A Report
to the
Montana
Legislature

Financial Audit

University of Montana

For the Fiscal Year Ended
June 30, 2024

February 2025

Legislative Audit
Division

24-10

Legislative Audit Committee

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Financial Audits

Financial audits are conducted by the Legislative Audit Division to determine if the financial statements included in this report are presented fairly and the agency has complied with laws and regulations having a direct and material effect on the financial statements. In performing the audit work, the audit 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, 2023, was issued August 19, 2024. The submission deadline for the Single Audit Report for the two fiscal years ended June 30, 2025, is March 31, 2026.

Audit Staff

Karen Cohlhepp, CPA
Chris Darragh
Renee Luster
Alison OBrien

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LEGISLATIVE AUDIT DIVISION

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

Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

February 2025

The Legislative Audit Committee
of the Montana State Legislature:

It is a pleasure to provide our financial audit report on the University of Montana's (university) consolidated financial statements for the fiscal year ended June 30, 2024. The financial statements include financial information from four component units: the University of Montana Foundation, Montana Tech Foundation, University of Montana Western Foundation, and the Montana Grizzly Scholarship Association. Public accounting firms audit these organizations, and our opinion on the university's component unit information in its financial statements is based, partly, on the work of these other auditors.

The University of Montana Western Foundation audit was not completed by the time of our audit. Auditing standards allow us to conduct additional procedures for insignificant component units, which is how we classified UM Western Foundation during the current audit. Audit materiality decisions can change from one year to the next, so we do not have the ability to predict whether component units that were insignificant in one audit will continue to be insignificant in the future.

We issued unmodified opinions on the financial statements, which means you can rely on the information presented.

The primary purpose of the audit was to determine whether the financial statements present fairly the university's net position, changes in net position, and cash flows. Audited financial statements are valuable to interested parties and necessary for the university to meet its revenue bond continuing disclosure requirements.

We would like to thank President Bodnar and his staff for their cooperation and assistance during the audit.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver
Legislative Auditor

Table of Contents

Elected, Appointed and Administrative Officials

	Name	City	Term Expires
Board of Regents	Todd Buchanan, Chair	Red Lodge	January 31, 2028
	Loren Bough	Big Sky	January 31, 2027
	Casey Lozar	Helena	February 1, 2025
	Heather Hoyer	Great Falls	February 1, 2032 (effective February 1, 2025)
	Joyce Dombrouski	Missoula	February 1, 2026
	Jeff Southworth	Lewistown	January 31, 2029
	Dean Folkvord	Three Forks	February 1, 2031
	Raina Mortenson, Student Regent	Malta	June 30, 2025
	Clayton Christian, Commissioner of Higher Education*		
	Greg Gianforte, Governor*		
	Elsie Arntzen, Superintendent of Public Instruction* (through December 2024)		
	Susan Hedalen, Superintendent of Public Instruction* (effective January 2025)		

* Ex officio members.

	Name	Title
Office of the Commissioner of Higher Education	Clayton Christian	Commissioner of Higher Education
	Galen Hollenbaugh	Deputy Commissioner for Government Relations and Communications
	Tyler Trevor	Deputy Commissioner for Budget & Planning, Chief of Staff
	Ali Bovingdon	Montana University System (MUS) Chief Legal Counsel
	Margaret Wallace	Director of Assurance, Risk Management, and Workers' Compensation
	Joel Thiel	Interim Deputy Commissioner, Academic, Research and Student Affairs

	Name	Title
University of Montana	Seth Bodnar	President
	Adrea Lawrence	Provost and Vice President for Academic Affairs
	Paul Lasiter	Vice President for Operations and Finance
	Scott Whittenburg	Vice President for Research and Creative Scholarship
	Zach Rossmiller	Chief Information Officer
	Lucy France	Legal Counsel
	Rachel Buswell	Controller
Montana Technological University	Dr. Les P. Cook	Chancellor
	Dr. Tim Elgren	Provost and Executive Vice Chancellor
	Dr. Angela Lueking	Vice Chancellor for Research and Dean of the Graduate School
	Ron Muffick	Vice Chancellor of Administration and Finance
	Carleen Cassidy	Director of Finance and Budget
	Dr. Joe Cooper	Vice Provost for Student Success and Dean of Students
University of Montana-Western	Michael Reid	Chancellor
	Dr. Johnny MacLean	Provost and Vice Chancellor for Academic Affairs
	Tricia Fiscus (through July 2023)	Vice Chancellor of Administration and Finance
	Tia Brown (effective February 2024)	Vice Chancellor of Administration and Finance
	Troy Shirley	Director of Business Services and Controller
Helena College	Sandra Bauman	Dean
	Valerie Curtin	Executive Director of Compliance and Financial Aid
	Robyn Kiesling	Executive Director of General Education and Transfer
	Cari Schwen	Executive Director of Fiscal Services

For additional information concerning the University of Montana (all campuses) contact:

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Montana Legislative Audit Division

Financial Audit
University of Montana
For the Fiscal Year Ended June 30, 2024

A report to the Montana Legislature

The university's fiscal position improved significantly with a $38.4 million increase in net position from fiscal year 2023 to 2024. The university's operating revenues grew by over $40 million in fiscal year 2024, as compared to fiscal year 2023, driven by tuition, fees, and auxiliary enterprise charges reflecting an overall rise in student enrollment. Meanwhile, the University of Montana – Missoula campus continued expanding its research initiatives by increasing federal grants and contracts, further boosting revenue.

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

This means you can rely on the financial statement and notes in this report in all material respects.

For the full context of the university's financial activity, see the financial statements and notes beginning on page A-5.

RECOMMENDATIONS:

In this report, we issued no recommendations to the university and there were no prior recommendations in the previous report.

SUMMARY OF AUDIT WORK:

Our audit efforts focused on the university's material activity including tuition, federal grants and contracts, state appropriation support, operating expenses, cash and investments, capital assets, and bond liabilities.

We completed audit procedures over the presentation of the financial statements and the accompanying note disclosures. These financial statements include data from four component units: the University of Montana Foundation, Montana Tech Foundation, University of Montana Western Foundation, and the Montana Grizzly Scholarship Association. Independent public accounting firms audit these organizations, and our opinion on the university's component unit information is partly based on their work.

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Background

The University of Montana (UofM or university) is a multi-campus university. The main campus is located in Missoula, with additional campuses in Missoula (Missoula College), Butte (Montana Technological University and Highlands College), Dillon (University of Montana Western), Helena (Helena College), and Hamilton (Bitterroot College). The university campuses and programs provide undergraduate and graduate academic degrees, two-year vocational and technical programs, as well as occupational certifications.

The university reported student FTE of 12,326 in fall of 2024, an increase from the fall of 2023.

The university's financial statements include financial activity for the foundations of the Missoula, Butte, and Dillon campuses and the Montana Grizzly Scholarship Association. *Governmental Accounting Standards* require these organizations, considered component units, be included in the university financial statements.

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

leg.mt.gov/lad

Room 160, State Capitol
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The mission of the Legislative Audit Division is to increase public trust in state government by reporting timely and accurate information about agency operations, technology, and finances to the Legislature and the citizens of Montana.

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The university continues to experience a significant increase in construction, primarily funded by revenue bonds. Several major projects were completed on the University of Montana Missoula campus in fiscal year 2024 or shortly thereafter. The following figure illustrates the significance of those construction projects during our audit period.

Figure 1

Between FYE23 and FYE24, significant progress was made on four major construction projects at UM, funded by **revenue bonds** and **private contributions**.

		Expenditures	
Major project	Status	FYE23	FYE24
New Dining Hall	Completed Fall 2024	$18.4M	$42M
Heating Plant	100% operational Summer 2025	$15M	$18.7M
Knowles Hall Remodel	Completed Fall 2024	$0.1M	$14.9M
MT Museum of Art	Completed Fall 2023	$10.5M	$12.9M

Source: Compiled by the Legislative Audit Division.

The university has experienced three consecutive years of growth in incoming students and is currently in a sustained period of expansion across all four campuses. For academic year 2023/2024, the university enrolled an additional 200 Montana resident students as compared to the prior academic year. In August of 2024, the university broke ground on its first new on-campus residence hall in over 30 years. See page A-69 in the Supplemental Information for student FTE for the past five years.

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

In this report, we identified the following:
Material Weaknesses in Internal Control: 0
Significant Deficiencies in Internal Control: 0
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.

Independent Auditor’s Report and University Financial Statements

LEGISLATIVE AUDIT DIVISION

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

Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

Independent Auditor's Report

The Legislative Audit Committee
of the Montana State Legislature:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of Montana, a component unit of the State of Montana, which are comprised of the Consolidated Statements of Net Position as of June 30, 2024, the related Consolidated Statements of Revenues, Expenses and Changes in Net Position, and Consolidated Statements of Cash Flows for the fiscal year then ended, and the University Component Units – Combined Statements of Net Position as of June 30, 2024, and the related University Component Units – Combined Statement of Activities for the fiscal years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University of Montana as of June 30, 2024, and the changes in net position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America (GAAS).

We did not audit the financial statements of the University of Montana Foundation, the Montana Tech Foundation, and the Montana Grizzly Scholarship Association. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these component units of the university, as noted above, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 university 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 the University of Montana Foundation, the Montana Tech Foundation, and the Montana Grizzly Scholarship Association were not audited in accordance with *Government Auditing Standards*.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the university'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 consolidated 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 university'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 university'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 beginning on page A-5 and the Required Supplementary Information – Pensions beginning on page A-58 and Required Supplementary Information – Other Post-Employment Benefits beginning on page A-67 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.

Other Information

Management is responsible for the other information on page A-69 . The other information comprises the unaudited supplemental information but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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 January 29, 2025, on our consideration of the university'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 university's internal control over financial reporting and compliance.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

January 29, 2025

UNIVERSITY OF MONTANA
UNIVERSITY OF MONTANA - MISSOULA
MONTANA TECHNOLOGICAL UNIVERSITY
UNIVERSITY OF MONTANA - WESTERN
HELENA COLLEGE UNIVERSITY OF MONTANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
OVERVIEW OF FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023

The University of Montana (University) is comprised of four campuses: University of Montana - Missoula; Montana Technological University (Montana Tech); University of Montana - Western; and Helena College University of Montana. This discussion pertains to the consolidated financial statements for the four campuses and provides a comparative overview of the University's financial position and operating results for the fiscal years ended June 30, 2024 and 2023, and should be read in conjunction with the fiscal year 2024 and 2023 financial statements.

FINANCIAL HIGHLIGHTS

The University of Montana's Missoula campus sustained its year-over-year growth in research activities with external funding rising by nearly $17 million, proposal volume increasing by nearly $2 million and research expenses growing by just over $15 million.

In FY24, the University's foundations provided more than $44 million to support students, faculty and programs, along with $3 million for capital projects. They also recognized nearly $59 million in contributions from fundraising efforts.

The University's full time equivalent (FTE) student enrollment rose to 12,326 up from 11,970 in FY23. The Missoula campus experienced a 3.7% increase in total headcount, marking its largest annual growth rate in fourteen years. Additionally, the University achieved a 76% first-to-second year retention rate, the highest ever recorded for this demographic.

USING THE FINANCIAL STATEMENTS

The University's financial statements consist of the following three statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows.

A discussion of each of the individual statements follows. Some key points to be aware of regarding the statements are:

- These are consolidated financial statements representing the University's four campuses.

- The financial statements are prepared using the accrual basis of accounting, which means revenues are reported when earned, and expenses are reported when an obligation has been incurred.

- Assets and liabilities presented in the financial statements are generally measured at current value, with capital assets reported at historical cost less accumulated depreciation.

- Capital assets are classified as depreciable and non-depreciable with depreciation treated as an operating expense.

- Assets and liabilities are treated as current (due within one year) or as noncurrent (due in more than one year), and are presented in the Statement of Net Position in order of liquidity. Deferred outflows of resources represent the consumption of resources that are applicable to a future reporting period but do not require a future exchange of goods or services. Deferred inflows represent the acquisition of resources that are applicable to a future reporting period.

