b>\$ 630,297</b>
	<b>DEPARTMENT OF COMMERCE TOTAL</b>	<b>\$ 7,163</b>	<b>\$ 4,437,228</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**DEPARTMENT OF DEFENSE**

***Unclustered***

		Provided to Subrecipients	Total Federal Expenditures
12.002	Procurement Technical Assistance for Business Firms	\$ -	-
	Big Sky Economic Development Authority	-	8,095
	Big Sky Economic Development Authority	-	68,859
	Big Sky Economic Development Authority W56KGU2320050	-	20,701
12.005	Conservation and Rehabilitation of Natural Resources on Military Installations	-	1,347,173
12.020	STARBASE Program	-	1,189,071
12.110	Planning Assistance to States	-	438,575
12.112	Payments to States in Lieu of Real Estate Taxes	-	8,436
12.300	Basic and Applied Scientific Research	-	-
	Next Frontier Advanced Manufacturing Institute mt23-029	-	159,040
12.357	ROTC Language and Culture Training Grants	-	-
	Institute of International Education PGO1801-UMT-16-LTC-052-PO9	-	341,687
	Institute of International Education PGO1801-UMT-16-PGO-051-PO10	-	42,222
	Institute of International Education PGO1801-UMT-16-PGO-051-PO8	-	2,369
	Institute of International Education PGO2301-UMT-16 LTC PO3	-	340,933
	Institute of International Education PGO2301-UMT-16-LTC-P01	-	7,818,877
	Institute of International Education PGO2301-UMT-16-LTC-P01	-	2,201,095
	Institute of International Education PGO2301-UMT-16-PGO-P02	-	127,536
	Institute of International Education PGO2301-UMT-16-PGO-P02	-	418,037
12.400	Military Construction, National Guard	-	14,205,083
12.401	National Guard Military Operations and Maintenance (O&M) Projects	-	28,995,888
12.404	National Guard Challenge Program	-	4,682,251
12.630	Basic, Applied, and Advanced Research in Science and Engineering	-	-
	National Science Teachers Association #23-871-010	-	(9,448)
	Technology Student Association	-	2,568
	Technology Student Association Unite Summer 2022	-	21,107
	Technology Student Association Unite Summer 2024- 2025	-	19,109

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
12.800	Air Force Defense Research Sciences Program	-	212,521
12.903	GenCyber Grants Program	-	54,231
12.905	CyberSecurity Core Curriculum	-	-
12.UXX	City University of Seattle NCAE-CHI-SUB-MC1	-	4,909
	Miscellaneous Grants	-	415,004
	Multilingual Solutions, Inc. 2024-GS-003_MOD1	-	75,936
	Multilingual Solutions, Inc. 2024-GS-005_MOD1	-	70,498
	Multilingual Solutions, Inc. 4014-002, PO#2022-GS-007	-	11,302
	Multilingual Solutions, Inc. 4014-003, PO#2022-GS-011	-	254
	Multilingual Solutions, Inc. 4014-004, PO2022-GS-015	-	3
	Multilingual Solutions, Inc. 4014-005, PO 2022-GS-021	-	159
	Multilingual Solutions, Inc. 4014-006 2022-GS-022	-	663
	Multilingual Solutions, Inc. 4014-006, PO 2023-GS-002	-	3,217
	Multilingual Solutions, Inc. 4014-006, PO2022-GS-027	-	286
	Multilingual Solutions, Inc. 4014-006, PO2023-GS-001	-	9,781
	Pacific States Marine Fisheries Commission 22-162P	-	190,900
	Pacific States Marine Fisheries Commission 22-171P	-	30,776
	Pacific States Marine Fisheries Commission 23-126P	-	1,834,874
	Pacific States Marine Fisheries Commission 23-143P	8,750	427,556
	<b>Unclustered Total</b>	<b>\$ 8,750</b>	<b>\$ 65,792,134</b>
	<b>DEPARTMENT OF DEFENSE TOTAL</b>	<b>\$ 8,750</b>	<b>\$ 65,792,134</b>

**DEPARTMENT OF EDUCATION**

**Unclustered**

84.002	Adult Education - Basic Grants to States	\$ 1,058,792	\$ 1,419,042
84.010	Title I Grants to Local Educational Agencies	50,388,310	51,741,669
84.011	Migrant Education State Grant Program	1,265,441	1,486,039
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	-	223,451

The accompanying notes are an integral part of this schedule.



**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
84.016	Undergraduate International Studies and Foreign Language Programs	21,348	121,088
84.031	Higher Education Institutional Aid	-	435,461
84.048	Career and Technical Education -- Basic Grants to States	4,201,910	6,553,766
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	-	15,117,440
84.144	Migrant Education Coordination Program	57,408	57,408
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	-	342,070
84.181	COVID-19 Special Education-Grants for Infants and Families	-	304,786
84.181	Special Education-Grants for Infants and Families	1,847,221	2,451,683
84.184	School Safety National Activities	-	257,336
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	-	301,603
84.196	Education for Homeless Children and Youth	266,170	317,862
84.287	Twenty-First Century Community Learning Centers	5,567,985	6,044,253
84.299	Indian Education -- Special Programs for Indian Children	-	-
	Blackfeet Community College PBTP#387	-	180,424
	Blackfeet Community College TCTC#2-3861-5104	-	4,411
	Fort Peck Community College ED-GRANTS-061418-001	-	(1)
	Little Big Horn College S299B210024	-	209,528
84.305	Education Research, Development and Dissemination	-	169,755
84.323	Special Education - State Personnel Development	192,125	628,025
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	-	87,004
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	-	125,563
	Helen Keller National Center 24-0115-A0001	-	62,357
	Helen Keller National Center	-	25,255
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	1,031,162	3,467,115
84.335	Child Care Access Means Parents in School	-	326,326
84.358	Rural Education	728,850	768,049

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
84.365	English Language Acquisition State Grants	305,912	414,197
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	9,645,487	10,121,201
84.368	Competitive Grants for State Assessments	-	506,292
84.369	Grants for State Assessments and Related Activities	-	3,672,128
84.371	Comprehensive Literacy Development	9,913,650	10,480,981
84.372	Statewide Longitudinal Data Systems	-	295,974
84.411	Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	-	-
	North American Native Research and Education Foundation, Inc. 1001R	-	581,852
84.424	Student Support and Academic Enrichment Program	7,154,161	7,444,068
84.998	American Printing House for the Blind	-	7,278
84. UXX	Miscellaneous Grants	-	114,996
	<b>Unclustered Total</b>	<b>\$ 93,645,932</b>	<b>\$ 126,867,735</b>
<b>Education Stabilization Fund</b>			
84.425C	COVID-19 Governor's Emergency Education Relief Fund	\$ 1,021,355	\$ 1,021,355
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund	33,763,818	36,766,986
84.425F	COVID-19 HEERF Institutional Aid	-	85,398
84.425M	COVID-19 HEERF Strengthening Institutions Program (SIP)	-	21,035
84.425R	COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS)	896,115	6,996,800
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	99,007,154	107,608,117
84.425V	COVID-19 American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	-	2,732,013
84.425W	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	438,104	480,513
	<b>Education Stabilization Fund Total</b>	<b>\$ 135,126,546</b>	<b>\$ 155,712,217</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

	Provided to Subrecipients	Total Federal Expenditures
<b>Special Education Cluster (IDEA)</b>		
84.027A Special Education - Grants to States (IDEA, Part B)	\$ 40,122,488	\$ 44,396,925
84.027X COVID-19 Special Education - Grants to States (IDEA, Part B)	933,269	933,269
84.173A Special Education - Preschool Grants (IDEA, Preschool)	1,430,331	1,433,691
84.173X COVID-19 Special Education - Preschool Grants (IDEA, Preschool)	61,821	61,821
<b>Special Education Cluster (IDEA) Total</b>	<b>\$ 42,547,909</b>	<b>\$ 46,825,706</b>
<b>Student Financial Assistance Cluster</b>		
84.007 Federal Supplemental Educational Opportunity Grants	\$ -	\$ 1,710,055
84.033 Federal Work-Study Program	-	1,996,692
84.038 Federal Perkins Loan Program - Federal Capital Contributions	-	10,558,363
84.063 Federal Pell Grant Program	-	39,563,916
84.268 Federal Direct Student Loans	-	141,186,344
<b>Student Financial Assistance Cluster Total</b>	<b>\$ -</b>	<b>\$ 195,015,370</b>
<b>TRIO Cluster</b>		
84.042 TRIO Student Support Services	\$ -	\$ 2,599,873
84.044 TRIO Talent Search	-	1,194,219
84.047 TRIO Upward Bound	-	1,864,778
84.066 TRIO Educational Opportunity Centers	-	291,043
<b>TRIO Cluster Total</b>	<b>\$ -</b>	<b>\$ 5,949,913</b>
<b>DEPARTMENT OF EDUCATION TOTAL</b>	<b>\$ 271,320,387</b>	<b>\$ 530,370,941</b>
<b>DEPARTMENT OF ENERGY</b>		
<b>Unclustered</b>		
81.041 State Energy Program	\$ -	\$ 724,848
81.042 Weatherization Assistance for Low-Income Persons	2,134,368	2,309,466
81.138 State Heating Oil and Propane Program	-	7,451
81.254 Grid Infrastructure Deployment and Resilience	-	38,760

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
81.UXX	Miscellaneous Grants	-	-
	Bonneville Power Administration IAA NO.87723	-	6,000
	Pacific States Marine Fisheries Commission 22-074G	-	78,319
	Pacific States Marine Fisheries Commission 23-035G	-	73,084
	<b>Unclustered Total</b>	<b>\$ 2,134,368</b>	<b>\$ 3,237,928</b>
	<b>DEPARTMENT OF ENERGY TOTAL</b>	<b>\$ 2,134,368</b>	<b>\$ 3,237,928</b>

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Unclustered**

93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	\$ 9,184	\$ 20,391
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	103,568	109,944
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	120,476	120,476
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects USAgings 5140-573	-	-
93.052	COVID-19 National Family Caregiver Support, Title III, Part E	219,887	596,688
93.052	National Family Caregiver Support, Title III, Part E	2,677	2,677
93.069	COVID-19 Public Health Emergency Preparedness	885,558	971,118
93.069	Public Health Emergency Preparedness	-	(1,143)
93.070	Environmental Public Health and Emergency Response	2,768,236	5,113,926
93.071	Medicare Enrollment Assistance Program	30,000	495,397
93.072	Lifespan Respite Care Program	191,421	230,720
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	-	407,670
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	-	297,496
		-	98,365

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
93.090 COVID-19 Guardianship Assistance	-	167,509
93.090 Guardianship Assistance	-	4,020,223
93.092 Affordable Care Act (ACA) Personal Responsibility Education Program	137,211	235,510
93.103 Food and Drug Administration Research	-	359,728
93.107 Area Health Education Centers	335,802	582,608
93.110 Maternal and Child Health Federal Consolidated Programs	1,974,986	3,507,066
American College of Obstetricians and Gynecologists	-	8,550
Utah State University PO554186	-	8,934
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	-	198,295
93.127 Emergency Medical Services for Children	-	168,071
93.130 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	37,500	134,743
93.136 Injury Prevention and Control Research and State and Community Based Programs	979,423	3,167,797
93.150 Projects for Assistance in Transition from Homelessness (PATH)	274,837	301,537
93.155 COVID-19 Rural Health Research Centers	956,594	1,100,083
93.155 Rural Health Research Centers	-	-
National Rural Health Association	-	3,524
National Rural Health Association 2023 SRHTA	-	7,984
Centers of Excellence	-	343,999
93.165 Grants to States for Loan Repayment	-	150,040
93.178 Nursing Workforce Diversity	-	701,207
93.184 Disabilities Prevention	-	615,412
93.197 Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	53,002	275,033
93.235 Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	35,478	125,369
93.236 Grants to States to Support Oral Health Workforce Activities	163,267	406,101
93.240 State Capacity Building	-	301,502
93.241 State Rural Health Flexibility Program	699,122	858,294

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance City of Mercer Island, Washington	3,151,566	5,902,819
	University of Utah 10060285-02-UM	-	106,828
	University of Utah 10060285-02-UM/PO#U000475436	-	19,861
93.251	Universal Newborn Hearing and Screening	18,797	11,264
93.262	Occupational Safety and Health Program	-	277,532
93.268	COVID-19 Immunization Cooperative Agreements	4,364,976	284,903
93.268	Immunization Cooperative Agreements	428,021	5,208,980
93.270	Viral Hepatitis Prevention and Control	63,827	14,027,730
93.297	Teenage Pregnancy Prevention Program	-	284,845
	Bridgercare	-	-
93.304	Racial and Ethnic Approaches to Community Health	23,127	84,305
93.307	Minority Health and Health Disparities Research	49,600	175,551
93.322	CDC Partnership: Strengthening Public Health Laboratories	-	9,678,844
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	-	5,565
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,781,571	14,235,125
93.324	COVID-19 State Health Insurance Assistance Program	1,265,505	6,507,758
93.324	State Health Insurance Assistance Program	-	8,716
93.325	Paralysis Resource Center	374,901	468,273
	Christopher and Dana Reeve Foundation	-	-
93.334	The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels	-	51,083
93.336	Behavioral Risk Factor Surveillance System	-	100,560
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	2,146,746	565,933
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	45,723	2,985,534
93.359	Nurse Education, Practice, Quality and Retention Grants	321,722	70,915
93.369	COVID-19 ACL Independent Living State Grants	41,806	2,757,993
			42,707

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

			Provided to Subrecipients	Total Federal Expenditures
93.369	ACL Independent Living State Grants		359,988	398,540
	Institute for Rehabilitation and Research	2023-Yr3-SILC-UMONTANA	-	11,117
	Institute for Rehabilitation and Research	2024-YR-4-SILC-UMONTANA	-	42,353
93.387	National and State Tobacco Control Program		272,208	1,359,833
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises		8,976,938	10,230,792
93.421	COVID-19 Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		-	-
93.421	Council of State and Territorial Epidemiologists	NU380T000297	-	27,185
	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		-	-
93.423	National Network of Public Health Institutes, Inc.	G2402_AG_1030	-	167,233
93.426	1332 State Innovation Waivers		33,800,079	33,800,079
93.432	The National Cardiovascular Health Program		156,757	921,404
	ACL Centers for Independent Living		-	-
	Institute for Rehabilitation and Research	2023-Yr3-CIL-UMONTANA	-	41,332
	Institute for Rehabilitation and Research	2024-YR-4-CIL-UMONTANA	-	120,712
93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research		34,931	199,630
93.434	Every Student Succeeds Act/Preschool Development Grants		9,995	2,644,784
	Idaho State University	23-0112A	-	411,988
93.435	The Innovative Cardiovascular Health Program		84,296	660,392
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)		26,250	243,708
93.464	ACL Assistive Technology		-	483,338
93.470	Alzheimer's Disease Program Initiative (ADPI)		-	13,158
93.472	Title IV-E Prevention Program		-	22,128
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees		-	302,815

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
93.495	Community Health Workers for Public Health Response and Resilient Partnership Health Center, Inc.	-	-
	Partnership Health Center, Inc.	-	18,653
93.497	COVID-19 Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	512,797	517,508
93.499	COVID-19 Low Income Household Water Assistance Program	22,959	28,284
93.504	Family-to-Family Health Information Centers	-	88,565
93.516	Public Health Training Centers Program	-	803,864
	University of Colorado Denver	-	1,050
	University of Denver FY19.641.005   2-5-M9096	-	(8)
	University of Denver FY24.641.005_AMID1	-	10,000
93.556	MaryLee Allen Promoting Safe and Stable Families Program	-	927,057
93.558	COVID-19 Temporary Assistance for Needy Families	-	(1)
93.558	Temporary Assistance for Needy Families	4,100,651	17,222,679
93.563	Child Support Services	-	11,998,635
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	1,821,810	2,175,170
93.568	COVID-19 Low-Income Home Energy Assistance	232,280	552,430
93.568	Low-Income Home Energy Assistance	9,251,101	26,821,828
93.569	COVID-19 Community Services Block Grant	(200)	1,510,233
93.569	Community Services Block Grant	3,521,248	3,820,186
93.586	State Court Improvement Program	-	193,812
93.590	COVID-19 Community-Based Child Abuse Prevention Grants	170,572	247,409
93.590	Community-Based Child Abuse Prevention Grants	125,000	168,521
93.597	Grants to States for Access and Visitation Programs	-	99,875
93.599	Chafee Education and Training Vouchers Program (ETV)	290,450	293,076
93.603	Adoption and Legal Guardianship Incentive Payments	22,500	1,023,540
93.630	Developmental Disabilities Basic Support and Advocacy Grants	513,842	522,187
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	-	666,840

The accompanying notes are an integral part of this schedule.