- Revenues and expenses are classified as operating or nonoperating. "Operating" is defined as resulting from transactions involving exchanges of goods or services for payment, and directly related to supplying

Management Discussion and Analysis (continued)

the basic service while "nonoperating" is defined as resulting from transactions not derived from the basic operation of the enterprise. As a result, the accompanying Statement of Revenues, Expenses, and Changes in Net Position reflects a substantial operating loss, primarily because accounting standards requires that the State Appropriation, which is used for operations, must be reported as non-operating revenue.

- Tuition and auxiliary enterprise charges are reported net of any scholarships or fellowships that were applied directly to a student's account. The prevents the University financial statements from double counting this revenue and expense.

STATEMENT OF NET POSITION

The Statement of Net Position provides a snapshot of the University's financial position at the end of the fiscal year. Changes in net position over time highlight improvements or declines in the University's financial health. Below is a summary of the Statement of Net Position:

	For the years ended June 30, (in millions)	
	2024	**2023**
Description		
Total current assets	$ 234.81	$ 246.78
Total capital assets (net)	494.71	444.95
Total noncurrent assets	70.16	65.99
Total assets	$ 799.68	$ 757.72
Deferred outflows of resources	$ 54.24	$ 56.85
Total current liabilities	$ 86.83	$ 76.60
Total noncurrent liabilities	348.86	353.83
Total liabilities	$ 435.69	$ 430.43
Deferred inflows of resources	$ 46.47	$ 50.76
Net invested in capital assets	$ 288.67	$ 259.91
Restricted:		
Nonexpendable	26.79	21.16
Expendable	3.40	5.63
Unrestricted	52.90	46.68
Total net postion	$ 371.76	$ 333.38

Significant events or developments that impacted the Statement of Net Position include:

- Current assets decreased by nearly $12 million in FY24, primarily from an approximately $22 million decrease in cash and cash equivalents from the use of revenue bonds that are being used for planned capital construction and improvements. This was offset by an increase of approximately $6 million in amount due from the federal government that reflects increased research activity and pending reimbursements from granting agencies. An additional offset relates to an approximately $3 million increase related to securities lending collateral. This increase is due to the Montana Board of Investments participating in security lending activity to a greater extent in FY24. Changes in accounts and grants receivable, due from other state of Montana Component Units, and prepaid expenses make up the majority of the remaining $1 million difference.

- Noncurrent assets increased by approximately $54 million in FY24, attributed primarily to a net increase in capital assets of approximately $50 million, related to the completion of major capital projects including the Knowles Residence Hall remodel, the construction of the Montana Museum of Art and Culture, and the Memorial Walk. Additionally, the University received an endowment of just over $5 million which was the primary contributor for the increase in investments and beneficial interests. These increases were offset by an approximately $1 million decrease in loans to students, related to the repayment of loans associated with the Perkins program.

Management Discussion and Analysis (continued)

- Deferred outflow of resources decreased in excess of $2 million in FY24, due almost exclusively to a reduction to postemployment health insurance. This decrease is impacted minimally by a decline in unamortized loss on debt refunding and an increase in deferred outflows of resources related to the defined benefit retirement plans. These changes are due to the plans' actuarial assumptions and other actuarial inputs.

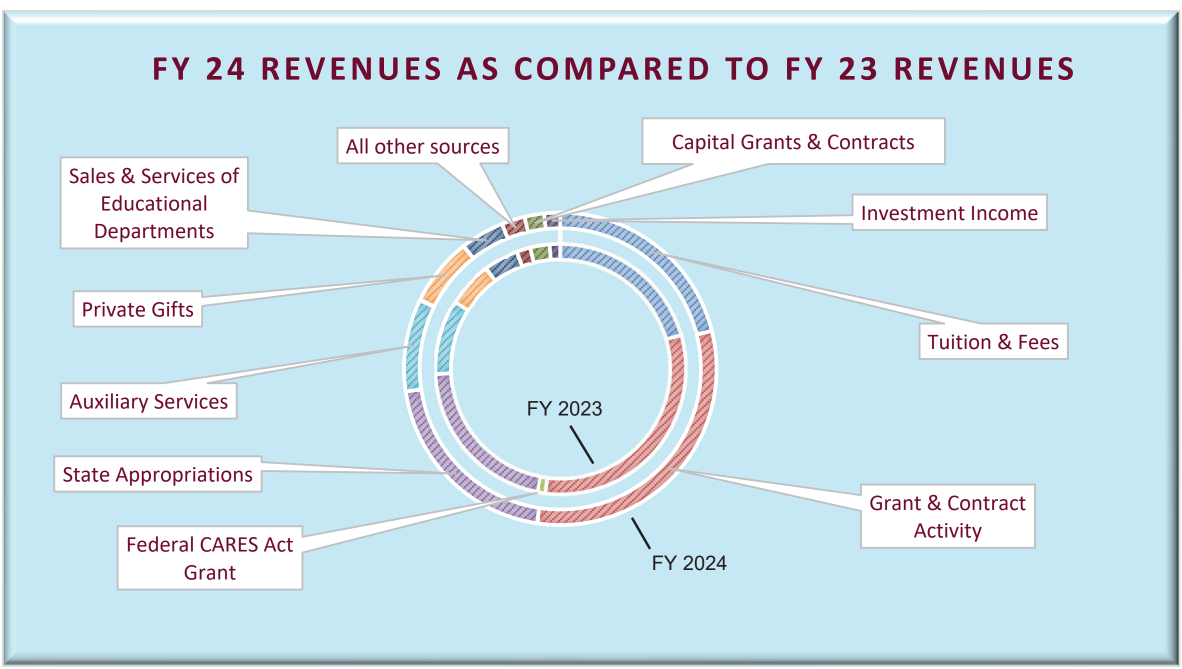
- In FY24, current liabilities increased by over $10 million, or approximately 13%, primarily from a $8 million rise in unearned revenue related to a summer concert series that occurred in August 2024. Additionally, accounts payable and accrued liabilities, securities lending liability, and accrued compensated absences rose by $2 million, $3 million, and $3 million respectively. These were offset by a $3 million decrease in student and other deposits and an almost $3 million reduction in current portion of long-term obligations.

- Noncurrent liabilities decreased by just under $5 million, primarily due to a decline in long-term obligations of $7 million related to the repayment of revenue bonds offset by a $4 million growth in net pension liability and a $1 million increase in other postemployment benefits. The changes in the University's proportionate share of the net pension liability and other postemployment benefits liability can be attributed primarily to changes in the plans' actuarial assumptions and other actuarial inputs. Additionally, advances from primary government decreased by almost $3 million due to the pay off of two Montana Science and Technology Alliance loans by the Montana Governor's office.

- The decrease in deferred inflows of resources of approximately $4 million is primarily attributable to the assumptions related to the actuarial evaluations for the defined benefit retirement plans and other postemployment benefits for health insurance.

- Net position improved by just over $38 million (over 11%) in FY24. This increase was primarily due to a $29 million rise in net investment in capital assets, an almost $6 million increase in restricted endowments, and a $6 million rise in unrestricted net position. These gains were partially offset by a $3 million decrease in assets restricted for expendable scholarships, research, instruction, and other purposes. The remainder of the increase came from minor changes in assets restricted for nonexpendable loans and unrestricted assets.

The following chart provides a graphical representation of fiscal year 2024 revenues as compared to fiscal year 2023 revenues:



Management Discussion and Analysis (continued)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the University's operational activities for the fiscal year, categorizing them as either operating or nonoperating items. Under the accrual method of accounting, the current year's revenues and expenses are recognized when they were earned or incurred, regardless of when cash was received or paid.

The following is a comparative analysis of revenues and expenses for the fiscal years ended June 30, 2024 and 2023:

	For the years ended June 30, (in millions)	
	2024	2023
Description		
Operating revenues	$ 376.86	$ 333.82
Operating expenses	533.21	506.71
Operating loss	(156.35)	(172.89)
Nonoperating revenues	180.06	163.97
Gain (loss) before other revenues	23.71	(8.92)
Other revenues	14.67	12.80
Net Increase in net position	38.38	3.88
Net Position, beginning of year	333.38	329.50
Net position, end of year	$ 371.76	$ 333.38

The following provides a comparative analysis of revenues and expenses for the years ended June 30, 2024 and 2023:

	For the years ended June 30, (in millions)			
	2024		2023	
REVENUES	**Amount**	**Percent**	**Amount**	**Percent**
Tuition and fees, net	$ 122.44	21.1%	$ 107.10	20.7%
Federal grants and contracts	120.16	20.7%	102.71	19.8%
State & local grants/contracts	6.81	1.2%	8.35	1.6%
Nongovernmental grants/contracts	14.81	2.6%	14.43	2.8%
Facilities and administrative cost allowance	21.85	3.8%	20.66	4.0%
Sales/services of educational departments	26.26	4.5%	23.16	4.5%
Auxiliary enterprise charges	55.82	9.6%	50.39	9.7%
State appropriations	117.74	20.3%	110.62	21.3%
Federal CARES Act grant	-	0.0%	5.63	1.1%
Federal financial aid grants and contracts	18.02	3.1%	15.86	3.1%
Investment income	9.55	1.7%	7.13	1.4%
Private gifts	41.23	7.1%	30.09	5.8%
Capital grants and gifts	11.79	2.0%	12.98	2.5%
All other sources	13.91	2.4%	9.21	1.8%
Total revenues	$ 580.39	100.0%	$ 518.32	100.0%
EXPENSES	**Amount**	**Percent**	**Amount**	**Percent**
Compensation and benefits	$ 319.23	58.9%	$ 296.27	57.6%
Pension expense	15.72	2.9%	15.45	3.0%
Other postemployment benefits	0.60	0.1%	0.70	0.1%
Other operating expenses	139.55	25.8%	142.37	27.7%
Scholarships and fellowships	26.01	4.8%	20.16	3.9%
Depreciation and amortization	32.12	5.9%	31.76	6.2%
Interest expense	8.80	1.6%	7.71	1.5%
Total expenses	$ 542.03	100.0%	$ 514.42	100.0%

Management Discussion and Analysis (continued)

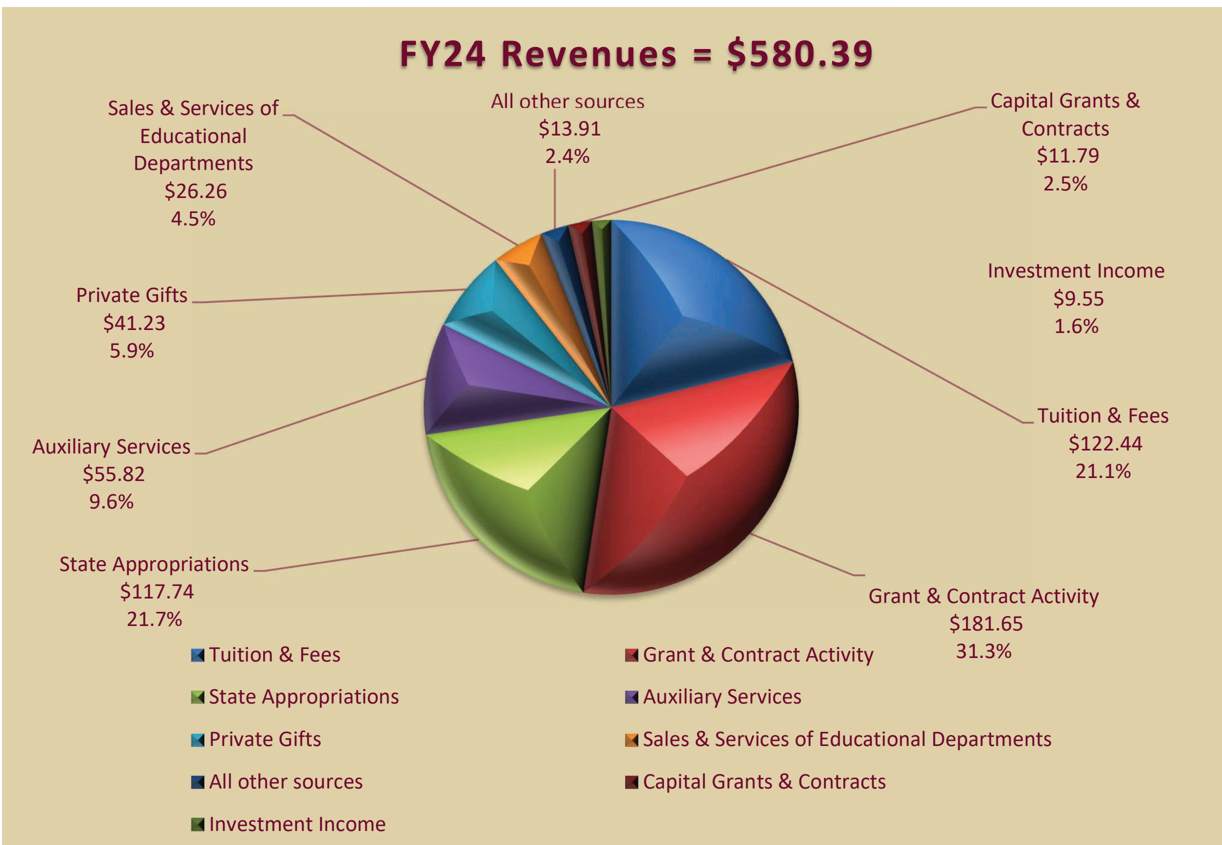
Events or developments which occurred during 2024 include:

The University experienced an increase of over $38 million in its net position in FY24. Significant factors contributing to this change are described below.

- In FY24, operating revenues increased by almost $44 million, or almost 12%, over FY23, due to increases of approximately $15 million in tuition and fee revenues, net of scholarship allowances, and over $17 million in federal grants and contracts. These were offset by an over $1 million decrease in other operating revenues. Net of scholarship allowances, auxiliary enterprises charges increased almost $6 million. Grants and contract facilities, administrative cost allowances, and other operating revenues increased by approximately $7 million.

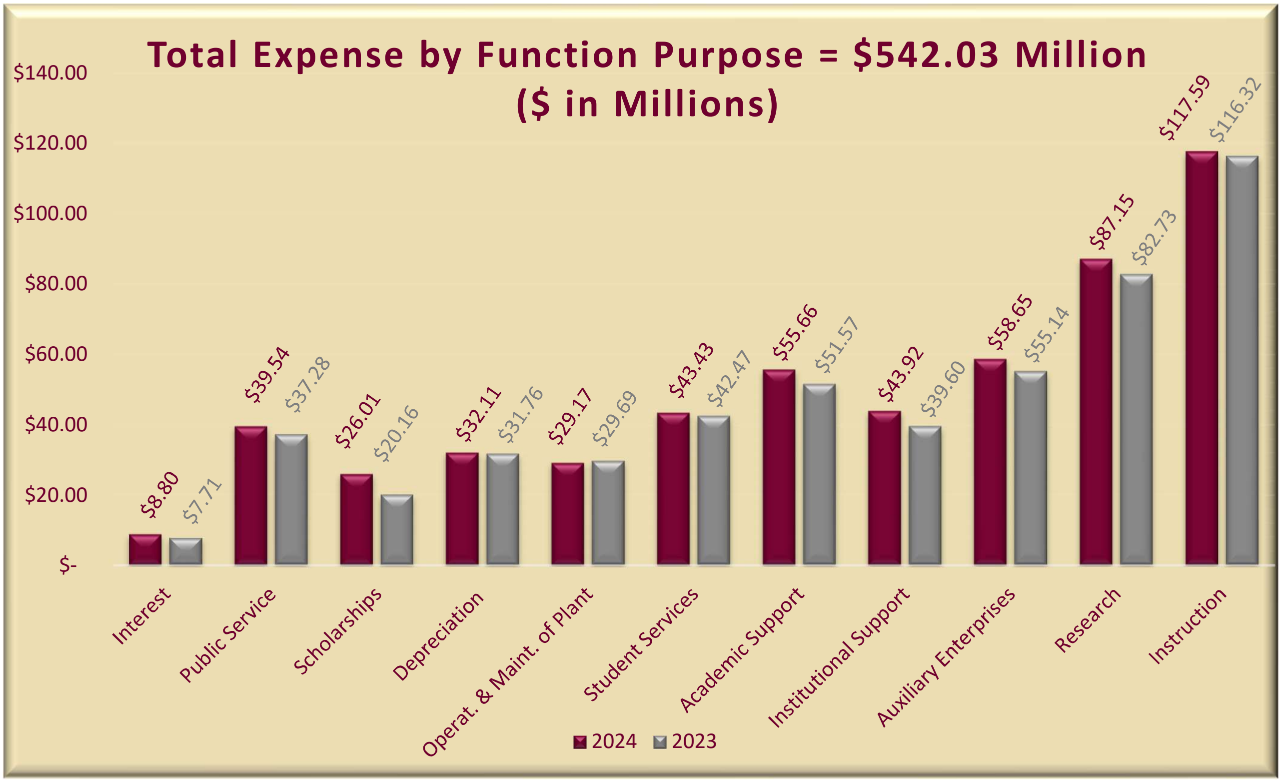
- Operating expenses increased by over $26 million in FY24, or almost 5%, primarily due to an increase in compensation and employment benefits of almost $23 million and an increase to scholarships and fellowships of almost $6 million. These increases are offset by a decrease to other operating expenses of almost $3 million.

The following chart provides a graphical representation of revenue classifications as a percentage of total revenues for fiscal year 2024:



Management Discussion and Analysis (continued)

The following chart provides a graphical comparison of operating expenses by function for fiscal years 2024 and 2023:



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about the University's sources and uses of cash during the fiscal year. This statement aids in assessing the University's ability to meet obligations and commitments as they become due, its ability to generate future cash flows, and its need for external financing. As required by GASB, the statement is presented using the "Direct Method", which focuses on those transactions that either provided or used cash during the fiscal year.

	For years ended June 30, (in millions)	
	2024	**2023**
Cash Flow Category		
Cash (Used in) Provided by:		
Operating Activities	$ (120.06)	$ (147.69)
Noncapital Financing Activities	179.31	164.55
Investing Activities	4.33	7.95
Capital and Related Financial Activities	(85.68)	4.93
Net (Decrease) Increase in Cash	(22.10)	29.74
Cash and Cash Equivalents, beginning of year	201.40	171.66
Cash and Cash Equivalents, end of year	$ 179.30	$ 201.40

Management Discussion and Analysis (continued)

Specific events or cash transactions during fiscal year 2024, which were notable include:

- Net cash used by operating activities of just over $120 million decreased by nearly $28 million or 19% in FY24, primarily due to increases in cash used for payments to employees for salaries and benefits of nearly $18 million, payments for scholarships of almost $6 million, and payments for other post employment benefits (pensions) of over $1 million. These increases were offset by an increase in cash provided by tuition and fees of just over $10 million and an increase in cash provided by federal grants and contracts of more than $18 million, or over 18%. Cash provided by sales and services of educational activities increased by almost $7 million, or over 22% and cash provided by auxiliary enterprises increased by almost $13 million or slightly over 20%. Cash provided by other grant activity increased by almost $1 million. Cash used for payments for operating expenses decreased by over $2 million while cash provided by other operating receipts increased by just over $2 million.

- Net cash flow provided by noncapital financing activities of over $179 million increased by almost $15 million in FY24, or about 9%, primarily from an $11 million increase in cash provided by private gifts for other than capital purposes. This was offset by an almost $5 million decrease Federal CARES act grant funding. In addition, cash provided by state appropriations increased by over $7 million or more than 6% and cash provided by federal financial aid grants and contracts increased by just over $2 million.

- In FY24, the net cash flows used for investing activities of just over $4 million, decreased by over $3 million due to cash used by purchase on investments of just over $5 million offset by a nearly $2 million increase in cash provided by earning on investments.

- Net cash used by capital and related financing activities of approximately $85 million increased by over $90 million in FY24 over cash used in FY23. Payments for capital assets increased by $32 million. The University did not issue revenue bonds in FY24, which contributed to the variance by almost $68 million. These payments were offset by cash proceeds from private gifts for capital purposes of almost $10 million. Gain on debt forgiveness and principal paid on advance from primary government reflect offsetting cash flows in the amount of almost $3 million from the payoff of two Montana Science and Technology Alliance loans due to the payoff of this debt as part of the Governor's Debt Free efforts.

DISCUSSION OF SIGNIFICANT ECONOMIC AND FINANCIAL ISSUES AND OPPORTUNITIES

Significant economic or financial issues for the four campuses are:

- The University has experienced three consecutive years of growth in incoming student cohorts and is currently in a sustained period of expansion across all four campuses. Demonstrating its commitment to attracting and retaining Montana residents, the University has made significant strategic investments, resulting in the enrollment of 200 additional Montana resident students at the Missoula campus during fiscal year 2024.

- The University has made substantial progress in recent years in reducing barriers to education for a wide range of student populations. In fiscal year 2024, the University saw significant growth in the enrollment of diverse student groups, including Native American students, veteran students, and first-generation students. Additionally, the University's AccelerateMT program enrolled 827 students in non-degree, short-term workforce development programs during the same period. These programs are delivered in collaboration with local businesses to address the increasing demand for skilled labor in the workforce.

- Construction is ongoing on several significant capital projects on the University's Missoula campus. The projects include: Construction of a new $47 million state of the art dining facility and a $20 million upgrade to the campus heating and power plant that will provide significant energy cost savings and further reduce the campus' carbon footprint are ongoing. In FY24, construction of a new $14 million facility to house the Montana Museum of Art and Culture and an $18 million renovation and reconfiguration of Knowles Hall, an on-campus residence hall were completed. The construction projects are funded primarily from Series BC 2019 General Revenue Bonds proceeds, Series 2022 General Revenue Bonds, and private donations.

Management Discussion and Analysis (continued)

- These capital projects demonstrate the University's commitment to its mission of inclusive prosperity. These projects will also enhance the student experience at University of Montana and play a critical role in attracting and retaining students.

- The University of Montana campus in Missoula has become a hub for cybersecurity in the state of Montana by offering training to cybersecurity professionals and by providing numerous resources for individuals across Montana. The CyberMontana initiative, housed in Missoula College, was funded by the state legislature in 2021. In addition, House Bill 10 was funded by the state legislature in 2024, providing over $6 million for a Security Operations Center, a Bachelor Degree in Cybersecurity Support, Workforce Development and Community Outreach, and a Policy Academy. The University is committed to meeting the growing demand for cybersecurity professionals and to innovating the cybersecurity field.

- In the Fall of 2023, The University of Montana campus in Missoula launched Montana's first-ever criminology Bachelor degree program. Although the University has offered criminology courses for years, the program was greatly modernized, streamlined, and developed to introduce the stand-alone criminology major in FY24. The new program highlights the University's dedication to meeting current and changing industry needs and its emphasis on student success by offering highly applicable programs in conjunction with providing students with opportunities for real world experience.