**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
93.636	ACA - Reinvestment of Civil Money Penalties to Benefit Nursing Home Residents	-	41,928
93.643	Children's Justice Grants to States	-	37,917
93.645	Stephanie Tubbs Jones Child Welfare Services Program	-	726,478
93.648	Child Welfare Research Training or Demonstration	-	-
	The Research Foundation for the State University of New York	-	29,619
93.658	COVID-19 Foster Care Title IV-E	-	722,325
93.658	Foster Care Title IV-E	3,512,961	17,335,889
	University of Denver SC37941-03/P0181602	-	111,586
	University of Denver SC37941-03/P0176946	-	54,838
93.659	COVID-19 Adoption Assistance	-	676,811
93.659	Adoption Assistance	-	16,243,453
93.667	Social Services Block Grant	3,068,002	7,802,077
93.669	COVID-19 Child Abuse and Neglect State Grants	-	109,038
93.669	Child Abuse and Neglect State Grants	-	149,865
93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	559,008	560,466
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	993,308	1,029,297
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	928,364	978,273
93.698	Elder Justice Act – Adult Protective Services	-	80,953
93.732	Mental and Behavioral Health Education and Training Grants	31,198	1,806,236
93.747	COVID-19 Elder Abuse Prevention Interventions Program	-	694,316
93.747	Elder Abuse Prevention Interventions Program	-	196,042
93.761	Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	-	71,367
93.767	COVID-19 Children's Health Insurance Program	-	553,898
93.767	Children's Health Insurance Program	-	77,734,201
93.788	Opioid STR	2,113,464	3,123,805
93.791	Money Follows the Person Rebalancing Demonstration	-	1,044,526
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	-	1,239,661

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
93.822	Health Careers Opportunity Program (HCOP)	-	325,892
93.829	Section 223 Demonstration Programs to Improve Community Mental Health Services	-	985,790
93.870	COVID-19 Maternal, Infant and Early Childhood Homevisiting Grant Program	65,938	439,887
93.870	Maternal, Infant and Early Childhood Homevisiting Grant Program	2,474,325	3,349,662
93.884	Primary Care Training and Enhancement	-	560,826
93.889	National Bioterrorism Hospital Preparedness Program	995,408	1,160,700
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	320,539	2,212,068
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	142,596	356,546
93.913	Grants to States for Operation of Offices of Rural Health	-	156,438
93.917	HIV Care Formula Grants	602,124	2,836,424
93.940	HIV Prevention Activities Health Department Based	397,443	779,275
93.945	Assistance Programs for Chronic Disease Prevention and Control	-	186,909
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	63,916	387,092
93.958	COVID-19 Block Grants for Community Mental Health Services	1,243,263	1,417,079
93.958	Block Grants for Community Mental Health Services	1,963,080	2,404,985
93.959	COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	2,857,987	5,327,785
93.959	Block Grants for Prevention and Treatment of Substance Abuse	5,535,577	7,840,581
93.967	COVID-19 Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	-	418,950
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	395,640	767,408
93.969	PPHF Geriatric Education Centers	338,192	981,749
93.970	Health Professions Recruitment Program for Indians	-	333,776
93.977	COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	338,916	735,694
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	-	271,545
93.982	Mental Health Disaster Assistance and Emergency Mental Health	351,142	351,142
93.988	Cooperative Agreements for Diabetes Control Programs	153,359	699,717
93.991	Preventive Health and Health Services Block Grant	111,608	1,178,315

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
93.994	Maternal and Child Health Services Block Grant to the States	1,284,586	2,337,753
93.UXX	Miscellaneous Grants	-	-
	Missoula Aids Fund, Inc. 10T20D035589-01	-	45,422
	<b><i>Aging Cluster</i></b>	<b>\$ 119,204,513</b>	<b>\$ 383,949,188</b>
	<b><i>Unclustered Total</i></b>		
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	13,096	158,856
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	1,635,020	2,024,139
93.045	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	13,762	13,762
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	4,192,371	4,776,450
93.053	Nutrition Services Incentive Program	456,203	640,716
	<b><i>Aging Cluster Total</i></b>	<b>\$ 6,310,452</b>	<b>\$ 7,613,923</b>
	<b><i>CCDF Cluster</i></b>		
93.575	COVID-19 Child Care and Development Block Grant	3,343,359	18,303,721
93.575	Child Care and Development Block Grant	7,083,830	27,396,962
	Mountain Pacific Quality Health Foundation	-	134,042
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	-	10,598,096
	<b><i>CCDF Cluster Total</i></b>	<b>\$ 10,427,189</b>	<b>\$ 56,432,821</b>
	<b><i>Head Start Cluster</i></b>		
93.600	Head Start	-	61,040
	Stone Child College 90YT000038-01-00	-	132,722
	<b><i>Head Start Cluster Total</i></b>	<b>\$ -</b>	<b>\$ 193,762</b>
	<b><i>Medicaid Cluster</i></b>		
93.775	State Medicaid Fraud Control Units	-	798,543
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	-	2,172,283
93.778	COVID-19 Medical Assistance Program	-	10,748,594
93.778	Medical Assistance Program	-	1,872,180,709
	<b><i>Medicaid Cluster Total</i></b>	<b>\$ -</b>	<b>\$ 1,885,900,129</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
<b>Student Financial Assistance Cluster</b>			
93.264	Nurse Faculty Loan Program (NFLP)	\$ -	\$ 9,610
93.342	Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students	-	260,262
93.364	Nursing Student Loans	-	2,988,501
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	-	471,797
	<b>Student Financial Assistance Cluster Total</b>	<b>\$ -</b>	<b>\$ 3,730,170</b>
	<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL</b>	<b>\$ 135,942,154</b>	<b>\$ 2,337,819,993</b>

**DEPARTMENT OF HOMELAND SECURITY**

**Unclustered**

97.008	Non-Profit Security Program	\$ 526,336	\$ 545,893
97.012	Boating Safety Financial Assistance	-	519,394
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	-	344,633
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	22,316,879	22,730,222
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	16,554,878	19,165,910
97.039	COVID-19 Hazard Mitigation Grant	350,913	350,913
97.039	Hazard Mitigation Grant	1,363,494	1,860,997
97.041	National Dam Safety Program	-	432,725
97.042	Emergency Management Performance Grants	2,135,664	3,715,565
97.044	Assistance to Firefighters Grant	-	83,704
97.045	Cooperating Technical Partners	-	8,311,921
97.046	Fire Management Assistance Grant	-	5,488,749
97.047	BRIC: Building Resilient Infrastructure and Communities	258,181	403,216
97.067	Homeland Security Grant Program	5,922,043	6,881,759
97.082	Earthquake State Assistance	-	73,152

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
97.088	Disaster Assistance Projects	-	525,108
97.137	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	-	6,658
	<b>Unclustered Total</b>	<b>\$ 49,428,388</b>	<b>\$ 71,440,519</b>
	<b>DEPARTMENT OF HOMELAND SECURITY TOTAL</b>	<b>\$ 49,428,388</b>	<b>\$ 71,440,519</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Unclustered</i>			
14.228	COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	2,504,600	2,651,628
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	4,888,606	5,107,000
14.231	COVID-19 Emergency Solutions Grant Program	193,454	191,628
14.231	Emergency Solutions Grant Program	955,195	966,421
14.239	COVID-19 Home Investment Partnerships Program	-	107,203
14.239	Home Investment Partnerships Program	1,874,806	2,119,666
14.241	Housing Opportunities for Persons with AIDS	1,123,988	1,094,432
14.275	Housing Trust Fund	1,571,362	1,875,099
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	-	177,719
	<b>Unclustered Total</b>	<b>\$ 13,112,011</b>	<b>\$ 14,290,796</b>
<i>Housing Voucher Cluster</i>			
14.871	COVID-19 Section 8 Housing Choice Vouchers	-	13
14.871	Section 8 Housing Choice Vouchers	-	25,859,787
14.879	Mainstream Vouchers	-	259,789
	<b>Housing Voucher Cluster Total</b>	<b>\$ -</b>	<b>\$ 26,119,589</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Section 8 Project-Based Cluster**

14.195	Project-Based Rental Assistance (PBRA)	\$	-	\$	30,106,288
14.856	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation		-		1,379,887
	<b>Section 8 Project-Based Cluster Total</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>31,486,175</b>
	<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL</b>	<b>\$</b>	<b>13,112,011</b>	<b>\$</b>	<b>71,896,560</b>

**DEPARTMENT OF JUSTICE**

**Unclustered**

16.017	Sexual Assault Services Formula Program	\$	461,182	\$	485,824
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus		-		41,621
16.528	Enhanced Training and Services to End Violence and Abuse of Women Later in Life		33,773		35,519
16.540	Juvenile Justice and Delinquency Prevention		465,838		557,580
16.543	Missing Children's Assistance		126,111		416,705
16.548	Delinquency Prevention Program		242,129		280,098
16.550	State Justice Statistics Program for Statistical Analysis Centers		-		11,259
16.554	National Criminal History Improvement Program (NCHIP)		193,877		193,877
16.575	Crime Victim Assistance		3,124,662		3,543,195
16.576	Crime Victim Compensation		-		587,021
16.582	Crime Victim Assistance/Discretionary Grants		-		102,987
16.585	Treatment Court Discretionary Grant Program		-		881,567
	Tribal Law and Policy Institute Agreement 04		-		57,849
	Tribal Law and Policy Institute Agreement 03		-		55,143
16.588	Violence Against Women Formula Grants		723,573		853,748
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		2,711		41,326
16.593	Residential Substance Abuse Treatment for State Prisoners		117,290		142,610
16.606	State Criminal Alien Assistance Program		-		60,898
16.607	Bulletproof Vest Partnership Program		-		966
16.609	Project Safe Neighborhoods		51,934		60,464

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
16.710	Public Safety Partnership and Community Policing Grants	5,071	81,303
16.738	Edward Byrne Memorial Justice Assistance Grant Program	812,147	1,226,543
16.741	DNA Backlog Reduction Program	-	571,831
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	-	386,400
16.750	Support for Adam Walsh Act Implementation Grant Program	-	104,120
16.758	Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	49,944	881,766
16.816	John R. Justice Prosecutors and Defenders Incentive Act	-	40,000
16.831	Children of Incarcerated Parents	-	145,652
16.833	National Sexual Assault Kit Initiative	-	415,068
16.838	Comprehensive Opioid, Stimulant, and other Substances Use Program	123,205	428,183
16.839	STOP School Violence	-	626,777
16.922	Equitable Sharing Program	-	121,875
	<b>Unclustered Total</b>	<b>\$ 6,533,447</b>	<b>\$ 13,439,775</b>
	<b>DEPARTMENT OF JUSTICE TOTAL</b>	<b>\$ 6,533,447</b>	<b>\$ 13,439,775</b>
<b>DEPARTMENT OF LABOR</b>			
<i>Unclustered</i>			
17.002	Labor Force Statistics	-	\$ 759,746
17.005	Compensation and Working Conditions	-	106,124
17.225	COVID-19 Unemployment Insurance	-	1,154,730
17.225	Unemployment Insurance	-	135,950,414
17.235	Senior Community Service Employment Program	464,671	485,671
17.245	Trade Adjustment Assistance	-	45,355
17.268	H-1B Job Training Grants	-	379,458
17.270	Reentry Employment Opportunities	-	66,897
17.271	Work Opportunity Tax Credit Program (WOTC)	-	71,728
17.273	Temporary Labor Certification for Foreign Workers	-	520,698

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
17.285	Registered Apprenticeship	-	323,456
17.504	Consultation Agreements	-	691,784
17.600	Mine Health and Safety Grants	-	245,753
	<b>Unclustered Total</b>	<b>\$ 464,671</b>	<b>\$ 140,801,814</b>
	<b>Employment Service Cluster</b>		
17.207	Employment Service/Wagner-Peyser Funded Activities	-	5,366,121
17.801	Jobs for Veterans State Grants	-	641,045
	<b>Employment Service Cluster Total</b>	<b>\$ -</b>	<b>\$ 6,007,166</b>
	<b>WIOA Cluster</b>		
17.258	WIOA Adult Program	266,291	2,105,887
17.259	WIOA Youth Activities	1,538,289	2,336,323
17.278	WIOA Dislocated Worker Formula Grants	8,861	1,521,987
	<b>WIOA Cluster Total</b>	<b>\$ 1,813,441</b>	<b>\$ 5,964,197</b>
	<b>DEPARTMENT OF LABOR TOTAL</b>	<b>\$ 2,278,112</b>	<b>\$ 152,773,177</b>
	<b>DEPARTMENT OF STATE</b>		
	<b>Unclustered</b>		
19.009	Academic Exchange Programs - Undergraduate Programs	507,952	1,658,841
	World Learning CBPSA19-MSUB01	-	(890)
	World Learning IDEAS22-MSUB01	-	2,445
19.401	Academic Exchange Programs - Scholars	2,937,459	4,765,226
19.408	Academic Exchange Programs - Teachers	-	27,785
	International Research and Exchanges Board FY23-FTEA-MSU-03	-	235,000
	International Research and Exchanges Board FY23-FTEA-MSU-04	-	30,000
19.415	Professional and Cultural Exchange Programs - Citizen Exchanges	207,813	698,738
	American Councils for International Education S-ECAGD-20-CA-0043	-	44,911
	American Councils for International Education SECAGD21CA3075	-	378,104
	American Councils for International Education SECAGD22CA0069	-	248,734
	American Councils for International Education SECAGD55CA0069	-	108,466

The accompanying notes are an integral part of this schedule.



**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
19.600	Bureau of Near Eastern Affairs	-	-
	Georgetown University MSU-20220621	-	(209)
	Georgetown University MSU-2023	-	171,916
	Georgetown University MSU-2023-2	-	14,006
	Georgetown University MSU-M02024	-	36,795
	<b>Unclustered Total</b>	<b>\$ 3,653,224</b>	<b>\$ 8,419,868</b>
	<b>DEPARTMENT OF STATE TOTAL</b>	<b>\$ 3,653,224</b>	<b>\$ 8,419,868</b>

**DEPARTMENT OF THE INTERIOR**

**Unclustered**

15.018	Energy Community Revitalization Program (ECRP)	\$ -	\$ 7,829,611
15.159	Cultural Resources Management	-	12,626
15.224	Cultural and Paleontological Resources Management	-	11,867
15.228	BLM Fuels Management and Community Fire Assistance Program Activities	-	171
15.230	Invasive and Noxious Plant Management	-	23,444
15.232	Joint Fire Science Program	1,850	11,738
15.236	Environmental Quality and Protection	-	2,159,820
15.245	Plant Conservation and Restoration Management	-	41,293
15.246	Threatened and Endangered Species	-	-
	University of Wyoming 1005627-MNHP	-	9,708
15.247	Wildlife Resource Management	-	135,374
	NatureServe MT-037-FY23	-	20,000
15.252	Abandoned Mine Land Reclamation (AMLR)	-	8,978,061
15.427	Federal Oil and Gas Royalty Management State and Tribal Coordination	-	526,190
15.514	Reclamation States Emergency Drought Relief	-	64,583
15.517	Fish and Wildlife Coordination Act	71,757	224,659
15.524	Recreation Resources Management	-	78,818

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

	Provided to Subrecipients	Total Federal Expenditures
15.557 Applied Science Grants	-	21,782
15.608 Fish and Wildlife Management Assistance	34,405	113,936
15.615 Cooperative Endangered Species Conservation Fund	-	33,924
15.634 State Wildlife Grants	14,712	988,100
15.637 Migratory Bird Joint Ventures	18,700	26,059
15.657 Endangered Species Recovery Implementation	-	314,872
15.660 Candidate Species Conservation	-	486
15.670 Adaptive Science	-	14,061
15.904 Historic Preservation Fund Grants-In-Aid	101,978	1,077,155
15.916 Outdoor Recreation Acquisition, Development and Planning	1,318,089	1,362,775
15.922 Native American Graves Protection and Repatriation Act	-	204
15.929 Save America's Treasures	-	128,993
15.945 Cooperative Research and Training Programs – Resources of the National Park System	-	113,454
15.954 National Park Service Conservation, Protection, Outreach, and Education	-	21,003
National Writing Project 16-MT03-NPS2023	-	3,500
15.959 Education Program Management	-	-
Kha'p'o Community School A18AV00750	-	391
15.UXX Miscellaneous Grants	-	20,412
Kearnes and West, Inc. 1800-1444-1	-	48,540
National Fish and Wildlife Foundation 66972	-	(79,000)
<b>Unclustered Total</b>	<b>\$ 1,561,491</b>	<b>\$ 24,338,610</b>
<b>Fish and Wildlife Cluster</b>		
15.605 Sport Fish Restoration	-	8,927,728
15.611 Wildlife Restoration and Basic Hunter Education and Safety	685,243	28,543,293
15.626 Enhanced Hunter Education and Safety	-	46,763
<b>Fish and Wildlife Cluster Total</b>	<b>\$ 685,243</b>	<b>\$ 37,517,784</b>
<b>DEPARTMENT OF THE INTERIOR TOTAL</b>	<b>\$ 2,246,734</b>	<b>\$ 61,856,394</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**DEPARTMENT OF THE TREASURY**

*Unclustered*

21.020	Community Development Financial Institutions Program			
21.023	COVID-19 Emergency Rental Assistance Program	1,309,780	\$ -	2,937
21.026	COVID-19 Homeowner Assistance Fund			8,625,543
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	141,398,005	-	10,048,767
	Cascade County, Montana 1-16			186,380,237
	City of Great Falls, Montana ARSA 2305			69,269
	City-County of Butte-Silver Bow, Montana 2022-187			80,209
	Gallatin County, Montana			279,004
	Montana Technology Enterprise Center			824,805
21.029	COVID-19 Coronavirus Capital Projects Fund	2,117,781	-	273,580
21.UXX	Miscellaneous Grants			2,117,781
			-	942
		<b>\$ 144,825,566</b>	<b>\$ 208,703,074</b>	
		<b>Unclustered Total</b>	<b>\$ 144,825,566</b>	<b>\$ 208,703,074</b>
		<b>DEPARTMENT OF THE TREASURY TOTAL</b>	<b>\$ 144,825,566</b>	<b>\$ 208,703,074</b>

**DEPARTMENT OF TRANSPORTATION**

*Unclustered*

20.106	COVID-19 Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs		\$ -	14,568,024
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs		-	11,030,167
20.205	COVID-19 Highway Planning and Construction		-	46,214,332
20.205	Highway Planning and Construction	2,179,603		629,284,822
20.215	Highway Training and Education		-	208,766
	North Dakota State University FAR0036205		-	30,412
20.219	Recreational Trails Program	1,363,128		1,447,744
20.224	Federal Lands Access Program		-	3,000,000

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

		Provided to Subrecipients	Total Federal Expenditures
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	739,487	663,279
20.509	COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	643,254	643,254
20.509	Formula Grants for Rural Areas and Tribal Transit Program	19,759,094	20,323,718
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	308,184	684,287
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	-	97,630
20.700	Pipeline Safety Program State Base Grant	-	146,358
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	161,717	182,625
20.725	PHMSA Pipeline Safety Underground Natural Gas Storage Grant	-	2,674
	<b>Unclustered Total</b>	<b>\$ 25,154,467</b>	<b>\$ 728,528,092</b>
	<b>Federal Transit Cluster</b>		
20.526	COVID-19 Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	\$ 969,490	\$ 969,490
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	757,652	1,853,382
	<b>Federal Transit Cluster Total</b>	<b>\$ 1,727,142</b>	<b>\$ 2,822,872</b>
	<b>FMCSA Cluster</b>		
20.218	Motor Carrier Safety Assistance	\$ -	\$ 4,409,639
	<b>FMCSA Cluster Total</b>	<b>\$ -</b>	<b>\$ 4,409,639</b>
	<b>Highway Safety Cluster</b>		
20.600	State and Community Highway Safety	\$ 289,969	\$ 2,509,848
20.616	National Priority Safety Programs	366,630	2,272,161
	<b>Highway Safety Cluster Total</b>	<b>\$ 656,599</b>	<b>\$ 4,782,009</b>
	<b>Transit Services Programs Cluster</b>		
20.513	COVID-19 Enhanced Mobility of Seniors and Individuals with Disabilities	\$ -	\$ 81,068
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	1,138,004	1,138,004
	<b>Transit Services Programs Cluster Total</b>	<b>\$ 1,138,004</b>	<b>\$ 1,219,072</b>
	<b>DEPARTMENT OF TRANSPORTATION TOTAL</b>	<b>\$ 28,676,212</b>	<b>\$ 741,761,684</b>

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

**DEPARTMENT OF VETERANS AFFAIRS**

*Unclustered*

64.005	Grants to States for Construction of State Home Facilities	\$	-	\$	8,608,386
64.014	Veterans State Domiciliary Care		-		96,589
64.015	Veterans State Nursing Home Care		-		10,903,953
64.124	All-Volunteer Force Educational Assistance		-		193,705
64.203	Veterans Cemetery Grants Program		-		185,367
	<b>Unclustered Total</b>	\$	-	\$	<b>19,988,000</b>

**DEPARTMENT OF VETERANS AFFAIRS TOTAL**

\$	-	\$	<b>19,988,000</b>
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**ELECTION ASSISTANCE COMMISSION**

*Unclustered*

90.404	HAVA Election Security Grants	\$	246,406	\$	1,297,336
	<b>Unclustered Total</b>	\$	<b>246,406</b>	\$	<b>1,297,336</b>

**ELECTION ASSISTANCE COMMISSION TOTAL**

\$	<b>246,406</b>	\$	<b>1,297,336</b>
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**ENVIRONMENTAL PROTECTION AGENCY**

*Unclustered*

66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	\$	-	\$	426,849
66.040	Diesel Emissions Reduction Act (DERA) State Grants		-		295,558
66.044	Wildfire Smoke Preparedness in Community Buildings Grant Program		-		2,441
66.046	Climate Pollution Reduction Grants		-		170,809
66.419	Water Pollution Control State, Interstate, and Tribal Program Support		-		107,342

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

	Provided to Subrecipients	Total Federal Expenditures
66.433 State Underground Water Source Protection	-	134,250
66.442 Water Infrastructure Improvements for the Nation Small and Underserved Communities Emerging Contaminants Grant Program	139,452	139,452
66.444 Voluntary School and Child Care Lead Testing and Reduction Grant Program (SDWA 1464(d))	-	43,196
66.454 Water Quality Management Planning	-	121,151
66.458 Clean Water State Revolving Fund	-	293,804,715
66.460 Nonpoint Source Implementation Grants	-	2,113,379
66.461 Regional Wetland Program Development Grants	-	107,205
66.468 Drinking Water State Revolving Fund	-	213,969,137
66.489 Response to Emergency Situations Affecting Public Water Systems (SDWA 1442b)	-	6,536
66.605 Performance Partnership Grants	-	8,248,204
66.608 Environmental Information Exchange Network Grant Program and Related Assistance	-	125,853
66.802 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	-	3,188,261
66.804 Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	-	360,154
66.805 Leaking Underground Storage Tank Trust Fund Corrective Action Program	-	390,186
66.817 State and Tribal Response Program Grants	-	1,304,108
66.818 Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	-	1,159,737
66.920 Solid Waste Infrastructure for Recycling Infrastructure Grants	-	46,946
66.961 Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	-	542,676
66.962 Geographic Programs - Columbia River Basin Restoration (CRBR) Program	-	133,100
<b>Unclustered Total</b>	<b>\$ 139,452</b>	<b>\$ 526,941,245</b>
<b>ENVIRONMENTAL PROTECTION AGENCY TOTAL</b>	<b>\$ 139,452</b>	<b>\$ 526,941,245</b>

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION**

*Unclustered*

30.001 Employment Discrimination Title VII of the Civil Rights Act of 1964

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 79,412

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 79,412

*Unclustered Total*

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 79,412

**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION TOTAL**

**EXECUTIVE OFFICE OF THE PRESIDENT**

*Unclustered*

95.001 High Intensity Drug Trafficking Areas Program

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 204,178

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 204,178

*Unclustered Total*

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 204,178

**EXECUTIVE OFFICE OF THE PRESIDENT TOTAL**

**FEDERAL COMMUNICATIONS COMMISSION**

*Unclustered*

32.004 Universal Service Fund - Schools and Libraries

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 20,704

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 20,704

*Unclustered Total*

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 20,704

**FEDERAL COMMUNICATIONS COMMISSION TOTAL**

**FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL APPRAISAL SUBCOMMITTEE**

*Unclustered*

38.006 State Appraiser Agency Support Grants

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 14,789

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 14,789

*Unclustered Total*

	Provided to Subrecipients	Total Federal Expenditures
	\$ -	\$ 14,789

**FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL APPRAISAL SUBCOMMITTEE TOTAL**

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

	Provided to Subrecipients	Total Federal Expenditures
<b>GENERAL SERVICES ADMINISTRATION</b>		
<i>Unclustered</i>		
39.003     Donation of Federal Surplus Personal Property	\$ -	\$ (78,132)
<i>Unclustered Total</i>	\$ -	\$ (78,132)
<b>GENERAL SERVICES ADMINISTRATION TOTAL</b>	\$ -	\$ (78,132)
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>		
<i>Unclustered</i>		
45.301     Museums for America	\$ -	\$ 308,130
45.310     Grants to States	-	1,428,817
45.312     National Leadership Grants	-	203,861
<i>Unclustered Total</i>	\$ -	\$ 1,940,808
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES TOTAL</b>	\$ -	\$ 1,940,808
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>		
<i>Unclustered</i>		
43.001     Science	\$ 68,069	\$ 199,001
43.008     Office of Stem Engagement (OSTEM)	-	(248)
Carthage College     FNL24_9-0	-	5,289
<i>Unclustered Total</i>	\$ 68,069	\$ 204,042
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL</b>	\$ 68,069	\$ 204,042

The accompanying notes are an integral part of this schedule.



**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**NATIONAL ENDOWMENT FOR THE ARTS**

*Unclustered*

45.024	Promotion of the Arts Grants to Organizations and Individuals Wyoming Arts Council 225050	\$ -	\$	46,560
45.025	Promotion of the Arts Partnership Agreements Wyoming Arts Council WAC 2024	496,783		1,021
				1,059,579
				10,591
		<b>\$ 496,783</b>	<b>\$</b>	<b>1,117,751</b>
	<b>Unclustered Total</b>			
		<b>\$ 496,783</b>	<b>\$</b>	<b>1,117,751</b>
	<b>NATIONAL ENDOWMENT FOR THE ARTS TOTAL</b>			

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

*Unclustered*

45.129	Promotion of the Humanities Federal/State Partnership Humanities Montana 23R003	\$ -	\$	-
	Humanities Montana 23R030	-		2,001
	Humanities Montana 23R032	-		6,930
	Humanities Montana 23R035	-		995
	Humanities Montana 23R042	-		4,827
	Humanities Montana 24R009	-		5,009
45.149	Promotion of the Humanities Division of Preservation and Access	-		3,445
45.160	Promotion of the Humanities Fellowships and Stipends Association of Tribal Archives ATALM - 74	-		132,372
45.162	Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	-		-
45.163	Promotion of the Humanities Professional Development Fort Peck Community College BH-288078-02	-		2,998
45.164	Promotion of the Humanities Public Programs	-		41,240
		-		-
		-		14,456
		-		3,360
		<b>\$ -</b>	<b>\$</b>	<b>217,633</b>
	<b>Unclustered Total</b>			
		<b>\$ -</b>	<b>\$</b>	<b>217,633</b>
	<b>NATIONAL ENDOWMENT FOR THE HUMANITIES TOTAL</b>			

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

	Provided to Subrecipients	Total Federal Expenditures
<b>PEACE CORPS</b>		
<i>Unclustered</i>		
45.UXX Miscellaneous Grants	\$ -	\$ 14,549
<i>Unclustered Total</i>	\$ -	\$ 14,549
<i>PEACE CORPS TOTAL</i>	\$ -	\$ 14,549
<b>SMALL BUSINESS ADMINISTRATION</b>		
<i>Unclustered</i>		
59.037 Small Business Development Centers	\$ -	\$ 767,569
59.043 Women's Business Ownership Assistance	-	-
Montana Technology Enterprise Center	-	6,456
59.061 State Trade Expansion	-	842,511
<i>Unclustered Total</i>	\$ -	\$ 1,616,536
<i>SMALL BUSINESS ADMINISTRATION TOTAL</i>	\$ -	\$ 1,616,536
<b>SOCIAL SECURITY ADMINISTRATION</b>		
<i>Unclustered</i>		
96.008 Social Security - Work Incentives Planning and Assistance Program	\$ 86,566	\$ 278,906
<i>Disability Insurance/SSI Cluster</i>		
96.001 Social Security Disability Insurance	\$ -	\$ 5,705,371
<i>Disability Insurance/SSI Cluster Total</i>	\$ -	\$ 5,705,371
<i>SOCIAL SECURITY ADMINISTRATION TOTAL</i>	\$ 86,566	\$ 5,984,277

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

<u>Research and Development Cluster</u>		Provided to	Total Federal
		Subrecipients	Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>			
<b><i>Agricultural Marketing Service</i></b>			
10.164	Wholesale Farmers and Alternative Market Development Colorado State University G-40702-08	\$ -	-
10.170	Specialty Crop Block Grant Program - Farm Bill University of Iowa S03276-01	-	6,417
10.173	Sheep Production and Marketing Grant Program National Sheep Improvement Center NSIIC   MARQUES-2023	-	-
10.174	Acer Access Development Program Michigan State University RC115698-MS	99,283	57,096
		-	21,844
		-	449,578
		-	84,343
	<b><i>Agricultural Marketing Service Total</i></b>	<b>\$ 99,283</b>	<b>\$ 619,278</b>
<b><i>Agricultural Research Service</i></b>			
10.001	Agricultural Research Basic and Applied Research	\$ -	1,735,748
	<b><i>Animal and Plant Health Inspection Service</i></b>	<b>\$ -</b>	<b>\$ 1,735,748</b>
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ -	252,476
10.028	Wildlife Services	-	91,143
	<b><i>Animal and Plant Health Inspection Service Total</i></b>	<b>\$ -</b>	<b>\$ 343,619</b>
<b><i>Economic Research Service</i></b>			
10.250	Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations Gams Development Corporation	\$ -	-
		-	55,118
	<b><i>Economic Research Service Total</i></b>	<b>\$ -</b>	<b>\$ 55,118</b>
<b><i>Farm Service Agency</i></b>			
10.069	Conservation Reserve Program	\$ -	37,772
	<b><i>Farm Service Agency Total</i></b>	<b>\$ -</b>	<b>\$ 37,772</b>
<b><i>Forest Service</i></b>			
10.652	Forestry Research United States Endowment for Forestry and Communities, Inc. 22-00459	\$ 293,861	3,382,494
10.664	Cooperative Forestry Assistance	-	372
		-	99,281

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

		Provided to Subrecipients	Total Federal Expenditures
10.665	Schools and Roads - Grants to States	-	18,320
10.680	Forest Health Protection	-	285,399
10.682	National Forest Foundation	-	(6,399)
10.684	International Forestry Programs	-	107,644
10.699	Partnership Agreements	-	964,772
10.707	Research Joint Venture and Cost Reimbursable Agreements	-	494,746
10.714	Infrastructure Investment and Job Act Joint Fire Science Program (Research & Development)	-	159,885
10.716	Infrastructure Investment and Jobs Act Prescribed Fire/Fire Recovery	-	3,421
10.717	Infrastructure Investment and Jobs Act Restoration/Revegetation	-	-
	National Fish and Wildlife Foundation 5200.23.078141	-	281,401
10.729	Inflation Reduction Act - National Forest System	-	62,917
	<b>Forest Service Total</b>	<b>\$ 293,861</b>	<b>\$ 5,854,253</b>
<b><i>National Institute of Food and Agriculture</i></b>			
10.200	Grants for Agricultural Research, Special Research Grants	-	-
	Mississippi State University 327054.11.12.FR20-5	-	90
	Regents of the University of Idaho AP5923-870185	-	16,585
	University of California, Davis IS00390	-	12,319
10.202	Cooperative Forestry Research	-	601,200
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	-	2,699,438
10.207	Animal Health and Disease Research	-	21,997
10.215	Sustainable Agriculture Research and Education	7,967,071	10,299,847
	Colorado State University G-07002-04	-	26,768
	Regents of the University of Idaho AD6564-884705	-	1,567
	University of Maryland 124607-Z5355201	-	41,506
	University of Maryland 136710-Z5336204	-	9,393
10.217	Higher Education - Institution Challenge Grants Program	-	(161)
	California Polytechnic State University, San Luis Obispo 2022-3-53734	-	34,308
	University of Tennessee A24-0702-S001	-	22,073