University of Montana

Consolidated Statements of Net Position

As of June 30,	2024
ASSETS	
Current assets	
Cash and cash equivalents (note 3)	$ 178,529,497
Securities lending collateral (note 3)	3,522,345
Accounts and grants receivable, net (note 4)	7,138,854
Due from Federal government	34,693,480
Due from primary government	1,435,966
Due from other State of Montana component units	727,486
Loans to students, net	584,126
Inventories (note 7)	1,915,116
Prepaid expenses and other charges (note 8)	6,260,126
Total current assets	234,806,996
Noncurrent assets	
Restricted cash and cash equivalents	777,471
Investments and beneficial interest (note 3)	63,071,147
Leases receivable (note 5)	3,419,812
Loans to students, net	2,887,765
Capital assets, net (note 9)	494,709,895
Total noncurrent assets	564,866,090
Total assets	$ 799,673,086
DEFERRED OUTFLOW OF RESOURCES (note 10)	54,243,092
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities (note 11)	27,414,402
Due to Federal government	808,029
Securities lending liability (note 3)	3,522,345
Student and other deposits	3,738,764
Unearned revenue (note 12)	27,867,503
Accrued compensated absences	15,765,531
Current portion of long-term obligations (note 13)	7,707,490
Total current liabilities	86,824,064
Noncurrent liabilities (note 13)	
Accrued compensated absences	16,281,334
Unearned compensation	697,168
Long-term obligations	222,914,402
Advances from primary government (note 18)	325,357
Net pension liability (note 19)	88,340,728
Other postemployment benefits liability (note 20)	16,790,177
Due to Federal government (note 6)	3,513,519
Total noncurrent liabilities	348,862,685
Total liabilities	$ 435,686,749
DEFERRED INFLOW OF RESOURCES (note 10)	46,470,220
NET POSITION	
Net investment in capital assets	$ 288,674,810
Restricted for:	
Nonexpendable	
Endowments	25,616,569
Loans	1,175,782
Expendable	
Loans	3,402,347
Scholarships, research, instruction, and other	-
Unrestricted	52,889,701
Total net position	$ 371,759,209

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

University of Montana

Consolidated Statements of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30,	2024
OPERATING REVENUES:	
Tuition and fees:	
Tuition (net of scholarship allowances of $36,430,486)	$ 92,573,107
Fees	29,871,494
Total tuition and fees, net of scholarship allowances	122,444,601
Federal grants and contracts	120,157,881
State and local grants and contracts	6,824,258
Nongovernmental grants and contracts	14,808,269
Grant and contract facilities and administrative cost allowances	21,854,656
Sales and services of educational departments	26,256,914
Auxiliary enterprises charges (net of scholarship allowances of $4,090,296):	
Residential life	22,824,121
Food services	19,657,491
Other auxiliary revenues	13,333,502
Interest earned on loans to students	36,159
Other operating revenues	8,661,417
Total operating revenues	376,859,269
OPERATING EXPENSES:	
Compensation and employee benefits	319,227,033
Pension expense (note 19)	15,719,121
Other postemployment benefits (note 20)	596,585
Other	139,550,822
Scholarships and fellowships	26,006,777
Depreciation and amortization	32,115,060
Total operating expenses	533,215,398
OPERATING LOSS	(156,356,129)
NONOPERATING REVENUES (EXPENSES):	
State appropriations	117,735,223
Federal financial aid grants and contracts	18,021,287
Land grant revenues	2,324,771
Private gifts	41,230,574
Investment income	9,549,941
Interest expense	(8,802,611)
Net nonoperating revenues	180,059,185
INCOME BEFORE OTHER REVENUES	23,703,056
OTHER REVENUES:	
Capital grants and gifts	11,785,996
Gain from debt forgiveness and disposal of capital assets	2,888,714
Total other revenues	14,674,710
CHANGE IN NET POSITION	38,377,766
NET POSITION:	
Net position - beginning of year	333,381,443
Net position - end of year	$ 371,759,209

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

University of Montana

Consolidated Statements of Cash Flows

For the Year Ended June 30,	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 118,626,277
Federal grants and contracts	113,429,350
State grants and contracts	6,442,117
Nongovernmental grants and contracts	13,979,044
Indirect cost recoveries	21,854,656
Sales and services of educational activities	29,773,820
Auxiliary enterprise charges	63,103,328
Interest earned on loans to students	93,036
Other operating receipts	8,462,002
Payments to employees for salaries and benefits	(323,818,865)
Payments for Other Post Employment Benefits(Pensions)	(3,762,140)
Operating expenses	(143,391,024)
Payments for scholarships and fellowships	(26,006,777)
Loans made to students	(114,534)
Loan payments received	1,271,583
Net Cash Used by Operating Activities	(120,058,127)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	117,735,223
Land grants	2,324,771
Federal financial aid grants and contracts	18,021,287
Private gifts for other than capital purposes	41,230,574
Direct lending proceeds	68,083,145
Direct lending disbursements	(68,083,145)
Net Cash Provided by Noncapital Financing Activities	179,311,855
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(5,130,588)
Earnings received on investments	9,463,941
Net Cash Provided by Investing Activities	4,333,353
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid for capital assets	(94,396,726)
Private gifts for capital purposes	20,785,980
Increase to SBECP loan	325,357
Gain on pay-off of loan	2,899,591
Principal paid on advance from primary government	(2,899,591)
Principal paid on bonds payable	(3,255,000)
Interest paid on capital debt and leases	(9,143,580)
Net Cash Used for Capital and Related Financing Activities	(85,683,969)
Change in Cash and Cash Equivalents	$ (22,096,888)
Cash and Cash Equivalents, Beginning of Year	201,403,856
Cash and Cash Equivalents, End of Year	$ 179,306,968

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

University of Montana

Consolidated Statements of Cash Flows

For the Year Ended June 30, (Continued)	2024
Reconciliation of Operating Loss to Net Cash Used By Operating Activities:	
Operating loss	$ (156,356,129)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Noncash expense:	
Depreciation and amortization expense	32,115,060
Amortization of net pension liability	1,589,979
Amortization of other post employment benefits obligation	559,562
Changes in assets and liabilities:	
Accounts receivable	(6,382,174)
Leases receivable	451,977
Loans to students	1,157,048
Inventories	85,362
Prepaid expenses and other charges	(631,404)
Accounts payable and accrued expenses	58,571
Student and other deposits	(3,204,356)
Unearned revenue	7,929,447
Due to federal government	(1,042,402)
Compensated absences	3,611,332
Net Cash Used by Operating Activities	$ (120,058,127)
Noncash Investing, Noncapital Financing, and Capital and Related Financing Transactions	
Change in fair value of investments recognized as a component of investment income	$ 115,132
Fixed assets acquired from capital grants and donations	$ 3,209,124
Premiums and deferred loss on refunding amortized to interest expense	$ (798,501)
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	
Cash and cash equivalents classified as current assets	$ 178,529,497
Cash and cash equivalents classified as noncurrent assets	777,471
Total Cash and Cash Equivalents, End of Year	$ 179,306,968

University of Montana Component Units

Combined Statements of Financial Position

As of June 30	2024
ASSETS	
Cash and cash equivalents	$ 11,314,711
Short-term investments	2,247,656
Accrued dividends and interest	546,663
Investments	477,248,379
Accounts receivable, net	123,732
Contributions receivable, net	27,266,205
Student loans and other receivables	362,911
Beneficial interests in trusts held by others	15,264,213
Property, building and equipment, net of accumulated depreciation	13,987,249
Other assets	3,679,842
Total assets	$ 552,041,561
LIABILITIES	
Accounts payable	$ 5,311,720
Accrued expenses	73,326
Deferred revenue	656,255
Compensated absences	340,235
Lease liability	2,815,603
Liabilities to external beneficiaries	18,463,503
Custodial funds	27,682,403
Total liabilities	55,343,045
NET ASSETS	
Net assets - without donor restrictions:	13,448,026
Net assets - with donor restrictions:	483,250,489
Total net assets	496,698,515
Total liabilities and net assets	$ 552,041,560

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

University of Montana Component Units

Combined Statement of Activities

For The Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	2024 Total
REVENUES:			
Contributions	$ 1,515,353	$ 57,416,347	$ 58,931,700
Contributed Nonfinancial assets	35,441	422,497	$ 457,938
Interest and dividend income	259,463	7,591,808	7,851,271
Net realized and unrealized gains (losses) on investment	4,788,049	24,545,735	29,333,784
Administrative fees	568,468	-	568,468
Support received from university	979,500	-	979,500
Net revaluation of trusts and split-interest agreements	2,328	1,297,188	1,299,516
Income from perpetual trust	-	390,493	390,493
Special events	700,002	-	700,002
Other income	38,532	1,000,199	1,038,731
Net assets released from restrictions	42,699,910	(42,699,910)	-
Total revenues	51,587,046	49,964,357	101,551,403
EXPENSES:			
Program services			
Academic and institutional	22,592,671	1,792,540	24,385,211
Capital expenses	2,928,656	-	2,928,656
Scholarships and awards	12,818,890	550,888	13,369,778
Total program services	38,340,217	2,343,428	40,683,645
Operating expenses			
Fundraising efforts	5,256,536	155,138	5,411,674
General and administrative	7,050,365	59,087	7,109,452
Other Expenses	-	17,500	17,500
Total operating expenses	12,306,901	231,725	12,538,626
Change in net assets before nonoperating items	939,928	47,389,204	48,329,132
NONOPERATING REVENUES (EXPENSES):			
Gain on disposition of asset	-	-	-
Change in net assets	939,928	47,389,204	48,329,132
Net Assets - beginning of year	12,893,240	435,861,285	448,754,525
Restatement of net assets	(385,142)	-	(385,142)
Net assets - beginning of year as restated	12,508,098	435,861,285	448,369,383
Net assets - end of year	$ 13,448,026	$ 483,250,489	$ 496,698,515

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSITY OF MONTANA
FOR THE YEAR ENDED JUNE 30, 2024
INCLUDED AS A COMPONENT UNIT OF THE STATE OF MONTANA

NOTE 1 – ORGANIZATION, REPORTING ENTITY AND BASIS OF PRESENTATION

- **ORGANIZATION**

The University of Montana (University) and its affiliates are a component unit of the State of Montana (State) with an enrollment of approximately 15,400 students on its four campuses. The State of Montana Board of Regents (Board of Regents) is appointed by the Governor of the State and has oversight responsibility of the University. The State appropriates funds to the entire Montana University System and the Commissioner of Higher Education allots funds to each campus separately and requires that the funds be maintained accordingly.

- **REPORTING ENTITY**

The accompanying consolidated financial statements includes activities of the four campuses of the University, the Lubrecht Experiment Forest, the Montana Bureau of Mines and the Flathead Lake Biological Station. The four campuses of the University are the University of Montana – Missoula, Montana Technological University (Montana Tech), in Butte, the University of Montana – Western, in Dillon, and Helena College University of Montana in Helena.

GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14"* requires that a legally tax exempt organization should be reported as a component unit of a reporting entity if the economic resources received or held by these organizations are entirely or virtually entirely for the direct benefit of the reporting entity or its component units, and the reporting entity is entitled to, or has the means to otherwise access, a majority of the economic resources received or held by the separate organization. The resources of the separate organization must also be significant to the reporting entity. The University has established a threshold minimum of one percent of consolidated net position or one percent of consolidated revenues as an additional requirement for inclusion of an organization as a component unit in its financial statements. In addition, other organizations should be evaluated for inclusion if they are closely related to, or financially integrated with, the reporting entity. All component units and other related organizations will be tested and evaluated on an annual basis for inclusion under GASB No. 39. Accordingly, the University has identified and will present the combined activities of four component units, The University of Montana Foundation, The Montana Tech Foundation, The University of Montana - Western Foundation, and the Montana Grizzly Scholarship Association. For further discussion of accounting for component units, see Consolidated Financial Statements Note 25, "Accounting for Component Units."

The University is considered a component unit of the State of Montana under GASB No. 14. As such, the financial statements for the University are included as a component part of the State of Montana Basic Financial Statements, which are prepared annually and presented in the Montana Annual Comprehensive Financial Report (ACFR).

The University, as a political subdivision of the State of Montana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

- **BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). Under the provisions of GASB standards, the University reports as a special-purpose government engaged in business type activities. Accordingly, the basic financial statements the University is required to present are a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Along with notes to the financial statements, required supplemental information includes a management discussion and analysis. All material intra-entity transactions have been eliminated in consolidation. Also, in accordance with GASB Statement No. 39, the combined statement of financial position and statement of activities of the four component units referred to above are separately presented following the University financial statements.