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

<b><u>Research and Development Cluster</u></b>		<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
10.227	1994 Institutions Research Grants Salish Kootenai College	-	- 32,554
10.237	From Learning to Leading: Cultivating the Next Generation of Diverse Food and Agriculture Professionals Nueta Hidatsa Sahnish College	-	- 139,428
10.303	Integrated Programs	-	35,690
10.304	Food and Agriculture Defense Initiative (FADI) Kansas State University A22-0145-S002 Kansas State University A23-0126-S002 Purdue University 17000985-003	- - -	- 84 34,905
10.307	Organic Agriculture Research and Extension Initiative North Dakota State University #FAR0035171 Utah State University 202524-663	21,362 -	11,891 48,623 53,001
10.309	Specialty Crop Research Initiative Regents of the University of Idaho AN4829-846776 University of Minnesota H007082503	100,490 -	131,143 237,082 70,224
10.310	Agriculture and Food Research Initiative (AFRI) Arizona State University ASUB000001562 Boise State University 10015-PO139386 Colorado State University G-10157-02 Colorado State University G-40591-01 Geneshifters, LLC 37440-001 Kansas State University A21-0417-S002 North Dakota State University FAR0034799 Oregon State University C0599B-A Pennsylvania State University S002665-USDA Purdue University F9000315202080 University of California, Davis A22-1483-S011 University of California, Davis A24-0319-S001	475,873 - - - - - - - - - - - -	2,986,130 11,638 15,733 13 84,750 53,463 2,176 78,891 55,261 24 22,709 114,131 15,268

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

			Provided to Subrecipients	Total Federal Expenditures
10.320	University of New Hampshire L0015 University of North Carolina 20180006.1 Sun Grant Program		- - -	49,380 1,212 -
10.329	North Dakota State University FAR0035420 Crop Protection and Pest Management Competitive Grants Program		-	28,161 372,315
10.330	Alfalfa Seed and Alfalfa Forage Systems Program		-	20,914
10.331	Gus Schumacher Nutrition Incentive Program Community Food and Agriculture Coalition	36,984	- -	- 29,044
10.333	Urban, Indoor, and Other Emerging Agricultural Production Research, Education, and Extension Initiative	-	-	-
10.500	Community Food and Agriculture Coalition 2021-70034-35326 Community Food and Agriculture Coalition Cooperative Extension Service	- - -	- - -	6,771 26,179 3,490,380
10.516	University of Illinois at Urbana-Champaign 110920-1945 Rural Health and Safety Education Competitive Grants Program	-	-	10,265 7,193
10.519	Equipment Grants Program (EGP)	-	-	430,660
10.520	Agriculture Risk Management Education Partnerships Competitive Grants Program Washington State University 140322 WSU001027	- -	- -	- 5,904
10.525	Farm and Ranch Stress Assistance Network Competitive Grants Program Washington State University 139244 SPC002077	- -	- -	- 382,904
10.527	New Beginning for Tribal Students	72,695	-	258,539
<b>National Institute of Food and Agriculture Total</b>				<b>\$ 8,674,475 \$ 23,141,543</b>
<b>Natural Resources Conservation Service</b>				
10.902	Soil and Water Conservation Pheasants Forever, Inc. WLFW 2024-01 Pheasants Forever, Inc. WLRW 2021-02 Regents of New Mexico State University Q002422		\$ - - -	198,672 29,937 293,884 43,898
10.903	Soil Survey		-	6,997

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

<u><b>Research and Development Cluster</b></u>		Provided to Subrecipients	Total Federal Expenditures
10.912	Environmental Quality Incentives Program	-	-
	Montana Grazing Land Conservation Initiative	-	5,216
	Pikaniii Lodge Health Institute NR223A750013G025_MSU	-	80,863
	University of Illinois at Urbana-Champaign 103926-18435	-	82,056
10.937	Partnerships for Climate-Smart Commodities	-	-
	Ohio State University SPC-1000013279   GR135268	-	5,417
	Pikaniii Lodge Health Institute NR243A750004G015	-	18,199
	<b>Natural Resources Conservation Service Total</b>	<b>\$ -</b>	<b>\$ 765,139</b>
	<b>Risk Management Agency</b>		
10.460	Risk Management Education Partnerships	\$ -	\$ 152,486
	<b>Risk Management Agency Total</b>	<b>\$ -</b>	<b>\$ 152,486</b>
	<b>Rural Business Cooperative Service</b>		
10.350	Technical Assistance to Cooperatives	\$ -	-
	National Association of Development Organizations 484.01	-	28,227
10.351	Rural Business Development Grant	-	-
	National Association of Development Organizations 488.01	-	31,377
	National Association of Development Organizations 489.01	-	43,750
	National Association of Development Organizations 490.01	-	102,275
	National Association of Development Organizations 491.01	-	17,847
	National Association of Development Organizations 492.01	-	2,045
	National Association of Development Organizations 493.01	-	37,091
	<b>Rural Business Cooperative Service Total</b>	<b>\$ -</b>	<b>\$ 262,612</b>
	<b>Miscellaneous Research and Development</b>		
10.RD	Miscellaneous Research and Development	\$ -	\$ 36,117
	National Forest Foundation SP_407	-	25,791
	The Nature Conservancy MTF0040722_MS	-	5,116
	<b>Miscellaneous Research and Development Total</b>	<b>\$ -</b>	<b>\$ 67,024</b>
	<b>DEPARTMENT OF AGRICULTURE TOTAL</b>	<b>\$ 9,067,619</b>	<b>\$ 33,034,592</b>

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

**Research and Development Cluster**

**DEPARTMENT OF COMMERCE**

***Economic Development Administration***

11.303 Economic Development Technical Assistance  
11.307 Economic Adjustment Assistance  
Oregon State University X0255A-A

***Economic Development Administration Total***

***National Institute of Standards and Technology***

11.609 Measurement and Engineering Research and Standards

***National Institute of Standards and Technology Total***

***National Oceanic and Atmospheric Administration***

11.012 Integrated Ocean Observing System (IOOS)  
11.431 Climate and Atmospheric Research  
University Corporation for Atmospheric Research SUBAWD2174  
11.438 Pacific Coast Salmon Recovery Pacific Salmon Treaty Program  
State of Alaska AKSSF-53005  
11.440 COVID-19 Environmental Sciences, Applications, Data, and Education  
11.440 Environmental Sciences, Applications, Data, and Education

***National Oceanic and Atmospheric Administration Total***

***Miscellaneous Research and Development***

11.RD Miscellaneous Research and Development

***Miscellaneous Research and Development Total***

***DEPARTMENT OF COMMERCE TOTAL***

**DEPARTMENT OF DEFENSE**

12.006 National Defense Education Program  
12.369 Marine Corps Systems Command Federal Assistance Program

***Total***

	Provided to Subrecipients	Total Federal Expenditures
\$ -	\$ -	(1,385)
\$ -	-	-
\$ -	-	84,109
<b>\$ -</b>	<b>-</b>	<b>\$ 82,724</b>
\$ -	-	58,517
<b>\$ -</b>	<b>-</b>	<b>\$ 58,517</b>
\$ -	-	1,650
8,569	8,569	304,931
-	-	(24,123)
-	-	-
-	-	14,513
-	-	(35)
-	-	20,362
<b>\$ 8,569</b>	<b>\$ 8,569</b>	<b>\$ 317,298</b>
\$ -	-	406,662
<b>\$ -</b>	<b>-</b>	<b>\$ 406,662</b>
<b>\$ 8,569</b>	<b>\$ 8,569</b>	<b>\$ 865,201</b>
\$ -	-	1,081,623
-	-	275,621
<b>\$ -</b>	<b>-</b>	<b>\$ 1,357,244</b>

The accompanying notes are an integral part of this schedule.



**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

***Defense Advanced Research Projects Agency***

12.910 Research and Technology Development  
BioSqueeze, Inc. HR001121S0007-31  
BioSqueeze, Inc. HR00112290096

***Defense Advanced Research Projects Agency Total***

***Department of the Air Force***

12.800 Air Force Defense Research Sciences Program  
Massachusetts Institute of Technology S6173, PO# 980413  
S2 Corporation #S2-1954-19-01A (3B)  
S2 Corporation #S2-1954-19-01F (3A)  
S2 Corporation

***Department of the Air Force Total***

***Department of the Army***

12.005 Conservation and Rehabilitation of Natural Resources on Military Installations  
12.114 Collaborative Research and Development  
University of North Carolina 5123041  
12.420 Military Medical Research and Development  
Institute for Rehabilitation and Research 8241143\_DODABUSE\_MONTANA  
University of California, Davis A19-0382-S001-A02  
12.431 Basic Scientific Research  
Civil-Military Innovation Institute, Inc. 22-ARL-TRACA-PP-UMT-001  
Fundamental Technologies, LLC FT-EPD SBIR:FA9550-23-P-0003  
University of Maryland 109255-Z8471202  
12.632 Legacy Resource Management Program

***Department of the Army Total***

***Department of the Navy***

12.300 Basic and Applied Scientific Research  
Advanced Ceramic Fibers, LLC PO 1007  
Colorado State University G-20237-03

	Provided to Subrecipients	Total Federal Expenditures
\$ 67,083 \$ 1,311,488		
- 108,294		
- 85,378		
<b>\$ 67,083 \$ 1,505,160</b>		
\$ 3,921,970 \$ 54,225,481		
- 120,525		
13,555 78,571		
- 61,858		
- 111,508		
<b>\$ 3,935,525 \$ 54,597,943</b>		
\$ 164,694 \$ 245,396		
- -		
- 91,927		
64,851 289,545		
- 43,646		
- 7,613		
170,456 15,037,944		
- -		
- 48,984		
- 927,484		
- 29,960		
<b>\$ 400,001 \$ 16,722,499</b>		
\$ - \$ 5,213,502		
- 33,001		
- 1,420		

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

			Provided to Subrecipients	Total Federal Expenditures
	Global Strategic Solutions, LLC	STTR N68335-21-C-0591	-	116,442
	Opto-Atomics		-	48,578
	Pennsylvania State University		-	1,155
	Pennsylvania State University	S000044-ONR	-	(2,974)
	Resilient Computing, LLC		-	33,212
	Washington State University	140178 SPC003260	-	68,702
		<b>Department of the Navy Total</b>	<b>\$ -</b>	<b>\$ 5,513,038</b>
	<b>Office of the Secretary of Defense</b>			
12.630	Basic, Applied, and Advanced Research in Science and Engineering		-	263,265
		<b>Office of the Secretary of Defense Total</b>	<b>\$ -</b>	<b>\$ 263,265</b>
	<b>Miscellaneous Research and Development</b>			
12.RD	Miscellaneous Research and Development		49,782	2,587,944
	Advanced Ceramic Fibers, LLC		-	30,295
	Advanced Technology International	Order No.: W81XWH-22-90014	185,000	917,290
	BioSqueeze, Inc.	mt23-020	-	1,785
	Civil-Military Innovation Institute, Inc.	2022 ARL-TRACA-PP-UMT-00	-	30
	Civil-Military Innovation Institute, Inc.	2023 ARL PROJECT EMERGE UM001	-	25,783
	Civil-Military Innovation Institute, Inc.	203-ARL-PROJECT-EMERGENCE-UMT-	314,928	342,641
	Civil-Military Innovation Institute, Inc.	TASK 006 2023 ARL PROJ EMERGEN	291,311	303,906
	Civil-Military Innovation Institute, Inc.	TASK 2 2023-ARL-PROJ EMERGENCE	176,859	214,475
	Civil-Military Innovation Institute, Inc.	Task Order 001	202,702	253,523
	Johns Hopkins University	169061	127,299	180,391
	National Center for Manufacturing Sciences Inc	2023207-142378	-	47,891
	Peraton		-	1,936

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

**Research and Development Cluster**

Pison Technology, Inc.	-	122,431
QinetiQ, Inc. RS3-33-039	-	41,398
West Virginia University 23-462-MM	-	158,509
<b>Miscellaneous Research and Development Total</b>	<b>\$ 1,347,881</b>	<b>\$ 5,230,228</b>
<b>DEPARTMENT OF DEFENSE TOTAL</b>	<b>\$ 5,750,490</b>	<b>\$ 85,189,377</b>

**DEPARTMENT OF EDUCATION**

***Institute of Education Sciences***

84.305 Education Research, Development and Dissemination	\$ -	\$ -
University of Missouri C00064217-1	-	106,131

***Institute of Education Sciences Total***

<b>\$ -</b>	<b>\$ 106,131</b>
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***Office of Elementary and Secondary Education***

84.184 School Safety National Activities	\$ -	\$ 557,367
84.336 Teacher Quality Partnership Grants	-	198,851
84.356 Alaska Native Educational Programs	-	-
Learning Point Alaska S356A210002	-	41,458
84.365 English Language Acquisition State Grants	-	-
Learning Point Alaska T365C210008	-	25,337

***Office of Elementary and Secondary Education Total***

<b>\$ -</b>	<b>\$ 823,013</b>
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***Office of Postsecondary Education***

84.217 TRIO McNair Post-Baccalaureate Achievement	\$ -	\$ 231,439
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***Office of Postsecondary Education Total***

<b>\$ -</b>	<b>\$ 231,439</b>
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***DEPARTMENT OF EDUCATION TOTAL***

<b>\$ -</b>	<b>\$ 1,160,583</b>
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The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

**DEPARTMENT OF ENERGY**

81.049	Office of Science Financial Assistance Program	25-1215-0265-004	\$	245,538	\$	3,117,446
	Board of Regents of the University of Nebraska			-		99,301
	University of Arizona	733228		-		59,115
	University of North Dakota	DE-FE0032030		-		4,125
	University of Oklahoma	2024-49		-		106,294
	Washington State University	132345 SPC001690		-		59,104
	Yale University	GR104542 (CON-80001480)		-		(789)
81.086	Conservation Research and Development			21,549		3,081,157
	North Dakota State University	FAR0034253		-		104,886
81.087	Renewable Energy Research and Development			458,626		1,028,804
	Impossible Sensing, LLC			-		94,238
	University of Toledo	F-2019-14		-		(68)
	University of Toledo	F-2023-24		-		82,543
81.089	Fossil Energy Research and Development			-		151,540
	New Mexico Institute of Mining	P0019650		-		176,008
	University of Wyoming	1005212-MTU		-		10,496
81.121	Nuclear Energy Research, Development and Demonstration			-		-
	Boise State University	10948-PO142944		-		16,196
<b>Total</b>			<b>\$</b>	<b>725,713</b>	<b>\$</b>	<b>8,190,396</b>

***Miscellaneous Research and Development***

81.RD	Miscellaneous Research and Development		\$	-	\$	-
	Leidos	P010259575 (TASK 2)		-		104,214
	Los Alamos National Security, LLC	20268		-		31,660
	Pacific Northwest National Laboratory	629744		-		27,349
	RSI EnTech, LLC	LMS7547		-		50,656
	Sandia National Laboratories	2183707		-		33,963
	Sandia National Laboratories	2271165		-		5,284