- **RECLASSIFICATION**

In June, 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, which is effective for fiscal years beginning after June 15, 2023. This statement 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. It also addresses corrections of errors in previously issued financial statements. Under this statement, the accounting and financial reporting treatment for each type of accounting change and error corrections are prescribed. GASB 100 implementation does not affect a specified financial line item and GASB 100 itself does not require restating beginning balances for cumulative effect.

In June, 2022 GASB issued Statement No. 101, *Compensated Absences.* This statement defines compensated absences and aligns the recognition and measurement guidance for the liabilities for compensated absences under a unified model. The University elected to adopt early implementation of this statement for the year ended June 30, 2024. Prior to GASB 101, the University disclosed information associated with balances in the sick leave donation pool, but no liability was recorded. For the period ending June 30, 2024, a net liability of $36,324 has been recognized for the estimated amounts expected to be paid in the current year for the pool. The compensated absences expenses are reported as operating expenses on the Statement of Revenues, Expenses, and Changes in Net position. The compensated absences payable is reported as a liability on the Statement of Net Position, with both current and non-current line items. The adoption of this statement is considered to be a change in accounting principle under GASB 100.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **BASIS OF ACCOUNTING**

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the University's consolidated financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

- **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

- **CASH EQUIVALENTS**

For purposes of the Consolidated Statement of Cash Flows, the University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Funds invested in money market funds and in the Short Term Investment Pool (STIP) with the Montana Board of Investments are considered cash equivalents.

- **INVESTMENTS**

The University accounts for its investments at fair value. In accordance with GASB 72, *Fair Value Measurement and Application*, investments are classified within a fair value hierarchy as follows:

- Level 1—Fair value is determined using quoted prices for identical assets or liabilities in active markets.
- Level 2—Fair value is determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 – Values are determined using unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- Market Approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- Cost Approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement costs).
- Income Approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectation about the future amounts (includes present value techniques). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Investment income is recorded on an accrual basis. All investment income, including changes in unrealized gain or loss on the carrying value of investments, is reported as a component of investment income.

- **ACCOUNTS AND GRANTS RECEIVABLE**

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty, staff, and others, and the current portion of leases receivable. Accounts receivable also includes amounts due from the federal government and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable is recorded net of estimated uncollectible amounts.

- **INVENTORIES**

Inventories are comprised of consumable supplies, food items and items held for resale or recharge within the University. The material inventories are valued using the moving-average method. Smaller inventories are valued using First-In-First-Out (FIFO) or specific identification methods.

- **CASH AND SHORT–TERM INVESTMENTS**

Cash and investments that are externally restricted to make debt service payments, or by a donor or outside agency prohibiting the expenditure of principal and possibly earnings, are classified as non-current assets in the Consolidated Statement of Net Position.

- **CAPITAL ASSETS**

Capital assets are stated at cost or fair market value at date of purchase or donation. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The following table illustrates the capitalization thresholds which the University uses in considering capitalization:

Capital Asset Category:	Capitalization Threshold Amount:
Equipment	$ 5,000
Buildings, Building Improvements, Land	$ 25,000
Intangibles	$ 100,000
Capital Leases and SBITA's	$ 100,000
Intangibles - Internally Generated	$ 500,000
Infrastructure	$ 500,000

Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets as follows: buildings – 40 to 70 years; land improvements and infrastructure - 20 and 40 years, respectively; library books - 8 years; and equipment - 3 to 10 years. Amortization is computed on a straight-line basis over the estimated 4 to 20 year useful lives of intangible assets. Intangible assets with indefinite useful lives are not amortized. Historically, the University has capitalized all artwork subject to applicable capitalization policies at the time of donation or purchase. The University has elected to capitalize artwork subject to the current threshold, but without recording depreciation on those items.

- **DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows represent the consumption of resources that are applicable to a future reporting period but do not require a future exchange of goods or services. The University has reported deferred outflows of resources from the refunding of revenue bond debt, recording leases in accordance with GASB 87, recording Subscription Based Information Technology Arrangements (SBITA's) in accordance with GASB 96, and for its proportionate share of the statewide defined benefit retirement plans and the Montana University System Group Insurance Plan deferred outflows. For revenue bond debt, the unamortized difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as a deferred outflow.

- **UNEARNED REVENUE**

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

- **COMPENSATED LEAVE**

Eligible University employees begin to earn eight hours sick leave and ten hours annual leave for each month worked. The accrual rate for annual leave increases with length of service. The maximum annual leave that eligible employees may accumulate is two hundred percent of their eligible annual accrual. Sick leave accumulates without limitation. Upon termination of employment, employees are compensated for unused leave as follows: 25 percent of sick leave accumulated after July 1, 1971 and one hundred percent of accumulated annual leave.

- **DEFERRED INFLOWS OF RESOURCES**

Deferred inflows represent the acquisition of resources that are applicable to a future reporting period. The University has reported its proportionate share of the statewide defined benefit retirement plans and the Montana University System Group Insurance Plan; for the fair value of the University's beneficial interest in perpetual trusts; and the unamortized amount of deferred inflows from its lessor leasing arrangements as components of deferred inflows of resources.

- **NET POSITON**

Components of the University's net position are categorized as follows:

- **Net Investment in capital assets -** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted, nonexpendable -** Net position subject to externally imposed stipulations which require that the University maintains those assets permanently. Such assets include the University's permanent endowment funds.
- **Restricted, expendable –** Net position that is subject to externally imposed stipulations that can be fulfilled either by action of the University pursuant to those stipulations or by the specified passage of time.
- **Unrestricted –** net position whose use by the University is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties.

- **CLASSIFICATION OF REVENUES**

The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

- **Operating revenues -** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

- **Non-operating revenues -** Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, "*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*," and GASB No. 34, "*Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*." Types of revenue sources that fall into this classification are state appropriations, private gifts, investment income, and federal financial aid grants and contracts.

- **USE OF RESTRICTED REVENUES**

When the University maintains both restricted and unrestricted funds for the same purpose, the order of use of such funds is determined on a case-by-case basis, in accordance with appropriate laws and restrictions. Restricted funds remain classified as restricted until they have been expended.

- **SCHOLARSHIP DISCOUNTS AND ALLOWANCES**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are generated by the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's consolidated financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, and cash equivalents consisted of the following at June 30, 2024:

	2024
Cash deposits and change funds	$ 83,896,916
Cash equivalents:	
STIP	71,670,084
Cash held by trustee[1]	22,962,497
	94,632,581
	$ 178,529,497

[1] Cash held by Trustee are proceeds from the Series 2019 BC and Series 2022 Bond issuances that will fund capital improvements to the University campuses.

- **CASH DEPOSITS**

The University must comply with State statutes, which generally require that cash remain on deposit with the State treasury, and as such are subject to the State's investment policies. Certain exceptions exist, which allow funds to be placed on deposit with trustees to satisfy bond covenants or to maximize investment earnings by placing certain funds with University foundations. Deposits with State treasury and other financial institutions at June 30, 2024 totaled $83,724,462.

- **CASH EQUIVALENTS**

Cash equivalents consist of cash held by trustees and amounts invested in the Short Term Investment Pool (STIP) with the Montana Board of Investments (MBOI).

STIP investments are primarily in short-term, high quality, fixed income securities and as required by MBOI policy, maintain a dollar-weighted average portfolio maturity of one-hundred twenty (120) days or less. The fair values of this investment pool have been determined using the net asset value (NAV) per share (or its equivalent) of the investment. The fair value measurement disclosure within MBOI's annual financial statements provides information about the underlying investments in the pool and where they are categorized within the fair value hierarchy. STIP is a commingled pool for investment purposes and participant requested redemptions from the pool are redeemed the next business day.

Cash held by trustees are invested in a money market funds that invest exclusively in short-term U.S. Government securities and repurchase agreements secured by U.S. Government securities. Cash held by trustees may be withdrawn on demand.

- **SECURITIES LENDING COLLATERAL**

The fair value of the MBOI securities lending collateral investment pool at June 30, 2024 amounted to $3,522,345. Securities lending cash collateral is shown at net asset value and is invested in the Navigator Securities Lending Government Money Market portfolio with an average duration of 1 days and the average weighted final maturity was 31 days within the Navigator portfolio. The securities lending collateral investment pool is unrated for credit quality type.

- **INVESTMENTS**

Investments are stated at fair values determined through the application of GASB Statement No. 72, *Fair Value Measurement and Application*, that requires investments be classified according to a "fair value hierarchy." With respect to Statement No. 72's fair value hierarchy, GASB defines "inputs" as "the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk." Statement No. 72 further categorizes inputs as observable or unobservable: Observable inputs are "inputs that are developed using market data, such as publicly available information about actual events, or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability"; Unobservable inputs are "inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability."

The University investments are categorized within the fair value hierarchy as follows:

- Level 1—Fair value is determined using quoted prices for identical assets or liabilities in active markets.

- Level 2—Fair value is determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 – Values are determined using unobservable inputs.

The fair value of certain investments that do not have a readily determinable fair value is classified at Net Asset Value (NAV). This includes financial assets in external investment pools administered by the MBOI, and the University of Montana and Montana Tech Foundations. For investments administered by MBOI, the annual financial statements provide the necessary disclosure of investments measured at fair value and where they are categorized within the fair value hierarchy.

Investments consisted of the following at June 30, 2024:

Security Type	Fair Value Measurement Level	Fair Value [5] 2024	Effective Duration at June 30, 2024[1]	Credit Quality Rating at June 30, 2024[3]
Noncurrent				
Agency/Government related	Level 2	$ 4,949,219	Not applicable	N/A
Trust Fund Investment Pool (TFIP)	NAV[4]	29,170,325	6.73 years [2]	NR
Foundation pooled investments	NAV[4]	23,274,335	Not applicable	N/A
Life insurance	NAV[4]	326,814	Not applicable	N/A
Total noncurrent investments		$ 57,720,693		
Beneficial interest	NAV[4]	5,350,454	Not applicable	N/A
		$ 63,071,147		

[1] See Interest Rate Risk under the Investment Risks disclosure included in this note.

[2] Effective duration for the Trust Fund Investment Pool (TFIP) is for the entire portfolio. The University's ownership represents approximately 0.93% of the portfolio

[3] NR indicates security investment unrated for credit quality type.

[4] Fair values of the investments in this type have been determined using the NAV per share of the investments.

[5] Restricted investments fair value amounted to $25,467,797 at June 30, 2024.

Investments held by the University at June 30, 2024 are described below:

Agency/Government Related

U.S. government sponsored entities securities are mortgage-backed securities purchased and administered by the MBOI, or bond trustee funds managed by U.S. Bank for the University. U.S. government mortgage-backed securities reflect participation in a pool of residential mortgages. All of the securities were registered under the nominee's name (MBOI or its custodial bank) on behalf of the University.

Montana Board of Investments Pools

The University at June 30, 2024 was a participant in the Trust Fund Investment Pool (TFIP), an external investment pool administered by the MBOI. MBOI manages investments for the TFIP portfolio in accordance with the statutorily mandated "Prudent Expert Principle." TFIP shares can be redeemed monthly but a 30 day redemption notice is required.

TFIP is a commingled pool for investment purposes and invests primarily in investment grade, U.S. dollar denominated fixed income securities. The portfolio has high yield and core real estate exposure.

The University Foundation Pool

This pool consists of endowment funds held in a common investment pool administered by the University of Montana and Montana Tech Foundations. The Foundations portfolio includes cash equivalents, fixed income and equity securities. The University's investment in these pools are intended to be permanent for regular endowment and quasi-endowment funds and accordingly, a liquidity term has not been formally established for these funds. The foundations are component units of the University and relevant information about their investments can be found in Note 24.

Securities Lending Transactions

MBOI is authorized by law to lend its securities and has contracted with the custodial bank, to lend the MBOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Contractually, the custodial bank is required to maintain collateral equal to from 102 percent to 115 percent depending on collateral type. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The MBOI and the custodial bank split the earnings, 85 percent and 15 percent respectively, on security lending activities. The MBOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the MBOI's credit risk exposure to the borrowers.