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

<u>Research and Development Cluster</u>		Provided to Subrecipients	Total Federal Expenditures
Sandia National Laboratories	2426749	-	63,308
Sandia National Laboratories	2586937	-	11,304
<b>Miscellaneous Research and Development Total</b>		<b>\$ -</b>	<b>\$ 327,738</b>
<b>DEPARTMENT OF ENERGY TOTAL</b>		<b>\$ 725,713</b>	<b>\$ 8,518,134</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Administration for Community Living</b>			
93.433	ACL National Institute on Disability, Independent Living, and Rehabilitation Research	\$ 123,715	\$ 1,110,824
	Institute for Rehabilitation and Research 2023-YR1-UMONTANA-SCI TEXAS MO	-	10,042
	Institute for Rehabilitation and Research 2023-YR1-UMONTANA-SCI TX	-	16,078
	University of Kansas FY2017-048-M7	-	22,644
	University of Massachusetts B001324706	-	1,997
	University of Massachusetts B001504339	-	10,500
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	-	95
93.761	Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	-	79,559
<b>Administration for Community Living Total</b>		<b>\$ 123,715</b>	<b>\$ 1,251,739</b>
<b>Agency for Healthcare Research and Quality</b>			
93.226	Research on Healthcare Costs, Quality and Outcomes	\$ -	-
	Brown University 00002516	-	5,291
<b>Agency for Healthcare Research and Quality Total</b>		<b>\$ -</b>	<b>\$ 5,291</b>
<b>Centers for Disease Control and Prevention</b>			
93.061	Innovations in Applied Public Health Research	\$ -	-
	Hyprotek, Inc.	-	6,577
93.136	Injury Prevention and Control Research and State and Community Based Programs	156,239	423,189
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	27,169	74,553
<b>Centers for Disease Control and Prevention Total</b>		<b>\$ 183,408</b>	<b>\$ 504,319</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

***Health Resources and Services Administration***

93.110	Maternal and Child Health Federal Consolidated Programs	2 UC4M280420500	\$	-	\$	-
	American College of Obstetricians and Gynecologists			24,828		40,247
93.247	Advanced Education Nursing Grant Program			-		3,026
93.301	Small Rural Hospital Improvement Grant Program			427,451		501,447
93.359	Nurse Education, Practice, Quality and Retention Grants			-		365,395

***Health Resources and Services Administration Total***

			\$	452,279	\$	910,115
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***Indian Health Service***

93.654	Indian Health Service Behavioral Health Programs		\$	-	\$	-
	Confederated Salish and Kootenai Tribes	23-112		-		63,619
93.970	Health Professions Recruitment Program for Indians			-		166,553

***Indian Health Service Total***

***National Institutes of Health***

93.113	Environmental Health		\$	196,402	\$	963,331
	Icahn School of Medicine at Mount Sinai	0255-G992-4609		-		56,025
	University of Rochester	417656G/UR FAO GR510992		-		8,978
	University of Rochester	ROAES030940-01		-		7,183
93.121	Oral Diseases and Disorders Research			-		14,375
93.143	NIEHS Superfund Hazardous Substances_Basic Research and Education			-		-
	University of Utah	U000357299		-		12,986
93.172	Human Genome Research			-		-
	University of Arizona	679458		-		43,619
	University of Colorado Denver	21.1078.001		-		91,749
	University of Colorado Denver	FY21.1078.001		-		1,326
93.173	Research Related to Deafness and Communication Disorders			17,189		170,635
	Massachusetts General Hospital	300315		-		71,516
	Promiliad Biopharma, Inc.	2R42DC017641-02A1		-		172,724
93.233	National Center on Sleep Disorders Research			-		118,230
	Board of Regents of the University of Nebraska	24-0506-0263-002		-		342,323

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

<b><u>Research and Development Cluster</u></b>		<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
93.242	Mental Health Research Grants	-	-
	Kaiser Foundation Research Institute RING210241-MSU   2023333016	-	18,731
93.279	Drug Abuse and Addiction Research Programs	217,783	606,801
93.286	COVID-19 Discovery and Applied Research for Technological Innovations to Improve Human Health	-	(1,145)
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	510,548	1,047,841
93.307	Minority Health and Health Disparities Research	278,632	846,299
	University of Missouri C00077769-1	-	38,943
	University of New Mexico Health Sciences Center 3RJN7	-	41,675
	University of New Mexico Health Sciences Center 3RJN7 - P50MD015706	-	(5,660)
93.310	COVID-19 Trans-NIH Research Support	-	21,877
93.310	Trans-NIH Research Support	-	353,861
	American Association on Health and Disability 202210	-	86
	American Association on Health and Disability 202316	-	4,584
	University of Arkansas 54005	-	297,528
	University of Arkansas 54005 SPC-003218	-	31,447
	University of Arkansas 54005 SPC-006854	-	16,873
	University of Arkansas 54487 SPC-006637	-	48,506
93.350	National Center for Advancing Translational Sciences	-	-
	University of Washington BPO64545	-	36,694
	University of Washington UWSC13478	-	43,045
	University of Washington UWSC13595	-	240,692
93.351	Research Infrastructure Programs	-	510,594
	Dermaxon, LLC 1R41RT003929	-	9
93.361	Nursing Research	-	-
	University of Florida UFDSP00012150	-	50,960
93.393	Cancer Cause and Prevention Research	-	65,650
	Westat 6632-S16	-	(109,876)
93.396	Cancer Biology Research	-	38,301

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

		Provided to Subrecipients	Total Federal Expenditures
93.397	Cancer Centers Support Grants	-	-
	University of Utah 10066095-03-MSU - U000454498	-	8,101
	University of Utah 10066095-04-MSU - U000454431	-	24,074
	University of Utah 10066095-05-MSU - U000454434	-	202,663
	University of Utah 10066095-06-MSU - U000454433	-	11,151
	University of Utah 10066095-07-MSU (U000481568	-	14,925
	University of Utah U000454436 - 10066095-02-MSU	-	25,194
	University of Utah U000454496 - 10066095-01-MSU	-	84,598
93.837	Cardiovascular Diseases Research	170,474	366,776
93.838	Lung Diseases Research	-	-
	University of Chicago AWD104149 (SUB000000936)	-	31,769
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	46,017	689,371
	University of Florida SUB00003147	-	104,800
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	214,945	666,267
	University of Denver FY23.001.037	-	25,995
	University of Utah 10053831-01	-	168,379
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	63,602	1,183,193
	University of Washington UWSC10752/ BP034774	-	(1,015)
93.855	Allergy and Infectious Diseases Research	663,456	3,181,975
	Albert Einstein College of Medicine P0924276 (SUB NO: 31194A)	-	7,532
	Emory University A156367	-	77,707
	Intact Genomics, Inc.	-	333,681
	Johns Hopkins University 2006082932	-	12,791
	Johns Hopkins University PO# 2006257591	-	72,293
	Mayo Clinic Rochester MON-307184; PO# 69231372	-	16,842
	Mayo Clinic Rochester MSU-272768-03 (P000497918)	-	65,365
	Michigan State University RC110226MSU	-	981
	Oregon Health Sciences University 1016853_UMT	-	126,299
	Pennsylvania State University S003517-DHHS	-	22,856

The accompanying notes are an integral part of this schedule.



## **Research and Development Cluster**

**The accompanying notes are an integral part of this schedule.**

93.865	University of Nevada, Las Vegas	GR18326 UMT-10-01-BERD	-	17,143
	University of Nevada, Las Vegas	GR18326 UMT-10-02-CEO	-	114,124
	University of Nevada, Las Vegas	GR18326 UMT-10-03-CP3	-	42,341
	University of Nevada, Las Vegas	GR18326 UMT-10-04-PG-MIZNER	-	20,542
	University of Utah	10047369-S2	-	2,127
	University of Utah	PO U000148335 / 10047369-S2	-	76,807
	University of Washington	UWSC9319	-	10,292
	Virtici, LLC	GM130166	-	(231)
	Child Health and Human Development Extramural Research		98,169	256,399
	North Dakota State University	FAR0036739	-	95,398
	Rector and Visitors of the University of Virginia	GB10953.PO# 2366464	-	60,548
	University of Arkansas	54005 Amend 2 SPC-006318	-	4,454
93.866	Aging Research		-	645,413
	University of Maryland	1R01AG069915   PO#10000008692	-	15,451
93.867	Vision Research		-	-
	University of California, Berkeley	00010266	-	46,405

**National Institutes of Health Total**

93.297	Teenage Pregnancy Prevention Program	\$	261,732	\$	675,131
			<u>261,732</u>		<u>675,131</u>
		<b>Office of Assistant Secretary for Health Total</b>			
		\$	<b>261,732</b>	\$	<b>675,131</b>

## Office of Assistant Secretary for Health Total

	Substance Abuse and Mental Health Services Projects of Regional and National Significance	\$	-	\$
93.243	Browning Schools UMT-2020-133/1H79SP081549-01		-	32,598
	Mountain Home Montana 23-0489		-	2,150
93.959	Block Grants for Prevention and Treatment of Substance Abuse		-	-
	University of Wyoming 1005405-MU/217116		-	15,796
	<b>Substance Abuse and Mental Health Services Administration Total</b>	<b>\$</b>	<b>-</b>	<b>\$ 197,514</b>

**Substance Abuse and Mental Health Services Administration Total**

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

***Miscellaneous Research and Development***

93.RD	Miscellaneous Research and Development			
	Boston Children's Hospital	GENFD0001583403		
	Boston Children's Hospital	GENFD0002049784		
	Boston Children's Hospital	GENFD0002257612		
	Inimmune Corporation	100042-1		
	Kaiser Foundation Research Institute	212134-UM-01		
	University of California, San Diego	706451		
	University of Georgia Research Foundation, Inc.	SUB000003331		
	<b><i>Miscellaneous Research and Development Total</i></b>		<b><u>\$ 7,169,907</u></b>	<b><u>\$ 12,194,082</u></b>
	<b><i>DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL</i></b>		<b><u>\$ 11,596,515</u></b>	<b><u>\$ 47,780,048</u></b>

**DEPARTMENT OF HOMELAND SECURITY**

***Federal Emergency Management Agency***

97.033	Disaster Legal Services			
			\$ -	\$ 10,260
	<b><i>Federal Emergency Management Agency Total</i></b>		<b><u>\$ -</u></b>	<b><u>\$ 10,260</u></b>

***Miscellaneous Research and Development***

97.RD	Miscellaneous Research and Development			
			\$ 570,802	\$ 4,773,910
	<b><i>Miscellaneous Research and Development Total</i></b>		<b><u>\$ 570,802</u></b>	<b><u>\$ 4,773,910</u></b>
	<b><i>DEPARTMENT OF HOMELAND SECURITY TOTAL</i></b>		<b><u>\$ 570,802</u></b>	<b><u>\$ 4,784,170</u></b>

**DEPARTMENT OF JUSTICE**

***Office of Justice Programs***

16.560	National Institute of Justice Research, Evaluation, and Development Project Grants			
	George Mason University	E2054611	\$ -	\$ 53,543

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

	Provided to Subrecipients	Total Federal Expenditures
16.838 Comprehensive Opioid, Stimulant, and other Substances Use Program Missoula County	-	-
	-	24,472
<b>Office of Justice Programs Total</b>	<b>\$ -</b>	<b>\$ 78,015</b>
<b>DEPARTMENT OF JUSTICE TOTAL</b>	<b>\$ -</b>	<b>\$ 78,015</b>

**DEPARTMENT OF THE INTERIOR**

***Bureau of Land Management***

15.224 Cultural and Paleontological Resources Management	-	\$ 582
15.230 Invasive and Noxious Plant Management	-	78,550
15.231 Fish, Wildlife and Plant Conservation Resource Management	-	31,986
15.232 Joint Fire Science Program	-	33,300
Regents of the University of Idaho NR7279-691566	-	9,897
Regents of the University of Idaho NR7279-691568	-	19,162
15.244 Aquatics Resources Management	-	476,803
15.245 Plant Conservation and Restoration Management	-	51,594
15.247 Wildlife Resource Management	-	883,229
<b>Bureau of Land Management Total</b>	<b>\$ -</b>	<b>\$ 1,585,103</b>

***Bureau of Reclamation***

15.078 Snow Water Supply Forecasting	-	\$ 36,456
<b>Bureau of Reclamation Total</b>	<b>\$ -</b>	<b>\$ 36,456</b>

***National Park Service***

15.922 Native American Graves Protection and Repatriation Act	-	\$ 28,293
15.945 Cooperative Research and Training Programs – Resources of the National Park System	5,868	1,143,751
Pennsylvania State University S003084-NPS	-	2,063
Pennsylvania State University S004598-NPS	-	36,604
University of California, Santa Cruz A20-0484-S001	-	13,235

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

					Provided to Subrecipients	Total Federal Expenditures
	University of Wyoming	1005851F-UM-DELUCA			-	4,946
	University of Wyoming-National Park Service (UW-NPS) Research Station	1005396-MSU			-	1,462
15.954	National Park Service Conservation, Protection, Outreach, and Education				-	95,467
		<b>National Park Service Total</b>			<b>5,868</b>	<b>1,325,821</b>
					<b>\$</b>	<b>\$</b>
	<b>U.S. Fish and Wildlife Service</b>					
15.608	Fish and Wildlife Management Assistance				-	151,281
15.611	Wildlife Restoration and Basic Hunter Education and Safety				-	2,314,635
	Idaho Department of Fish and Game				-	4,608
	Idaho Department of Fish and Game	IDFG-F23-604			-	72,235
	Idaho Department of Fish and Game	IDFG-FY23-293			-	16,764
	Idaho Department of Fish and Game	IDFG-FY23-577			-	8,949
	Idaho Department of Fish and Game	IDFG-FY24-577			-	13,478
	Missouri Department of Conservation	369-B			104,927	104,946
	Missouri Department of Conservation	377-B			116,400	123,158
	North Dakota Game and Fish Department	W-68-R-3			-	111,647
	State of Nevada	SG22-03			-	159,989
	Texas Parks and Wildlife Department	CA-0003657			-	119,172
	Wisconsin Department of Natural Resources	PO 37000-0000022409			-	(3,967)
	Wisconsin Department of Natural Resources	PO 37000-0000026025			-	31,965
15.634	State Wildlife Grants				-	-
	Commonwealth of Virginia	2STP 96-6			-	35,032
	Texas Parks and Wildlife Department	CA-0002647			-	99,167
	Wyoming Game and Fish Department	003033			-	30,728
15.637	Migratory Bird Joint Ventures				-	160,123
15.654	National Wildlife Refuge System Enhancements				11,850	53,532
15.655	Migratory Bird Monitoring, Assessment and Conservation				-	207,976
	Institute for Wetland and Waterfowl Research				-	14,155

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

		Provided to Subrecipients	Total Federal Expenditures
15.657	Endangered Species Recovery Implementation South Dakota Department of Game, Fish, and Parks 19-0600-048-01 University of California, Santa Cruz A21-0829-S001	-	432,245
15.662	Great Lakes Restoration	78,139	42,916
15.664	Fish and Wildlife Coordination and Assistance	-	111,706
15.669	Cooperative Landscape Conservation	-	110,822
	National Fish and Wildlife Foundation 5200.23.078141	-	-
15.670	Adaptive Science	-	49,659
15.676	Youth Engagement, Education, and Employment	-	55,215
15.684	White-nose Syndrome National Response Implementation	-	268,933
		-	47,743
	<b>U.S. Fish and Wildlife Service Total</b>	<b>\$ 311,316</b>	<b>\$ 4,983,404</b>
<b><u>US Geological Survey</u></b>			
15.073	Earth Mapping Resources Initiative Regents of the University of Idaho CG6646-817918	-	204,115
15.805	Assistance to State Water Resources Research Institutes	-	14,628
15.807	Earthquake Hazards Program Assistance	-	163,505
15.808	COVID-19 U.S. Geological Survey Research and Data Collection	-	36,334
15.808	U.S. Geological Survey Research and Data Collection	-	142,361
15.810	National Cooperative Geologic Mapping	-	463,206
15.812	Cooperative Research Units	16,861	767,382
15.814	National Geological and Geophysical Data Preservation	-	613,532
15.815	National Land Remote Sensing Education Outreach and Research AmericaView, Inc. AV18-MT-01	-	273,315
	AmericaView, Inc. AV23-MT-01	-	-
	National and Regional Climate Adaptation Science Centers	-	6,543
15.820	University of Colorado Boulder 1559947 PO 1001445221	-	10,280
	University of Colorado Boulder 1562256	-	-
	University of Colorado Denver 1559603	-	44,182
	University of Colorado Denver 1562926	-	6,508
		-	15,910
		-	6,332

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

University of Colorado Denver	1563326				
University of Colorado Denver	1564017 / PO1001876236				
University of Denver	1564280 / PO Number 1001870003				
University of Washington	PO#0100063534 BEAN UWSC14881				
University of Washington	PO0100036940DobrowskiUWSC14881				
University of Washington	UWSC10097 BPO 58427 GRAY				
University of Washington	UWSC10097/BPO27133				
University of Washington	UWSC13838/BPO67279				
University of Washington	UWSC13839/BPO67280				
University of Washington	UWSC14370, BPO#71524				
University of Washington	UWSC14881 PO0100063533				
15.980	National Ground-Water Monitoring Network				
15.981	Water Use and Data Research				
		48,054			86,707
		-			1,725
		-			20,655
		-			9,744
		-			9,313
		-			(3,100)
		-			9,760
		-			10,341
		-			1,992
		22,962			117,104
		-			56,157
		-			23,253
		-			8,670
		<b>87,877</b>	<b>\$</b>	<b>\$</b>	<b>3,120,454</b>

***US Geological Survey Total***

15. RD	Miscellaneous Research and Development				
	Oregon State University	L02312A-A			
	Oregon State University	L0233A-A			
	Oregon State University	L0246A-A			
	Otak, Inc.	33172-025			
	PG Environmental, LLC	50002/001 - TO 8			
	PG Environmental, LLC	50002/001 TASK ORDER 9			
	PG Environmental, LLC	BLM 50002/001 TO 6			
	Portland State University	100182			
	Portland State University	100209			
	Portland State University	100256			
	Portland State University	100291			
	Portland State University	100293			
	RRC Associates	140P2120D0002			
			1,040,632	\$	2,501,745
			-		78,001
			-		983,183
			-		253,523
			-		12,115
			-		162,766
			-		36,496
			-		72
			-		333,819
			-		82,708
			-		185,002
			-		124,644
			-		116,499
			-		4,457

***Miscellaneous Research and Development***

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

RRC Associates	33172.005	-	(12,116)
RRC Associates	33172.042	-	17,989
RRC Associates	33172.044	-	6,708
RRC Associates	33172.045	-	247,027
RRC Associates	33172.050	-	172,733
<b>Miscellaneous Research and Development Total</b>		<b>\$ 1,040,632</b>	<b>\$ 5,307,371</b>

**DEPARTMENT OF THE INTERIOR TOTAL**      **\$ 1,445,693**      **\$ 16,358,609**

**DEPARTMENT OF TRANSPORTATION**  
**Federal Highway Administration**

20.200	Highway Research and Development Program	\$	328,820	\$	816,457
	Alaska Department of Transportation and Public Facilities		-		30,861
	Battelle Memorial Institute		-		21,525
	Minnesota Department of Transportation		-		19,852
	Minnesota Department of Transportation		-		31,935
	Minnesota Department of Transportation		-		37,950
	Minnesota Department of Transportation		47,311		106,367
	Minnesota Department of Transportation		-		34,956
	North Dakota State University		-		2,410
	Oklahoma State University		-		88,420
	Oklahoma State University		-		11,637
	Washington State Department of Transportation		-		(1)
	Washington State Department of Transportation		-		71,127
	Washington State Department of Transportation		-		18,504
	Highway Planning and Construction		-		1,389,129
20.205	Iowa Department of Transportation		-		16,437
	South Dakota Department of Transportation		-		17,278

The accompanying notes are an integral part of this schedule.



State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

**Research and Development Cluster**

		Provided to Subrecipients	Total Federal Expenditures
	State of Wyoming RS06219	-	7,899
	Texas A&M University M2400579	-	13,583
	<b>Federal Highway Administration Total</b>	<b>\$ 376,131</b>	<b>\$ 2,736,326</b>
	<b>National Highway Traffic Safety Administration</b>		
20.600	State and Community Highway Safety	-	-
	Washington Traffic Safety Commission 2024-VENDOR CONTRACT-5150	-	102,314
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	-	-
	Texas A&M University M2400008	-	14,966
20.616	National Priority Safety Programs	-	-
	Washington Traffic Safety Commission 2023-VENDOR CONTRACT-4869	-	35,675
	Washington Traffic Safety Commission 2023-VENDOR CONTRACT-4926	-	16,390
	<b>National Highway Traffic Safety Administration Total</b>	<b>\$ -</b>	<b>\$ 169,345</b>
	<b>Office of the Secretary</b>		
20.701	University Transportation Centers Program	173,348	766,125
	<b>Office of the Secretary Total</b>	<b>\$ 173,348</b>	<b>\$ 766,125</b>
	<b>Miscellaneous Research and Development</b>		
20.RD	Miscellaneous Research and Development	-	-
	Battelle Memorial Institute 881579	-	13,598
	<b>Miscellaneous Research and Development Total</b>	<b>\$ -</b>	<b>\$ 13,598</b>
	<b>DEPARTMENT OF TRANSPORTATION TOTAL</b>	<b>\$ 549,479</b>	<b>\$ 3,685,394</b>
	<b>DEPARTMENT OF VETERANS AFFAIRS</b>		
	<b>VA Health Administration Center</b>		
64.054	Research and Development	-	1,379,905
	<b>VA Health Administration Center Total</b>	<b>\$ -</b>	<b>\$ 1,379,905</b>
	<b>DEPARTMENT OF VETERANS AFFAIRS TOTAL</b>	<b>\$ -</b>	<b>\$ 1,379,905</b>

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

**ENVIRONMENTAL PROTECTION AGENCY**

		Provided to Subrecipients	Total Federal Expenditures
66.306	Environmental Justice Collaborative Problem-Solving Cooperative Agreement Program	-	\$ 15,390
66.461	Regional Wetland Program Development Grants	-	136,255
	Blackfeet Community College 5041.45.000.6700	-	1,757
66.708	Pollution Prevention Grants Program	-	406,263
66.716	Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies	-	27,753
66.808	Solid Waste Management Assistance Grants	-	108,711
66.814	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	-	-
	Kansas State University 2021-2026 TAB: A22-027-S038	-	21,455
66.962	Geographic Programs - Columbia River Basin Restoration (CRBR) Program	34,405	180,174

**ENVIRONMENTAL PROTECTION AGENCY TOTAL**

<b>\$</b>	<b>34,405</b>	<b>\$</b>	<b>897,758</b>
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**FEDERAL COMMUNICATIONS COMMISSION**

32.006	COVID-19 COVID-19 Telehealth Program	-	\$ 38,710
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**FEDERAL COMMUNICATIONS COMMISSION TOTAL**

<b>\$</b>	<b>-</b>	<b>\$</b>	<b>38,710</b>
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**INSTITUTE OF MUSEUM AND LIBRARY SERVICES**

45.312	National Leadership Grants	3,206	\$ 100,285
45.313	Laura Bush 21st Century Librarian Program	-	79,516

**INSTITUTE OF MUSEUM AND LIBRARY SERVICES TOTAL**

<b>\$</b>	<b>3,206</b>	<b>\$</b>	<b>179,801</b>
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**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

43.001	COVID-19 Science	-	\$ 74,677
43.001	Science	2,337,940	6,781,793
	Astrophysical Research Consortium SSP538	-	(43)
	Boston University 4500005033	-	23,329

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

	Provided to Subrecipients	Total Federal Expenditures
Bowling Green State University 10010205-UMT	-	57,403
California Institute of Technology 1649019	-	6,117
California Institute of Technology 1699460	-	60,282
Central Washington University 22248100YR1	-	15,402
Central Washington University 22248100YR3	-	64,072
Johns Hopkins University 174558	-	63,335
Lamont-Doherty Earth Observatory of Colombia University 1(GG016768-01)   SAPO G17132	-	11,047
Lockheed Martin Corporation 4105763209	-	309,850
Lockheed Martin Corporation 8100002702	-	175,115
Predictive Science, Inc.	-	15,082
Princeton University SUB0000148	-	7,433
Princeton University SUB0000396	-	54,711
Resilient Computing, LLC	-	67,975
Resonon, Inc.	-	49
Science Systems and Applications, Inc. 22120.22.001	-	56,877
Smithsonian Astrophysical Observatory G02-23076X	-	14,834
Smithsonian Astrophysical Observatory G02-23078X	-	32,678
Smithsonian Astrophysical Observatory SV0-09023	-	61,671
Smithsonian Astrophysical Observatory SV9-89001	-	258,209
Space Telescope Science Institute HST-GO-16843.001-A	-	4,178
Trustees of Dartmouth College R1060	-	122,343
University of Alaska Anchorage UA-21-0155	-	59,559
University of California, Berkeley 00011060	-	109,018
University of Denver PO1001469105/1560348	58,514	(252)
University of Iowa S03575-01/80NSSC21K1976	-	28,170
University of Maryland 128094-Z6538201	-	91,914
University of Maryland, College Park 104698-Z6398202	-	9,846
University of Tennessee A22-0751-S001-A01	-	21,179

The accompanying notes are an integral part of this schedule.

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

		Provided to Subrecipients	Total Federal Expenditures
	University of Texas at Dallas 2109011	-	33,053
	University of Wisconsin 0000002798	-	13,901
43.008	Office of Stem Engagement (OSTEM)	89,191	2,103,348
	Space Telescope Science Institute HST-GO-16661.001-A	-	9,418
43.012	Space Technology	5,531	349,099
	<b>Total</b>	<b>\$ 2,491,176</b>	<b>\$ 11,166,672</b>
	<b>Miscellaneous Research and Development</b>		
43.RD	Miscellaneous Research and Development	-	58,581
	California Institute of Technology 1422120	-	81,964
	<b>Miscellaneous Research and Development Total</b>	<b>\$ -</b>	<b>\$ 140,545</b>
	<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION TOTAL</b>	<b>\$ 2,491,176</b>	<b>\$ 11,307,217</b>

**NATIONAL ENDOWMENT FOR THE HUMANITIES**

45.129	Promotion of the Humanities Federal/State Partnership	\$ -	\$ -
	Humanities Montana 24NHD01	-	15,606
45.149	Promotion of the Humanities Division of Preservation and Access	-	274,103
	<b>NATIONAL ENDOWMENT FOR THE HUMANITIES TOTAL</b>	<b>\$ -</b>	<b>\$ 289,709</b>

**NATIONAL SCIENCE FOUNDATION**

47.041	Engineering	\$ 45,118	\$ 3,122,027
	Colorado State University G-20252-01	-	12,729
	Cornell University 143622-21765	-	95,365
	Georgia Institute of Technology AWD-002244-G6	-	29,424
	Regents of the University of Michigan SUBK00011355	-	54,969
	University of Alabama A23-0528-S001	-	22,057
	University of Washington UWSC13225   PO# BPO60527	-	259,533

**State of Montana**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2024**

**Research and Development Cluster**

			Provided to Subrecipients	Total Federal Expenditures
47.049	Mathematical and Physical Sciences		2,555,302	6,836,251
	Oregon State University	52270B-1	-	92,468
	University Wisconsin-Milwaukee	2034045458 (1534055370)	-	(39,490)
47.050	Geosciences		-	2,629,560
	Colorado State University	G-20288-01	-	14,678
	University of Hawaii at Manoa	MA1391	-	29,678
	University of Hawaii at Manoa	MA1935	-	10,503
47.070	Computer and Information Science and Engineering		-	784,904
47.074	Biological Sciences		163,710	6,106,836
	Cary Institute of Ecosystem Studies	3340-200201873	-	2,236
	Cary Institute of Ecosystem Studies	3540/200202135	-	23,051
	Cornell University	145157-21991	-	124,977
	Wellesley College	2135851	-	40,352
47.075	Social, Behavioral, and Economic Sciences		201,998	494,954
47.076	STEM Education (formerly Education and Human Resources)		1,307,469	4,999,793
	Cary Institute of Ecosystem Studies	3519/200202110	-	36,100
	Chief Dull Knife College		-	4,657
	Concord Consortium	354.21.03	-	61,585
	Rochester Institute of Technology	32924-02	-	34,431
	Salish Kootenai College	HRD 1826637	-	40,388
	Salish Kootenai College	SKC-19-UOM-003	-	4,669
	Teachers Development Group	206002-E	-	32,223
	University of California, Berkeley	00010785	-	50,565
	University of North Dakota	27290-S2	-	2,751
	Washington State University	131202 G004100	-	19,092
	Washington State University	131202-SPC001720	-	28,382
47.078	Polar Programs		52,367	1,201,621
47.079	Office of International Science and Engineering		-	160,507
47.083	Integrative Activities		760,061	8,627,208
	Board of Regents of the University of Nebraska	25-6222-0984-050	8,116	153,913
	Rutgers, The State University of New Jersey	2951	-	16,955

The accompanying notes are an integral part of this schedule.

State of Montana  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

Research and Development Cluster

		Provided to Subrecipients	Total Federal Expenditures
	South Dakota School of Mines SDSMT-MSU-20-10	-	266,782
	University of Massachusetts 017819-9134	-	6,774
	University of Wyoming 1004809-UM	-	268,805
47.084	NSF Technology, Innovation, and Partnerships	144,986	822,219
	Arizona State University	-	11,601
	North Dakota State University FAR0037553	-	7,723
	North Dakota State University FAR0037790	-	10,288
	University of North Dakota UND0028290-S1	-	6,398
	University of North Dakota UND0028291-S2	-	16,767
	<b>NATIONAL SCIENCE FOUNDATION TOTAL</b>	<b>\$ 5,239,127</b>	<b>\$ 37,639,259</b>

**SMALL BUSINESS ADMINISTRATION**

59.058	Federal and State Technology Partnership Program	-	\$ 132,527
	<b>SMALL BUSINESS ADMINISTRATION TOTAL</b>	<b>\$ -</b>	<b>\$ 132,527</b>

**SOCIAL SECURITY ADMINISTRATION**

96.007	Social Security Research and Demonstration	-	\$ -
	University of Wisconsin-Madison 0000002580	-	708
	University of Wisconsin-Madison 0000003161	-	23,921
	University of Wisconsin-Madison 0000003200	-	33,819
	University of Wisconsin-Madison 0000003538	-	32,676
	<b>SOCIAL SECURITY ADMINISTRATION TOTAL</b>	<b>\$ -</b>	<b>\$ 91,124</b>

<b>RESEARCH AND DEVELOPMENT CLUSTER TOTAL</b>	<b>\$ 37,482,794</b>	<b>\$ 253,410,133</b>
<b>EXPENDITURES OF FEDERAL AWARDS TOTAL</b>	<b>\$ 795,809,383</b>	<b>\$ 5,420,737,872</b>

The accompanying notes are an integral part of this schedule.

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**STATE OF MONTANA  
NOTES TO THE SEFA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the state of Montana under programs of the federal government for the fiscal year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (referred to as the "Uniform Guidance").

Because this schedule presents only a selected portion of the operations of the state of Montana, it is not intended to, and does not present, the financial positions, changes in net assets, or, where applicable, its cash flows for the fiscal year ended June 30, 2024.

**Assistance Listing Numbers**

An Assistance Listing Number (ALN) is a unique number assigned to identify a federal program. It is a five-digit number, for which the first two digits represent the federal awarding agency and the second three digits represent the program. Certain programs may contain an additional alphabetic character at the end of the five-digit number to indicate a subcategory of the federal program. Programs with an unknown ALN were assigned a number in the format \*\*.UXX or \*\*.RD. See also Note 12.

**Pass-Through Entities**

Pass-through entities are recipients or subrecipients of a federal award that provide a subaward to the state of Montana to carry out part of a federal program. On the SEFA, pass-through awards are listed by the name of the pass-through entity and the award's identifying number below the federal awards the state received as a direct recipient.

**Amounts Provided to Subrecipients**

Federal assistance transferred from a Montana state agency or university to a non-state entity, such as a city, county, tribal government, or nonprofit organization, is recognized in the Total Federal Expenditures and the Provided to Subrecipients columns shown in the SEFA.

The amounts provided to subrecipients also includes federal assistance transferred from a Montana state agency or university that was originally received as a subgrant from another Montana state agency or university. These intra-state subgrants further subgranted to external subrecipients are only recognized in the Provided to Subrecipients column because the intra-state subgrant must be eliminated from the federal expenditure column to ensure that the original award is only reporting once on the SEFA.



The following summarizes amounts subgranted to non-state entities, such as cities, counties, tribal governments, or nonprofit organizations, that were initially received at another Montana state agency or university:

ALN	Program	Provided to Subrecipients
21.023	Emergency Rental Assistance Program	\$ 1,309,780
21.027	Coronavirus State and Local Fiscal Recovery Funds	141,398,005
21.029	Coronavirus Capital Projects Fund	2,117,781
84.048	Career and Technical Education -- Basic Grants to States	3,427,177
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	5,034,683
93.667	Social Services Block Grant	91,033
93.959	Block Grants for Prevention and Treatment of Substance Abuse	320,002
<b>Total</b>		<b><u>\$ 153,698,461</u></b>

#### Program Clusters

As defined by 2 CFR section 200.1, a cluster of programs is a grouping of closely related programs that share common compliance requirements. Except for the Student Financial Assistance Cluster, clusters of programs are presented on the SEFA either within their respective federal agency (for non-research and development programs) or by federal agency and major subdivision for research and development programs.