During the fiscal year, the custodial bank loaned the Board's public securities and the collateral received included the following instruments: U.S. dollar cash; U.S. Government and government sponsored agency securities; U.S. corporate debt securities and structured securities rated AA- or Aa3 or higher; or debt securities issued by certain supranational agencies. The custodial bank does not have the ability to sell collateral securities unless the borrower defaults.

The MBOI imposed no restrictions on the amount of securities available to lend during fiscal year 2024. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of default of the borrower. There were no losses during fiscal year 2024 resulting from a borrower default. As of June 30, 2024, no securities were recalled and not yet returned.

The cash collateral received for each loan was invested, together with the cash collateral of other qualified plan lenders.

During fiscal year 2024, the MBOI maintained 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 an average duration of 24 days and the average weighted final maturity of 91 days.

Investment Risks

The University's investments administered by the MBOI are governed by its investment risk policies. The University does not have its own formal investment policy for interest rate risk, credit risk, custodial risk or concentration of credit risk. Detailed asset maturity and other information demonstrating risk associated with the State of Montana Board of Investments STIP and TFIP is contained in the State of Montana Board of Investments financial statements, and can be obtained online at https://investmentmt.com/Annual-Reports or by contacting the Board of Investments at P.O. Box 200126, Helena, MT 59620-0126.

Investment risks associated with the University's investments are described as follows:

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP interest rate risk is determined using the Weighted Average Maturity (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 STIP portfolio minimizes interest risk by among other things, maintaining a WAM of 120 days or less.

The MBOI has selected the effective duration method as a measure of interest rate risk for all fixed income portfolios. Durations is a measure of a bond or portfolio's sensitivity to changes in interest rates. As duration increases, the bond or portfolio's sensitivity to interest rates increases. The TFIP investment policy requires average duration to be maintained in a range within 20% of the benchmark duration.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. With the exception of the U.S. government securities, all STIP and TFIP fixed income instruments have credit risk as measured by a nationally recognized statistical rating organization (NRSRO). All STIP money market investments are in U.S. government money markets or in a short-term investment vehicle through the custodial bank. Credit risk is managed by constraining portfolio purchases around investment grade NRSRO ratings as appropriate.

U.S. government securities are guaranteed directly or indirectly by the U.S. government. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the MBOI will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the MBOI's custodial bank must be rated at a minimum at the 6th highest investment grade rating by at least two NRSRO's on an annual basis.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from the concentration of credit risk requirement.

The TFIP and STIP investments policies provide detailed guidelines on permitted investments and other investment restrictions to mitigate risks including the concentration of credit risk.

The concentration of credit risk exposure for U.S. government sponsored entities securities held at June 30, 2024, expressed as a percentage of total investments, was 8.57%.

Beneficial Interests

The University has beneficial interests in donated perpetual trust assets that are administered by an outside management trust company. The beneficial interest assets were measured at fair value when recorded and were subsequently re-measured at June 30, 2024. Changes in fair value of the beneficial interests are recognized as an increase or a decrease in the related deferred inflow of resources. The primary unobservable inputs used in the fair value measurement of the perpetual trust assets are the underlying securities held by the outside management trust company that are outside the control and management of the University.

Land Grant Earnings

In 1881, the Congress of the United States granted land to the State of Montana for the benefit of the state's universities and colleges. The Enabling Act of 1889 granted 46,563 acres to the University of Montana - Missoula, 100,000 acres to Montana Tech and 50,000 acres to Western Montana College (now University of Montana - Western). Under provisions of the grants, proceeds from the sale of land and land assets, together with proceeds from the sale of timber, oil royalties and other minerals, must be reinvested, and constitute, along with the balance of unsold land, a perpetual trust fund. The grant is administered as a trust by the State Land Board, which holds title and has the authority to direct, control, lease, exchange and sell these lands. The University, as a beneficiary, does not have title to the assets resulting from the grant, only a right to the earnings generated. The University's share of the trust earnings was $ 2,324,771 for the year ended June 30, 2024.

The assets held in land grant for the University are not reflected in the consolidated financial statements, but are included as a component of the State of Montana Basic Financial Statements that are prepared annually and presented in the Montana Annual Comprehensive Financial Report (ACFR).

NOTE 4 – ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable consisted of the following at June 30, 2024:

	2024
Student tuition and fees	$ 7,577,974
Auxiliary enterprises and other operating activities	3,667,446
Private grants and contracts	350,197
Other	621,954
Gross accounts and grants receivable	12,217,571
Less: allowance for doubtful accounts	5,078,717
	$ 7,138,854

NOTE 5 – LEASES RECEIVABLE

The University leases office and retail space on the Missoula campus under long-term, non-cancellable lease agreements. The leases expire at various dates through fiscal year 2041 and provide for renewal options that vary from no right for renewal to terms for up to two years. The present value of these lessor lease agreements are calculated at the inception of the lease using an implicit interest rate. The implicit interest rate used for fiscal year 2024 was 3.47%. The University recognized rental revenue and interest income during the year ended June 30, 2024 of $304,648 and $123,115, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

Fiscal Year	Principal	Interest	Total
2025*	$ 237,655	$ 115,125	$ 352,780
Noncurrent			
2026	244,869	107,403	352,272
2027	242,044	99,371	341,415
2028	250,141	91,418	341,559
2029	260,835	83,123	343,958
2030-2039	1,580,600	269,089	1,849,689
2040-2041	841,323	40,377	881,700
Total noncurrent leases receivable	3,419,812	690,781	4,110,593
Total leases receivable	$ 3,657,467	$ 805,906	$ 4,463,373

* Included in Accounts and grants receivable, net

NOTE 6 – LOANS RECEIVABLE

Student loans made under the Federal Perkins Loan Program constitute the majority of the University's loan receivable balances. Congress did not renew the Federal Perkins Loan Program after September 30, 2017, and no new disbursements were permitted after June 30, 2018. The lack of renewal means that as loans are repaid, participating institutions must return the Federal share of the repayment to the Department of Education (Department. Institutions that choose to continue servicing their outstanding Perkins Loan portfolios must continue to service these loans in accordance with the Perkins Loan Program regulations. Institutions must also continue to report on their outstanding loan portfolio to the Department annually.

The University of Montana has elected to continue servicing its Perkins Loans. By University estimates, the Perkins Loan portfolio will be collected over approximately 15-20 years. Amounts refundable to the Federal Government for the Perkins Loan portfolio included in non-current liabilities as of June 30, 2024 amounted to $3,513,519.

The Federal portion of interest income and loan program expenses is shown as additions to and deductions from the amount due to the Federal government, rather than operating transactions in the Consolidated Statement of Net Position.

NOTE 7– INVENTORIES

Inventories consisted of the following at June 30, 2024:

	2024
Bookstore	$ 661,639
Campus Recreation Operations	41,354
Dining Services	358,798
Facilities Services	604,656
Medical/Pharmacy Services	121,975
Other	126,694
	$ 1,915,116

NOTE 8 – PREPAID EXPENSES AND OTHER CHARGES

Prepaid expenses and other charges consisted of the following at June 30, 2024:

	2024
Financial aid	$ 1,416,850
Library materials	931,437
Technology software	670,586
Student fees	78,107
Travel and other	3,163,146
	$ 6,260,126

NOTE 9 – CAPITAL ASSETS

The following tables present the changes in capital assets at June 30, 2024.

	Beginning Balance	Additions	Deletions	Transfers and Other Changes	Ending Balance
Capital assets not being depreciated:					
Land	$ 8,305,722	$ 38,100	$ -	$ -	$ 8,343,822
Capitalized collections	28,726,250	15,250	-	-	28,741,500
Construction in progress	63,754,710	50,252,170	(704,703)	(34,601,144)	78,701,033
	100,786,682	50,305,520	(704,703)	(34,601,144)	115,786,355
Other capital assets:					
Land improvements	16,467,736	2,723,563	-	-	19,191,299
Infrastructure	9,904,101	-	-	-	9,904,101
Buildings	429,171,891	13,034,219	-		442,206,110
Building improvements	261,879,376	22,483,920	-	-	284,363,296
Furniture and equipment	127,747,759	22,165,411	(3,261,150)	-	146,652,020
Library materials	61,765,255	273,458	(933,324)	-	61,105,389
Livestock and other capital assets	245,268	-	-	-	245,268
	907,181,386	60,680,571	(4,194,474)	-	963,667,483
Lease assets being amortized:					
Buildings	142,670	-	-	(142,670)	-
Furniture and equipment	1,198,466	581,564	-	-	1,780,030
Subscription-based information technology arrangements	24,228,285	3,403,243	-	-	27,631,528
	25,569,421	3,984,807	-	(142,670)	29,411,558
Less capital asset accumulated depreciation for:					
Land improvements	(14,230,354)	(421,355)	-	-	(14,651,709)
Infrastructure	(3,575,125)	(326,732)	-	-	(3,901,857)
Buildings	(212,513,047)	(9,275,747)	-	-	(221,788,794)
Building improvements	(201,842,561)	(8,610,665)	27,789	-	(210,425,437)
Furniture and equipment	(86,988,790)	(7,064,044)	576,703	-	(93,476,131)
Library materials	(60,228,495)	(367,664)	816,658	-	(59,779,501)
Livestock and other capital assets	(195,160)	(12,527)	-	-	(207,687)
	(579,573,532)	(26,078,734)	1,421,150	-	(604,231,116)
Less lease accumulated amortization for:					
Buildings	(122,288)	-	-	122,288	-
Furniture and equipment	(591,033)	(284,308)	-	-	(875,341)
Subscription-based information technology arrangements	(9,272,885)	(4,686,938)	2,902,281	-	(11,057,542)
	(9,986,206)	(4,971,246)	2,902,281	122,288	(11,932,883)
Other capital and leased assets, net	343,191,069	33,615,398	128,957	(20,382)	376,915,042
Intangible assets	967,656	1,458,691	(417,849)	-	2,008,498
Total capital assets, net	$ 444,945,407	$ 85,379,609	$ (993,595)	$ (34,621,526)	$ 494,709,896
Capital Asset Summary:					
Capital assets not being depreciated	$ 100,786,682	$ 50,305,520	$ (704,703)	$ (34,601,144)	$ 115,786,355
Other capital, lease and intangible assets	933,718,463	66,124,069	(4,612,323)	(142,670)	995,087,539
	1,034,505,145	116,429,589	(5,317,026)	(34,743,814)	1,110,873,894
Less: accumulated depreciation and amortization	(589,559,738)	(31,049,980)	4,323,431	122,288	(616,163,999)
Total capital assets, net	$ 444,945,407	$ 85,379,609	$ (993,595)	$ (34,621,526)	$ 494,709,895

NOTE 10 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred inflows and outflows of resources consisted of the following at June 30, 2024:

	2024
Deferred Outflows of Resources	
Unamortized loss on debt refunding	$ 1,949,664
Defined benefit retirement plans (note 19)	27,895,577
Other postemployement benefits for health insurance (note 20)	24,397,851
	$ 54,243,092
Deferred Inflows of Resources	
Defined benefit retirement plans (note 19)	$ 5,259,110
Other postemployement benefits for health insurance (note 20)	32,864,532
Benefical interest	5,350,454
Leases	2,996,124
	$ 46,470,220

NOTE 11 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2024:

	2024
Compensation, benefits and related liabilities	$ 19,295,847
Accrued interest expense	1,037,535
Accounts payable	910,942
Vouchers payable	3,238,573
Other accrued liabilities	2,931,505
	$ 27,414,402

NOTE 12 – UNEARNED REVENUES

Unearned Revenues consisted of the following at June 30, 2024:

	2024
Grant and contract revenue received in advance	$ 5,334,523
Summer session payments received in advance	2,847,799
Advance ticket sales	15,085,987
Other unearned revenues	4,599,194
	$ 27,867,503