#### Student Financial Assistance Cluster

Because the Student Financial Assistance Cluster includes programs administered by both the Department of Education and the Department of Health and Human Services, the SEFA separately presents the cluster within the respective federal agencies. The combined Student Financial Assistance Cluster includes the following programs:

ALN	Student Financial Assistance Cluster	FY 2024 Expenditures
84.007	Federal Supplemental Educational Opportunity Grants	\$ 1,710,055
84.033	Federal Work-Study Program	1,996,692
84.038	Federal Perkins Loan Program - Federal Capital Contributions	10,558,363
84.063	Federal Pell Grant Program	39,563,916
84.268	Federal Direct Student Loans	141,186,344
93.264	Nurse Faculty Loan Program (NFLP)	9,610
93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students	260,262
93.364	Nursing Student Loans	2,988,501
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	471,797
<b>Total Student Financial Assistance Cluster</b>		<b><u>\$ 198,745,540</u></b>

### Research and Development Cluster

Research and Development includes all research activities, both basic and applied, and all development activities that are performed by a non-federal entity. Research is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. The term research also includes activities involving the training of individuals in research techniques, where such activities utilize the same facilities as other research and development activities, and where such activities are not included in the instruction function.

Development is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

Federal awards that meet the research and development criteria are listed in the Research and Development Cluster, regardless of whether the awards have been identified to another federal cluster. The programs listed within the Research and Development Cluster but are also identified to another federal cluster are as follows:

<b>ALN</b>	<b>Program</b>	<b>Other Cluster</b>	<b>FY 2024 Expenditures</b>
10.665	Schools and Roads - Grants to States	Forest Service Schools and Roads Cluster	\$ 18,320
11.307	Economic Adjustment Assistance	Economic Development Cluster	84,109
15.611	Wildlife Restoration and Basic Hunter Education and Safety	Fish and Wildlife Cluster	3,077,579
20.600	State and Community Highway Safety	Highway Safety Cluster	102,314
20.616	National Priority Safety Programs	Highway Safety Cluster	52,065
84.217	TRIO McNair Post-Baccalaureate Achievement	TRIO Cluster	231,439
<b>Total Other Cluster:</b>			<b>\$ 3,565,826</b>

### Unclustered Programs

Other programs not identified within a cluster are presented on the SEFA under sections designated as "Unclustered."

### Education Stabilization Fund

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act), and the American Rescue Plan Act of 2021 (ARP Act) allocated to the U.S. Department of Education (U.S. ED) the Education Stabilization Fund (ESF). U.S. ED then awarded ESF funds to grantees under 23 subprograms that each have their own compliance

requirements. An alphabetic character at the end of the ESF ALN (84.425) is used to delineate the specific subprogram.

The state received and expended funds under multiple ESF subprograms, which are listed on the SEFA individually and totaled in a separate section within the U.S. ED programs.

## **Note 2. Summary of Significant Accounting Policies**

Except as described below, expenditures reported on the SEFA are reported on the accrual and modified accrual bases of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

When funds are received by one state agency or university and transferred to another state agency or university, either for final expenditure or as a reimbursement for services, only the federal financial assistance activity of the lead agency or university is recognized as federal expenditures on the SEFA to avoid duplication and overstatement of the aggregated activities of the state of Montana.

Loan and Loan Guarantee Programs (Note 4), Endowments (Note 5), Food Distribution Programs (Note 6), Immunization Cooperative Agreements (Note 7), Federal Property (Note 8), and the Unemployment Compensation Program (Note 9) are presented using the bases described in each note.

## **Note 3. Indirect Cost Rate**

Except for the Montana Department of Justice, the Montana Department of Corrections, the Montana State Library Commission, and the Helena College, the state of Montana did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## **Note 4. Loan and Loan Guarantee Programs**

The following loan and loan guarantee programs are reported on the SEFA at their July 1, 2023, beginning loan balance plus the value of new loans made or received, plus any interest subsidy, cash, or administrative cost allowance received during the fiscal year.

ALN		Homeowner Assistance Fund	FY 2024 Ending Balances
21.026	Homeowner Assistance Fund		\$ 5,252,107
		<b>Total Homeowner Assistance Fund</b>	<b>\$ 5,252,107</b>

State Revolving Loans		FY 2024
ALN		Ending Balances
66.458	Clean Water State Revolving Fund	\$ 277,480,071
66.468	Drinking Water State Revolving Fund	197,301,563
<b>Total State Revolving Loan Programs</b>		<b>\$ 474,781,634</b>

Student Financial Assistance University Loans		FY 2024
ALN		Ending Balances
84.038	Federal Perkins Loan Program – Federal Capital Contributions	\$ 7,467,034
93.264	Nurse Faculty Loan Program (NFLP)	9,610
93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students	229,615
93.364	Nursing Student Loans	2,499,333
<b>Total Student Financial Assistance Programs</b>		<b>\$ 10,205,592</b>

#### Perkins Loan Programs

Under the Perkins Loan Extension Act of 2015, universities participating in this program are no longer permitted to make Perkins Loan disbursements after June 30, 2018. Institutions may choose to continue servicing their existing Perkins Loans until such time the institution's outstanding loans have been paid in full or otherwise retired. Both Montana State University and the University of Montana have chosen to continue to service their current loans.

#### **Note 5. Endowment - Minority Health and Health Disparities Research**

The amount reported for the Minority Health and Health Disparities Research Program (ALN 93.307) includes endowment funds of \$9,375,000 along with interest earned on the endowment. The entire endowment is reported as expended each year as the funds are restricted for the life of the endowment.

#### **Note 6. Food Distribution Programs**

The amount reported for food distribution programs (ALN 10.555, 10.565, 10.567, 10.569, and 93.053) represents the dollar value of food commodities distributed to eligible recipients during the year as based on the fair market value of donated foods at the time of receipt or the assessed value provided by the U.S. Department of Agriculture. During fiscal year 2024, the state of Montana distributed \$14,175,797 in commodities.

**Note 7. Immunization Cooperative Agreements**

The amount reported for the Immunization Cooperative Agreements (ALN 93.268) includes the dollar value of vaccine doses received during fiscal year 2024. The state used the Centers for Disease Control's price list to calculate the value of doses received. During fiscal year 2024, Montana received 156,580 vaccine doses valued at \$11,939,709.

**Note 8. Federal Property**

The state of Montana receives Federal Excess Personal Property (FEPP) and Department of Defense Firefighting Property (FFP). The title to FEPP remains with the federal agency while the title to FFP is transferred to the state. In accordance with General Services Administration guidelines, the amounts are presented at a fair market value at the time of receipt by the state, which is determined to be 23.34% of the original acquisition cost of the property.

The following is a list of the FEPP received by the state of Montana during fiscal year 2024. The negative amount reflects property sold (title transferred at public sale) or other disposition.

ALN	Program	FY 2024 Net Received (Disposed)
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	\$ -
10.500	Cooperative Extension Service	(3,157)
10.664	Cooperative Forestry Assistance	198,493
10.UXX	Miscellaneous – Non-major Grants	(7,185)
15.UXX	Miscellaneous – Non-major Grants	-
39.003	Donation of Federal Surplus Personal Property	(78,132)
43.UXX	Miscellaneous – Non-major Grants	-
47.UXX	Miscellaneous – Non-major Grants	-
81.UXX	Miscellaneous – Non-major Grants	-

The following is the value of FFP received by the state of Montana during fiscal year 2024:

ALN	Program	FY 2024 Net Received (Disposed)
12.UXX	Miscellaneous – Non-major Grants	\$ 21,681

**Note 9. Unemployment Compensation Program**

The unemployment compensation system is a federal-state partnership, in which state unemployment tax revenues and governmental, tribal, and nonprofit reimbursements in lieu of state taxes must be deposited to the Unemployment Trust Fund in the US Treasury. These commingled funds are primarily used to pay benefits under federally approved state unemployment law. Because the partnership imposes federal compliance on the state's commingled activity, the SEFA presents the commingled activity for the Unemployment Insurance Program (ALN 17.225), regardless of the source of the funds.

The following schedule provides the state and federal portions of the total expenditures reported for the Unemployment Insurance program.

<b>Source</b>	<b>Expenditures</b>
State Expenditures	\$ 120,601,539
Federal Expenditures	16,503,605
<b>Total</b>	<b>\$ 137,105,144</b>

**Note 10. Disaster Grants – Public Assistance Program (ALN 97.036)**

After a presidentially declared disaster, the Federal Emergency Management Agency (FEMA) provides public assistance to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. FEMA's approval of a subaward is indicated when FEMA obligates the federal share of eligible project cost to the recipient. Federal awards expended in years after the fiscal year in which the project is approved are to be recorded on the SEFA in those subsequent years. Correspondingly, federal awards expended can include eligible project costs that were incurred in fiscal years prior to the fiscal year of FEMA's approval. In regard of the latter, the fiscal year 2024 SEFA includes \$0 of federal awards expended that the state of Montana incurred in prior years.

**Note 11. COVID-19 Funding**

As a result of the COVID-19 pandemic, many new federal programs have been established and funding has been added to existing federal programs from the following Acts: the Coronavirus Preparedness and Response Supplemental Appropriations Act; the Families First Coronavirus Response Act; the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA); and the American Rescue Plan Act (ARP).

Funding arising from these sources, both to new and existing programs, is designated on separate lines of the SEFA with "COVID-19" as a prefix to the program names.

A summary of the federal programs expending COVID-19 Funding is shown below:

ALN	Coronavirus Relief Programs	FY 2024 Expenditures
10.542	Pandemic EBT Food Benefits	1,065,308
10.553	School Breakfast Program	(1,211)
10.555	National School Lunch Program	4,980,683
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	153,551
10.567	Food Distribution Program on Indian Reservations	2,823,336
10.576	Senior Farmers Market Nutrition Program	153,761
10.645	Farm to School State Formula Grant	153,326
10.649	Pandemic EBT Administrative Costs	84,236
11.307	Economic Adjustment Assistance	604,842
11.440	Environmental Sciences, Applications, Data, and Education	(35)
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	2,651,628
14.231	Emergency Solutions Grant Program	191,628
14.239	Home Investment Partnerships Program	107,203
14.871	Section 8 Housing Choice Vouchers	13
15.808	U.S. Geological Survey Research and Data Collection	142,361
17.225	Unemployment Insurance	1,154,730
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	14,568,024
20.205	Highway Planning and Construction	46,214,332
20.509	Formula Grants for Rural Areas and Tribal Transit Program	643,254
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	81,068
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	969,490
21.023	Emergency Rental Assistance Program	8,625,543
21.026	Homeowner Assistance Fund	10,048,767
21.027	Coronavirus State and Local Fiscal Recovery Funds	187,907,104
21.029	Coronavirus Capital Projects Fund	2,117,781
32.006	COVID-19 Telehealth Program	38,710
43.001	Science	74,677
84.181	Special Education-Grants for Infants and Families	304,786
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	158,856
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	13,762
93.052	National Family Caregiver Support, Title III, Part E	2,677
93.069	Public Health Emergency Preparedness	(1,143)
93.090	Guardianship Assistance	167,509
93.155	Rural Health Research Centers	1,100,083
93.268	Immunization Cooperative Agreements	5,208,980
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	(1,145)
93.310	Trans-NIH Research Support	21,877

ALN	Coronavirus Relief Programs	FY 2024 Expenditures
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	14,235,125
93.324	State Health Insurance Assistance Program	8,716
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	2,985,534
93.369	ACL Independent Living State Grants	42,707
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	10,230,792
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	27,185
93.497	Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports	517,508
93.499	Low Income Household Water Assistance Program	28,284
93.558	Temporary Assistance for Needy Families	(1)
93.568	Low-Income Home Energy Assistance	552,430
93.569	Community Services Block Grant	1,510,233
93.575	Child Care and Development Block Grant	18,303,721
93.590	Community-Based Child Abuse Prevention Grants	247,409
93.658	Foster Care Title IV-E	722,325
93.659	Adoption Assistance	676,811
93.669	Child Abuse and Neglect State Grants	109,038
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	560,466
93.747	Elder Abuse Prevention Interventions Program	694,316
93.767	Children's Health Insurance Program	553,898
93.778	Medical Assistance Program	10,748,594
93.859	Biomedical Research and Research Training	78,001
93.870	Maternal, Infant and Early Childhood Homevisiting Grant Program	439,887
93.958	Block Grants for Community Mental Health Services	1,417,079
93.959	Block Grants for Prevention and Treatment of Substance Abuse	5,327,785
93.967	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	418,950
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	735,694
94.003	AmeriCorps State Commissions Support Grant	108,036
94.006	AmeriCorps State and National	90,978
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	22,730,222
97.039	Hazard Mitigation Grant	350,913
84.027X	Special Education - Grants to States (IDEA, Part B)	933,269
84.173X	Special Education - Preschool Grants (IDEA, Preschool)	61,821
84.425C	Governor's Emergency Education Relief Fund	1,021,355
84.425D	Elementary and Secondary School Emergency Relief Fund	36,766,986
84.425F	HEERF Institutional Aid	85,398
84.425M	HEERF Strengthening Institutions Program (SIP)	21,035
84.425R	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS)	6,996,800



ALN	Coronavirus Relief Programs	FY 2024 Expenditures
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	107,608,117
84.425V	American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP EANS)	2,732,013
84.425W	American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	480,513
<b>Total Coronavirus Relief Program Funding</b>		<b>\$ 543,690,295</b>

**Note 12. Federal Awards Not Having an Assistance Listing Number**

The following schedules contain contract or grant numbers associated with awards that did not have an Assistance Listing Number and were assigned either a \*\*.UXX or \*\*.RD number in the SEFA. Not all \*\*.UXX or \*\*.RD awards reported on the SEFA had a grant or contract number.

***Schedule of Unknown Federal Assistance Listing Numbers***

	Contract or Grant Number	Amount
<b>Department of Agriculture</b>		
10.U01	19-CS-11015600-018	\$ 39
10.U02	CFP-24-MISC0002	29,027
10.U03	23-FP-11011100-029	30,000
10.U04	23-FP-11011600-023	24,634
10.U05	23-FP-11010300-014	7,000
10.U06	22-CS-11015600-032	103,983
10.U07	23-PA-11015600-066	49,461
10.U08	19-FP-11010200-034	11,476
10.U09	24-FP-11011000-004	1,668
10.U10	23-FP-11010300-014	6,032
10.U11	23-FP-11015200-001	3,247
10.U12	22-CS-11015600-024	2,983
		<hr/> 269,550
<b>Department of Defense</b>		
12.U01	GS-00F-131GA	(1)
12.U02	GS-00F-131GA	13,277
12.U03	23-143P	427,556
12.U04	22-171P	30,776
12.U05	4014-004, PO2022-GS-015	3
12.U06	4014-005, PO 2022-GS-021	159
12.U07	4014-003, PO#2022-GS-011	254

***Schedule of Unknown Federal Assistance Listing Numbers***

	<b>Contract or Grant Number</b>	<b>Amount</b>
12.U08	4014-006, PO2022-GS-027	286
12.U09	4014-006 2022-GS-022	663
12.U10	4014-006, PO2023-GS-001	9,781
12.U11	2024-GS-005_MOD1	70,498
12.U12	2024-GS-003_MOD1	75,936
12.U13	1322.25	11,861
12.U14	DNRC FFP	21,681
12.U15	W9128F20D0025	224,036
12.U16	W9128F20D0025	144,150
12.U17	4014-006, PO 2023-GS-002	3,217
12.U18	23-126P	1,834,874
12.U19	22-162P	190,900
12.U20	4014-002, PO#2022-GS-007	11,302
		<hr/> 3,071,209
<b>Department of Education</b>		
84.U01	91990020C0060	114,996
		<hr/> 114,996
<b>Department of Energy</b>		
81.U01	IAA NO.87723	6,000
81.U02	23-035G	73,084
81.U03	22-074G	78,319
		<hr/> 157,403
<b>Department of Health and Human Services</b>		
93.U01	AWARD # 1OT2OD035589-01	45,422
		<hr/> 45,422
<b>Department of the Interior</b>		
15.U01	140L3623P0031	5,000
15.U02	66972	(79,000)
15.U03	140G0223P0266	15,412
15.U04	1800-1444-1	48,540
		<hr/> (10,048)
<b>Department of the Treasury</b>		
21.U01	Not Provided	942
		<hr/> 942
<b>National Endowment for the Humanities</b>		
45.U01	14D0421P0115	14,549
		<hr/> 14,549

***Schedule of Unknown Federal Assistance Listing Numbers  
Research and Development***

Contract or Grant Number		Amount
<b>Department of Agriculture</b>		
10.RD	23-CS-11015600-100	\$ 10,701
10.RD	22-CS-11132400-283	2,610
10.RD	AG-3151-C-17-0012	28
10.RD	18-CS-11011800-017	16,802
10.RD	20-CS-11011100-025	4,955
10.RD	24-CS-11138100-017	1,021
10.RD	MTFO040722_MS	5,116
10.RD	SP_407	25,791
		<hr/> 67,024
<b>Department of Commerce</b>		
11.RD	ED19HDQ0200091	48
11.RD	ED19HDQ0200091	2,471
11.RD	1305M223PNWWG0302	373,042
11.RD	ED19HDQ0200091	31,101
		<hr/> 406,662
<b>Department of Defense</b>		
12.RD	W9128F21F0251	(292,878)
12.RD	Not Provided	101,320
12.RD	N62473-19-2-0005	135,039
12.RD	W9128F20F0402	5,810
12.RD	W9128F21F0251	76,910
12.RD	W9128F20WD0068/W9128F23F0093	110,046
12.RD	W9126G-20-2-0016	193,463
12.RD	W9128F23F0224	1,413,940
12.RD	FA701424C0003	20,919
12.RD	M67854-18-3-1330	237
12.RD	FA701424C0002	86,298
12.RD	FA701424C0001	86,193
12.RD	23-462-MM	158,509
12.RD	Task Order 001	253,523
12.RD	mt23-020	1,785
12.RD	W9128F20D0068 / W9128F22F0270	481,261
12.RD	FA701420C0048	71,238
12.RD	FA701420C0045	73,707
12.RD	FA701421C0042	24,393

***Schedule of Unknown Federal Assistance Listing Numbers  
Research and Development***

	<b>Contract or Grant Number</b>	<b>Amount</b>
12.RD	M67854-18-3-1330	48
12.RD	2023207-142378	47,891
12.RD	Not Provided	30,295
12.RD	169061	180,391
12.RD	Not Provided	59,872
12.RD	Not Provided	62,559
12.RD	OPAS	1,936
12.RD	2022-ARL-TRACA-PP-UMT-00	30
12.RD	2023 ARL PROJECT EMERGE UM001	25,783
12.RD	TASK 2 2023-ARL-PROJ EMERGENCE	214,475
12.RD	TASK 006 2023 ARL PROJ EMERGEN	303,906
12.RD	203-ARL-PROJECT-EMERGENCE-UMT-	342,641
12.RD	Order No.: W81XWH-22-90014	917,290
12.RD	RS3-33-039	41,398
		<hr/> 5,230,228

**Department of Energy**

81.RD	LMS7547	50,656
81.RD	2271165	5,284
81.RD	P010259575 (TASK 2)	104,214
81.RD	2183707	33,963
81.RD	2426749	63,308
81.RD	2586937	11,304
81.RD	20268	7,587
81.RD	20268	24,073
81.RD	629744	27,349
		<hr/> 327,738

**Department of Health and Human Services**

93.RD	75N3019C00045 Mod #4	7,383
93.RD	75N93019C00045-12	329,677
93.RD	HHSN272201800048C MOD 11	370,046
93.RD	75N93019C00045 COVID	422,745
93.RD	HHSN272201800048C	1,004,417
93.RD	75N93019C00045 Line item 12	600,605
93.RD	75N93019C00045	766,826
93.RD	75N93023C00047	1,058,020
93.RD	75N93020C00039	4,589,943
93.RD	212134-UM-01	12,933
93.RD	SUB00003331	50,609

***Schedule of Unknown Federal Assistance Listing Numbers  
Research and Development***

	<b>Contract or Grant Number</b>	<b>Amount</b>
93.RD	706451	372,654
93.RD	HHSN75N93022P00777	12,112
93.RD	75D3012P17014	8,925
93.RD	75N93019C00045	32,000
93.RD	75N93020C00039	175,915
93.RD	75N93019C00045 MOD#8	865,883
93.RD	HHSN272201800048C	1,440,797
93.RD	GENFD0002049784	5,702
93.RD	GENFD0002257612	57,891
93.RD	GENFD0001583403	(155)
93.RD	100042-1	9,154
		<hr/> 12,194,082
<b>Department of Homeland Security</b>		
97.RD	70RSAT19TPIA00001 / CPO#0001	507,306
97.RD	70RSAT19TPIA00001 / CPO#0004	215,388
97.RD	70RSAT19TPIA00001_MOD#0004	2,405,201
97.RD	70RSAT19TPIA00001 / CPO#0003	135,841
97.RD	70RSAT19TPIA00001 / CPO#0002	116,730
97.RD	70RSAT22CB0000005	1,393,444
		<hr/> 4,773,910
<b>Department of the Interior</b>		
15.RD	14L0621F0525	36
15.RD	140L0622F0387	87
15.RD	140L0619F0361	244
15.RD	14L0621F0527	688
15.RD	140L0621F0449	847
15.RD	140L0619F0291	975
15.RD	140L0620F0399	1,632
15.RD	140L0620F0505	1,930
15.RD	140L0621F0458	2,050
15.RD	14L0622F0280	27,485
15.RD	14L0620F0532	20,562
15.RD	140L0622F0285	32,659
15.RD	14L0621F0513	33,818
15.RD	140L0619F0302	62,907
15.RD	140L0620F0519	68,964
15.RD	140L0622F0262	74,737
15.RD	140L0622F0280	75,523
15.RD	140L0620F0510	80,298

***Schedule of Unknown Federal Assistance Listing Numbers  
Research and Development***

	<b>Contract or Grant Number</b>	<b>Amount</b>
15.RD	140L0619F0342	105,218
15.RD	14L0623F0314	109,921
15.RD	140L0619F0248	116,259
15.RD	140L0619F0378	128,400
15.RD	140L0619F0249	144,959
15.RD	140L0622F0383	158,188
15.RD	140L0F0524	158,562
15.RD	140L0619F0360	181,826
15.RD	140L0622F0283	217,963
15.RD	140L0622F0288	307,951
15.RD	140L0622F0284	382,473
15.RD	Not Provided	4,583
15.RD	100293	116,499
15.RD	L0246A-A	253,523
15.RD	33172-025	12,115
15.RD	50002/001 - TO 8	162,766
15.RD	100182	333,819
15.RD	L02312A-A	78,001
15.RD	L0233A-A	983,183
15.RD	33172.044	6,708
15.RD	33172.005	(12,116)
15.RD	BLM 50002/001 TO 6	72
15.RD	140P2120D0002	4,457
15.RD	33172.042	17,989
15.RD	50002/001 TASK ORDER 9	36,496
15.RD	100209	82,708
15.RD	100291	124,644
15.RD	33172.050 TASK ORDER 50	172,733
15.RD	100256	185,002
15.RD	33172.045	247,027
		<hr/> 5,307,371
<b>Department of Transportation</b>		
20.RD	881579	13,598
		<hr/> 13,598
<b>National Aeronautics and Space Administration</b>		
43.RD	1422120	81,964
43.RD	4200813162	58,581
		<hr/> 140,545

STATE OF MONTANA

STATE RESPONSES







## MONTANA DEPARTMENT OF ADMINISTRATION

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May 19, 2025

Angus Maciver, Legislative Auditor  
Legislative Audit Division  
State Capitol, Room 160  
PO Box 201705  
Helena MT 59620-1705

RECEIVED  
May 19, 2025  
LEGISLATIVE AUDIT DIV.

Re: State of Montana Financial Audit (24-01)

Dear Mr. Maciver:

The Department of Administration has reviewed the State of Montana Financial Audit for the fiscal year ending June 30, 2024. Regarding the findings and recommendations reported in Chapter II, the responses are as follows:

### **Recommendation #1**

We recommend the Department of Administration...:

- A. Enhance internal controls by developing a formalized process for the Governor's Office of Budget and Program Planning staff to be involved in the statewide accounting and financial reporting processes in the appropriate time frames.
- B. Enhance internal controls by developing a process to evaluate new and unique financial activities contemplated and approved by the Legislature, aimed at fully vetting financial reporting requirements before recording financial transactions for the activities to ensure they are recorded in accordance with generally accepted accounting principles.

### **Response: Do not concur.**

While the Department of Administration agrees that agencies should effectively communicate with each other, the office does not agree that this matter is a material weakness in internal controls over financial reporting. The State found and corrected the error in the 2023 financial statements due to the internal control process currently in place between agencies. While the classification as an error versus a change in accounting principle took time to flesh out, the financial statements were still submitted a month earlier than the prior year. In addition, the

accounting treatment within the State's accounting software is the same under either classification, and therefore, in compliance with statutory time requirements.

Additionally, the Department of Administration, the Governor's Office of Budget and Program Planning, and the Department of Revenue already have existing processes in place to evaluate new and unique financial activities contemplated and approved by the Legislature.

The Department of Administration would like to thank the Legislative Audit Division. We appreciate your staff's professionalism and overall dedication to this audit.

Sincerely,



Yvette Englert, Deputy Director  
On behalf of Director Misty Ann Giles  
Department of Administration

OFFICE OF THE GOVERNOR  
BUDGET AND PROGRAM PLANNING  
STATE OF MONTANA

GREG GIANFORTE  
GOVERNOR



CAPITOL BUILDING - P.O. Box 200802  
HELENA, MONTANA 59620-0802

May 14, 2025

RECEIVED  
May 15, 2025  
LEGISLATIVE AUDIT DIV.

Mr. Angus Maciver, Legislative Auditor  
Legislative Audit Division  
Room 160, State Capitol  
PO Box 201705  
Helena, MT 59620-1705

RE: State of Montana Financial Audit (#24-01)

Dear Mr. Maciver:

The Office of Budget and Program Planning (OBPP) has reviewed the State of Montana Financial Audit for the fiscal year ended June 30, 2024. Our office is pleased with the unmodified opinion on the Schedule of Expenditures of Federal Awards in relation to the financial statements as a whole.

Recommendation #1

Do not concur. While OBPP agrees state agencies should effectively communicate with each other, the office does not agree that this matter is a material weakness in internal control over financial reporting. Given the Legislative Audit Division did not modify its opinions on the financial statements, and given it did not repeat the prior year finding for untimely financial reporting, the state's internal controls in this matter were effective. Additionally, the Governor's Office of Budget and Program Planning, the Department of Revenue, and the Department of Administration already have existing processes in place to evaluate new and unique financial activities contemplated and approved by the Legislature.

Thank you for your work on this audit.

Sincerely,

A handwritten signature in black ink, appearing to read "RO", written over a horizontal line.

Ryan Osmundson  
Budget Director

cc: Sonia Powell, Single Audit Coordinator





GOVERNOR GREG GIANFORTE  
DIRECTOR BRENDAN BEATTY

May 15, 2025

Angus Maciver, Legislative Auditor  
Legislative Audit Division  
Room 160, State Capitol  
P O Box 201705  
Helena, MT 59620-1705

RECEIVED  
May 15, 2025  
LEGISLATIVE AUDIT DIV.

Dear Mr. Maciver:

Thank you for the opportunity to respond to the final audit report of the state's basic financial statements for fiscal year ended June 30, 2024. This audit report includes two recommendations for the department. Our responses to the recommendations are as follows:

**Recommendation #1:**

*We recommend the Department of Administration, Department of Revenue, and the Governor's Office of Budget and Program Planning:*

- A. Enhance internal controls by developing a formalized process for the Governor's Office of Budget and Program Planning staff to be involved in statewide accounting and financial reporting processes in appropriate time frames.*
- B. Enhance internal controls by developing a process to evaluate new and unique financial activities contemplated and approved by the Legislature, aimed at fully vetting financial reporting requirements before recording financial transactions for the activities to ensure they are recorded in accordance with generally accepted accounting principles.*

Do Not Concur:

- A. While the Department of Revenue agrees state agencies should effectively communicate with each other, the office does not agree that this matter is a material weakness in internal control over financial reporting. Given the Legislative Audit Division did not modify its opinions on the financial statements and given it did not repeat the prior year finding for untimely financial reporting, the state's internal controls in this matter were effective.

In addition, the department's priority during the short turnaround time for implementation of HB 192, HB 222, and HB 816 passed during the 2023 Legislative Session was to accurately and timely return the surplus of state revenues via the income

Angus Maciver, Legislative  
Auditor  
5/15/2025  
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tax and property tax rebates to the citizens of Montana (which it successfully did), while still completing its normal workload. The implementation of both bills was complex, and the department did its best to determine the correct accounting methodology. However, after the implementation of both bills, further review of the accounting entries, and multiple discussions with the Governor's Office of Budget and Program Planning and Department of Administration, the department determined the accounting methodology was incorrect, and changes were made at that time.

- B. The Governor's Office of Budget and Program Planning, the Department of Revenue, and the Department of Administration already have existing processes in place to evaluate new and unique financial activities contemplated and approved by the Legislature.

**Recommendation #2:**

*We recommend the Department of Revenue:*

- A. *Implement internal controls by developing a process to periodically review the assumptions underlying the estimated audit collections fiscal year-end accrual.*
- B. *Either capture the data necessary to evaluate audit collection patterns or develop new processes to estimate audit collections to ensure future estimates are supported.*
- C. *Update the methodology for the estimated audit collections fiscal year-end accrual to reflect statutory changes to 15-30-2605, MCA, and review other assumptions underlying the accrual methodology for continued relevance and applicability, making changes as consider necessary.*

Partially Concur:

- A. The department implemented a process to review the assumptions underlying the estimated audit collection during its fiscal year end activities. The accrual methodology will be reviewed yearly by department business experts to determine the reasonableness of the estimate.
- B. The department evaluated its ability to reasonably collect current collection data from its integrated revenue information system. Currently, this type of information is not readily available from the information system and would require an unreasonable amount of staff time and effort to extract current collection activity data for the fiscal year end audit collection estimate. During the next biennium, the department will work with department business experts to determine if there are other methodologies that can be used to reasonably estimate audit collections. However, it cannot commit to completing this analysis before fiscal year end 2025.
- C. The department updated its accrual model to reflect the statutory changes to 15-30-2605, MCA, and will calculate future estimates based on the changes to the applicable statute. The department also implemented internal controls to ensure the applicable

Angus Maciver, Legislative  
Auditor  
5/15/2025  
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statutes are reviewed yearly for any changes that could result in updates to the accrual model.

The department appreciated the opportunity to discuss the final audit report of the state's basic financial statements with you and your staff during the exit conference on April 30, 2025. I also want to thank your audit staff for their professionalism in working through the issues as they were raised.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Beatty', is written over the word 'Sincerely,'.

Brendan Beatty, Director  
Montana Department of Revenue





## THE MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

GOVERNOR GREG GIANFORTE



DNRC DIRECTOR AMANDA KASTER

May 8, 2025

Angus Maciver  
Legislative Auditor  
Legislative Audit Division  
PO Box 201705  
Helena, MT 59620-1705

RECEIVED  
May 13, 2025  
LEGISLATIVE AUDIT DIV.

RE: Montana Department of Natural Resources & Conservation Written Response to the Legislative Audit  
Division FY2024 Statewide Audit

Dear Mr. Maciver:

The Department of Natural Resources & Conservation (DNRC) has reviewed the audit finding from the work your agency did in support of the fiscal year 2024 audit for the state's basic financial statements. The DNRC's response is as follows:

**Recommendation 1:** We recommend the Department of Natural Resources and Conservation implement controls to ensure lease calculations are accurately completed in accordance with the lease terms and state accounting policy.

**Response:** Concur. The department has updated the internal lease policy to better define what INTERCAP rate to use and has updated the agency's lease calculation spreadsheet. An additional analysis will be implemented in the department's internal controls to ensure the proper rates and terms are being used each year. Additionally, the department will begin working with the Department of Administration to develop and utilize the lease module in SABHRS to ensure accurate reporting.

The DNRC would like to thank the Legislative Audit Division for your staff's professionalism, hard work and dedication to this audit.

Sincerely,

Amanda Kaster, Director



DNRC.MT.GOV