NOTE 13 – NON-CURRENT LIABILITIES

The following tables present the changes in long-term liabilities at June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Less: Current Portion	Long Term Portion
Bonds, notes and capital leases						
Revenue bonds payable, net	$ 224,634,358	$ -	$ (4,269,876)	$ 220,364,482	$ (3,380,300)	$ 216,984,182
Leases payable	628,900	-	(291,428)	$ 337,472	(159,017)	$ 178,455
SBITAs payable	15,159,920	3,762,319	(9,002,301)	$ 9,919,938	(4,168,173)	$ 5,751,765
	240,423,178	3,762,319	(13,563,605)	230,621,892	(7,707,490)	222,914,402
Other long-term liabilities						
Accrued compensated absences	28,435,533	17,905,084	(14,293,753)	32,046,864	(15,765,530)	16,281,334
Unearned compensation	638,597	100,000	(41,429)	697,168	-	697,168
Advances from primary government	2,899,591	325,356	(2,899,590)	325,357	-	325,357
Other postemployment benefits liability	15,721,160	1,911,988	(842,971)	16,790,177	-	16,790,177
Net pension liability	84,748,153	3,592,575	-	88,340,728	-	88,340,728
Due to Federal Government	4,555,921	-	(1,042,402)	3,513,519	-	3,513,519
	136,998,955	23,835,003	(19,120,145)	141,713,813	(15,765,530)	125,948,283
Total long-term liabilities	$ 377,422,133	$ 27,597,322	$ (32,683,750)	$ 372,335,705	$ (23,473,020)	$ 348,862,685

NOTE 14 – REVENUE BONDS

Revenue bonds were issued pursuant to an Indenture of Trust dated September 1 2019, between the Board of Regents of Higher Education for the State of Montana (Board) and U.S. Bank National Association (Trustee). The bonds are secured by a first lien on the combined net pledged revenues of the four campuses of the University. Bonds payable recorded by each campus reflect the liability associated with the bond proceeds deposited into the accounts of the campus and do not necessarily mean that the debt service payments on that liability will be made by that campus.

On September 26, 2019, the Board, on behalf of the University, issued $54,460,000 of General Revenue Bonds Series 2019B and $92,355,000 of General Revenue Bonds Series 2019C (Taxable), collectively referred to as Series 2019BC Bonds. The proceeds of the sale of the Series 2019BC (the “Refinancing”), were used to defease and advance refund $88,778,070 of outstanding indebtedness, pay costs and expenses in connection with the issuance of the Series 2019BC Bonds, and generate proceeds of $63,380,831 which have been and will be used to fund capital improvements for the University. These capital improvements may include the renewal and renovation of existing student housing, dining and recreational facilities, deferred maintenance projects, and plant upgrades which are expected to result in significant energy cost savings.

The Refinancing consisted of a defeasance and advance refunding of the following: (i) Refunding taxable and tax exempt Revenue Bonds, Series K 2010 outstanding in the aggregate principal amount of $19,500,000; (ii) Refunding taxable and tax exempt Revenue Bonds, Series L 2012 outstanding in the aggregate principal amount of $35,100,000; (iii) Refunding revenue bonds, Series M 2013 outstanding in the aggregate principal amount of $3,785,706; (iv) Refunding revenue bonds, Series N 2015 outstanding in the aggregate principal amount of $14,825,000; (v) State of Montana Board of Investments INTERCAP Program loans outstanding in the aggregate principal amount of $11,475,130; and (vi) State Building Energy Conservation Program (SBECP) loan outstanding in the aggregate principal amount of $4,002,234.

Simultaneously with the Refinance, the University’s General Revenue Bonds, Series O 2017 outstanding in the amount of $13,185,000 was exchanged for General Revenue Bonds, Series 2019A in the amount of $13,185,000. The Series 2019A Bonds were issued under the Indenture of Trust between the Board and the Trustee, and the Series O 2017 Bonds were cancelled.

The total aggregate principal amount issued in 2019 pursuant to the 2019 Indenture of Trust and the various supplements to the Indenture for all campuses of the University of Montana was $160,000,000. On August 16, 2022, the Board, on behalf of the University, issued an additional $60,000,000 of General Revenue Bonds Series 2022. The proceeds of the sale of the Series 2022 Bonds will be used to fund issuance costs and capital improvements for the University. Such capital improvements may include the renewal and renovation of existing student housing, dining and recreational facilities and deferred maintenance projects. The combined principal amount outstanding at June 30, 2024 was $207,645,000.

Defeased Bonds

The University has defeased certain bond issues by placing 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, $49,245,000 of bonds outstanding were considered defeased.

Revenue Bonds Payable

The following tables present the scheduled maturities of the revenue bonds payable at June 30, 2024:

For the year ended June 30, 2024:

	2019A		2019B		2019C		2022				
Fiscal Year	Rate	Principal	Rate	Principal	Rate	Principal	Rate	Principal	Principal	Interest	Total Payment
2025	3.390%	$ 645,000	4.000%	$ 2,735,000	3.075% - 3.225%	$ -	-	$ -	$ 3,380,000	8,245,583	$ 11,625,583
2026	3.390%	665,000	4.000%	2,850,000	3.075% - 3.225%	-	-	-	3,515,000	8,112,018	11,627,018
2027	3.390%	685,000	5.000%	2,985,000	3.075% - 3.225%	-	-	-	3,670,000	7,957,849	11,627,849
2028	3.390%	710,000	5.000%	3,135,000	3.075% - 3.225%	-	-	-	3,845,000	7,781,628	11,626,628
2029	3.390%	735,000	5.000%	3,295,000	3.075% - 3.225%	-	-	-	4,030,000	7,596,809	11,626,809
2030-2034	3.390%	4,060,000	3.000% - 5.000%	19,085,000	3.075% - 3.225%	-	-	-	23,145,000	34,983,452	58,128,452
2035-2039	3.390%	2,780,000	3.000%	10,925,000	3.075%	13,860,000	-	-	27,565,000	30,584,704	58,149,704
2040-2044	-	-	-	-	3.075% - 3.225%	32,255,000	-	-	32,255,000	25,868,822	58,123,822
2045-2049	-	-	-	-	3.225%	37,900,000	-	-	37,900,000	20,229,201	58,129,201
2050-2053	-	-	-	-	3.225%	8,340,000	5.250%	60,000,000	68,340,000	8,119,733	76,459,733
		10,280,000		45,010,000		92,355,000		60,000,000	207,645,000	$ 159,479,799	$ 367,124,799
Premium		-		5,098,143		-		7,621,339	12,719,482		
		$ 10,280,000		$ 50,108,143		$ 92,355,000		$ 67,621,339	$ 220,364,482		

NOTE 15 - LEASES PAYABLE

The University leases photocopy equipment, office space, vehicles, and land and/or tower space used to house broadcasting equipment for the Missoula campus public radio station under long-term, non-cancellable lease agreements. The leases expire at various dates through fiscal year 2027, and provide for renewal options ranging from no right for renewal or unlimited five year renewals. The present value of lease agreements are calculated at the inception of the lease using an implicit interest rate. For the fiscal year 2024, the implicit interest rate applied was 3.47%

Total future minimum lease payments under lease agreements are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 159,017	$ 8,250	$ 167,267
2026	151,776	3,153	154,929
2027	26,679	129	26,808
	$ 337,472	$ 11,532	$ 349,004

NOTE 16 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS PAYABLE

The University obtains temporary control of various software through long-term, non-cancellable subscription contracts. The leases expire at various dates through fiscal year 2034, and provide for renewal options ranging from no right for renewal or unlimited five year renewals. The present value of subscription agreements are calculated at the inception of the subscription term using an implicit interest rate of 3.47%.

Fiscal Year	Principal	Interest	Total
2025	$ 4,168,173	$ 214,280	$ 4,382,453
2026	3,332,111	96,860	3,428,971
2027	1,565,808	33,664	1,599,472
2028	736,103	8,492	744,595
2029	72,299	4,612	76,911
2030-2034	45,444	2,295	47,739
	$ 9,919,938	$ 360,203	$ 10,280,141

NOTE 17 – COMPENSATED LEAVE

Employee compensated absences are accrued at year-end for consolidated financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 18 – ADVANCES FROM PRIMARY GOVERNMENT

The University of Montana – Missoula and Montana Tech campuses participated in the Montana Science and Technology Alliance (MSTA) loan program. These loans originated in 1994 and totaled $4,011,002 for both campuses at the time of issuance. The final year of payment was scheduled for 2061.

In May 2024, the Montana Governor's Office agreed to pay off the remaining outstanding loan balances as part of the Governor's Debt Free efforts. The remaining loan payoff for the Missoula campus was $2,495,505, and the loan payoff for the Montana Tech campus was $356,501. The total of these two amounts are recognized as Gain from Debt Forgiveness in the fiscal year 24 financial statements.

Advances from the primary government were received through the State Building Energy Conservation Program (SBECP) offered through the Montana Department of Environmental Quality. The SBECP lends resources to state agencies to fund projects that create energy cost savings for state owned buildings. The outstanding balance at June 30, 2024 of $325,357 is related to an energy cost savings project on the University of Montana – Western campus.

NOTE 19 – RETIREMENT PLANS

Overview

University employees eligible to participate in retirement programs are members of either the Public Employees' Retirement System (PERS), Game Wardens' & Peace Officers' Retirement System (GWPORS), or Teachers' Retirement System (TRS). Only faculty and administrators with contracts under the authority of the Board of Regents are enrolled under TRS. Beginning July 1, 1993, state legislation required all new faculty and administrators with contracts under the authority of the Board of Regents to enroll in the Montana University System Retirement Program (MUS-RP), a defined contribution plan.

All Montana University System employees hired into a position covered by the PERS are initially members of the PERS-Defined Benefit Retirement Plan (DBRP) and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-Defined Contribution Retirement Plan (DCRP) by filing an irrevocable election. Members may not be members of both the *defined contribution* and *defined benefit* retirement plans. All new PERS members from the universities also have a third option is to join the Montana University System Retirement Programs (MUS-RP) defined contribution plan that is administered by TIAA (Teachers Insurance and Annuity Association).

DEFINED BENEFIT PLANS

Combined Net Pension Liability

The University proportionate share of the net pension liability for its defined benefit plans consisted of the following at June 30, 2024:

	2024
Public Employees Retirement System	$ 75,561,340
Game Wardens and Peace Officers Retirement System	1,334,490
Teachers Retirement System	11,444,898
	$ 88,340,728

Combined Deferred Outflows and Deferred Inflows

At June 30, 2024, the University's proportionate share of deferred outflows of resources and deferred inflows of resources for its defined benefit plans were from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,421,119	$ 20,741
Changes in actuarial assumptions	1,391,749	5,238,369
Difference between projected and actual earnings on pension plan investments	233,311	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,626,219	-
Contributions paid subsequent to the measurement date	13,223,179	-
	$ 27,895,577	$ 5,259,110

- **Public Employees Retirement System**

Plan Description

The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Codes Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

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

Summary of Benefits

Eligibility for Benefit

	Service retirement	Early retirement (reduced benefit)
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.	▪ Age 50, 5 years of membership service; or ▪ Any age, 25 years of membership service.
Hired on or after July 1, 2011:	▪ Age 65, 5 years of membership service; ▪ Age 70, regardless of membership service.	▪ Age 55, 5 years of membership service.

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

- Retire before January 1, 2016 and accumulate less than 2 years additional service credit or retire on or after January 1, 2016 and accumulate less than 5 years additional service credit:
  - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
  - No service credit for second employment;
  - Start the same benefit amount the month following termination; and
  - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retire before January 1, 2016 and accumulate at least 2 years of additional service credit:
  - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
  - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- Retire on or after January 1, 2016 and accumulate 5 or more years of service credit:
  - The same retirement as prior to the return to service;
  - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
  - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Vesting

- 5 years of membership service

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;

Compensation cap

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

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% for members hired prior to July 1, 2007
  - 1.5% for members hired on or after 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% is reduced by 0.1% for each 2% PERS is funded below 90%; and 0% whenever the amortization period for PERS is 40 years or more.

Contributions to the Plan

State law for periodic employer and employee contributions specifies rates and are a percentage of employee compensation. The State legislature has the authority to establish and amend contribution rates to the plan. Employer and employee contribution rates for fiscal year 2024 were 9.17% and 7.90%, respectively.

- Member contributions to the system of 7.9% are 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:
  - Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation

that shows the amortization period of the PERS- DBRP has dropped below 25 years and remains below the 25 years following the reduction of both the additional employer and member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
- The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

▪ Non-employer contributions
- Not Special Funding:
  a. Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are *not* accounted for as special funding for state agencies and universities but are reported as employer contributions.
- Special Funding:
  a. The state contributed 0.1% of members' compensation on behalf of local government entities.
  b. The state contributed 0.37% of members' compensation on behalf of school district entities.
  c. The state of Montana, as the non-employer contributing entity to the Plan, contributed a Statutory Appropriation from the General Fund of $34,979,900.
  d. $1,879,773 was the University's proportionate share of the state's contribution to the plan.

Actuarial Assumptions

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) for fiscal year 2024 was determined by taking the actuarial valuation performed by the Plan's actuary as of June 30, 2023.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

▪ Investment Return (net of admin expense)	7.30%
▪ General Wage Growth*	3.50%
*includes Inflation at	2.75%
▪ Merit Increases	0% to 4.80%

▪ Postretirement Benefit Increases
1. Guaranteed Annual Benefit Adjustment (GABA) each January - after the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other all 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:
     (a) 1.5% for each year PERS is funded at or above 90%;
     (b) 1.5% reduced by 0.1% for each 2.0% PERS is funded below 90%; and
     (c) 0% whenever the amortization period for PERS is 40 years or more.

▪ Mortality assumptions among active participants were based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.

▪ Mortality assumptions among Disabled Retirees were based on PUB-2010 General Amount Weighted Disabled Retirees Retiree Mortality table, projected to 2021, set forward one year for both males and females.

▪ Mortality assumptions among Contingent Survivors were based on PUB-2010 General Amount Weighted Contingent Survivor projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.

▪ Mortality assumptions among Healthy Retirees were based on 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.

Discount Rate

The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocations

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. The long-term rate of return as of June 30, 2023, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. 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.

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

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return – Arithmetic Basis
Cash Equivalents	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
	100.00%	

Sensitivity Analysis

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

As of Measurement Date	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
University's proportionate share of the net pension liability	$109,148,077	$75,561,340	$47,385,068

Net Pension Liability

At June 30, 2024 the net pension liability was measured as of June 30, 2023. The employer's proportionate share equals the ratio of the employer's contributions relative to the sum of all employer and non-employer contributions during the measurement period July 1, 2022 through June 30, 2023. The University's proportion of the net pension liability at June 30, 2024 was 3.10%. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The state's proportion of the net pension liability at June 30, 2024 was 0.82%.

The University and State's proportionate share of the net pension liability consisted of the following at June 30, 2024:

	2024
University proportionate share of the net pension liability	$75,561,340
State of Montana's proportionate share of the net pension liability associated with the University	20,037,067
	$95,598,407

For the year ended June 30, 2024, the University recognized pension expense of $9,846,276. The University also recognized grant revenue for the year ended June 30, 2024, of $1,879,773, for the support provided by the State of Montana for its proportionate share of the pension expense associated with University.

Changes in Actuarial Assumptions and Methods

There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

Changes in Benefit Terms

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share

Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have a significant effect on the employer's proportionate share of the collective NPL.

Deferred Outflows and Deferred Inflows

At June 30, 2024, the University's proportionate share of PERS-DBRP deferred outflows of resources and deferred inflows of resources were from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,009,480	$ -
Difference between projected and actual earnings on pension plan investments	191,716	-
Changes in assumptions	-	2,695,091
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,200,640	-
Contributions paid to PERS-DBRP subsequent to the measurement date.	5,809,785	-
	$ 10,211,621	$ 2,695,091

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

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2024	($1,558,724)
2025	($743,967)
2026	$4,468,056
2027	($458,621)

Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) 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 and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

- **<u>Game Wardens and Peace Officers Retirement System</u>**

Plan Description

The GWPORS is a multiple-employer, cost-sharing defined benefit pension plan established in 1963, and governed by Title 19, chapters 2 & 8, Montana Codes Annotated (MCA), and administered by the Montana Public Employee Retirement Administration (MPERA). 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 State 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 (HAC).

Summary of Benefits

Service retirement and monthly benefit formula

- Age 50 with 20 years of membership service
- 2.5% of HAC x years of service credit

Early retirement

- Age 55 with 5 years up to 20 years of membership service
- A reduced retirement benefit calculated using the HAC and service credit at early retirement.

Second retirement

Applies to retirement system members re-employed in a GWPORS position on or after July 1, 2017:

- 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 Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.

- 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:
    (a) the same retirement benefits previously paid to the member; and
    (b) a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the members' rehire date, and
  - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
    (a) on the initial retirement benefit in January immediately following second retirement, and
    (b) on the second retirement benefit starting in January after receiving that benefit for at least 12 months.
  - A member who returns to covered service is not eligible for a disability benefit.

Vesting

- 5 years of membership service

Member's compensation period used in benefit calculation

- Hired prior to July 1, 2011: HAC is average of the highest 36 consecutive months of compensation paid to member.
- Hired on or after July 1, 2011: HAC is average of the highest 60 consecutive months of compensation paid to member

Compensation Cap

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

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, a Guaranteed Annual Benefit Adjustment (GABA) will
be made each year equal to:

- 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 employer and employee contributions. The State Legislature has the authority to establish and amend contribution rates to the plan. Contributions are deducted from each member's salary and remitted by participating employers. Employee and employer contribution rates for fiscal year 2024 was 10.56%.

Actuarial Assumptions

For fiscal year 2024, the basis for the Total Pension Liability is an actuarial valuation performed by the Plan's actuary as of June 30, 2023. The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending June 30, 2021.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

- General Wage Growth, including inflation at 2.75% — 3.50%
- Merit Increases — 1% to 6.40%
- Investment Return (net of admin expense) — 7.30%
- Guaranteed Annual Benefit Adjustment (GABA)
  - After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.
    (a) For members hired prior to July 1, 2007 — 3.00%
    (b) For members hired on or after July 1, 2007 — 1.50%
- Mortality assumptions among active participants were based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
- Mortality assumptions among Healthy Retirees were based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males, adjusted 105% for males and 100% for females. Projected generationally using MP-2021.

- Mortality assumptions among contingent survivors were based on PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, set forward one year for males. Projected generationally using MP-2021.
- Mortality assumptions among disabled retirees were based on PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, set forward one year for males.

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Codes Annotated. Based on those assumptions, the 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 2123. 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.

Target Allocations

The long-term expected rate of return on pension plan investments of 7.30% is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown in the experience study. Long-term historical data, estimates inherent in current market data, expected future real rates of return, and best-estimate ranges of variability and correlations for each asset class contribute to the evaluation of the long-term rate. These ranges were used to develop the long-term expected rate of return by weighting the expected future real rates of return by target asset and adding expected inflation. The assumption is intended to be long-term and is not expected to change without a significant change in the asset allocation, the underlying inflation assumption, or a fundamental change in the market. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return – Arithmetic Basis
Cash Equivalents	3.00%	-0.33%
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Investments	15.00%	9.13%
Real Assets	5.00%	4.03%
Real Estate	9.00%	5.41%
Core Fixed Income	15.00%	1.14%
Non-Core Fixed Income	6.00%	3.02%
	100.00%	

Sensitivity Analysis

The following table presents the sensitivity of the University's proportionate share of the GWPORS NPL at June 30, 2024, to the discount rate. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Measurement Date	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
University's proportionate share of the net pension liability	$2,376,754	$1,334,490	$485,223

Net Pension Liability

At June 30, 2024, the University recorded $1,334,490 for its proportionate share of the net pension liability. At June 30, 2024, the net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of June 30, 2023. The employer's proportion of the net pension liability was based on the employer's contributions received by GWPORS during the measurement period July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of GWPORS' participating employers. At June 30, 2024, the employer's proportion was 1.99%.

For the year ended June 30, 2024, University recognized pension expense of $241,342.

Changes in Actuarial Assumptions and Methods

The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate increased from 5.55% to 7.30%.

Changes in Benefit Terms

There have been no changes in benefit terms since the previous measurement date.

Changes in Proportionate Share

Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have a significant effect on the employer's proportionate share of the collective NPL.

Deferred Outflows and Deferred Inflows

At June 30, 2024, the University reported its proportionate share of GWPORS deferred outflows of resources and deferred inflows of resources from the following sources:

	2024	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual economic experience	$ 195,123	$ 20,741
Difference between projected and actual earnings on pension plan investments	16,851	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,439	-
Changes in assumptions of contributions	1,225,733	1,828,284
Contributions paid to GWPORS subsequent to the measurement date	130,655	-
	$ 1,668,801	$ 1,849,025

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

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2024	$15,854
2025	($4,686)
2026	($310,108)
2027	($11,940)

Summary of Significant Accounting Policies

The Montana Public Employee Retirement Administration (MPERA) 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 and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

- **Teachers Retirement System**

Plan Description

TRS is a mandatory-participation multiple-employer, cost sharing defined-benefit pension plan established in 1937, that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana.

The TRS Board is the governing body of the System and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana.

Summary of Benefits

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. Final compensation 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 average final compensation (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 a 1% higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - 1.85% x AFC x 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 x AFC x years of creditable service)

A guaranteed annual benefit adjustment (GABA) is payable on January 1st 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 1st. 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 Plan

Rates are specified by state law for periodic employer and employee contributions. The State legislature has the authority to establish and amend contribution rates to the plan. Contributions are deducted from each member's salary and remitted by participating employers. The State and University System contribution rate for fiscal year 2024 was 11.85% and the employee contributions rate for fiscal year 2024 was 8.15%.

A portion, of the total required statutory contributions, is provided 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 non-employer contributing entity in TRS. The system receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. The system receives 0.11% of reportable compensation from the State general fund for State agency and university system employers. In addition, the State contributes $25 million in perpetuity, payable July 1st of each year.

Actuarial Assumptions

The total pension liability recorded at June 30, 2024, was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2023, valuation was based on the results of the last actuarial experience study, dated May 3, 2022.

Among those assumptions were the following:

- Total Wage Increases* for 3.50%-9.00% for Non-University Members and 4.25% University Members
- Price Inflation 2.75%
- Investment Return 7.30%
- Postretirement Benefit Increases:
  - Tier One Members: If the retiree has received benefits for at least 3 years, the retirement allowance will be increased by 1.5% on January 1st.
  - Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
  - Mortality among contributing members
    - PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
  - Mortality among service retired members
    - PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
  - Mortality among beneficiaries
    - PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021.
  - Mortality among disabled members
    - PUBT-2010 Disabled Retiree mortality table projected to 2021.

**Total Wage Increases include 3.50% general wage increase assumption*

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating TRS members, employers, and non-employer contributing entities will be made based on the TRB's funding policy, which establishes the contractually required rates under MCA. In addition to these contributions, the State general fund will contribute $25 million annually to the TRS payable July 1st of each year. 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. No municipal bond rate was incorporated in the discount rate.

Target Allocations

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. 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. Best estimates of arithmetic real rates of return for each major asset class included in the TRS's target asset allocation is summarized in the table below:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return – Arithmetic Basis
Domestic Equity	30.00%	5.90%
International Equity	17.00%	7.14%
Private Equity	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%
	100.0%	

Sensitivity Analysis

The following presents the University's proportionate share of the TRS net pension liability at June 30, 2024, calculated using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate.

As of Measurement Date	1.0% Decrease (6.30%)	Current Discount Rate (7.30%)	1.0% Increase (8.30%)
University's proportionate share of the net pension liability	$16,167,994	$11,444,898	$7,495,658

Net Pension Liability

In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The state's proportion of the net pension liability at June 30, 2024 was 0.17%.

The net pension liability reported by the University at June 30, 2024, was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of July 1, 2023. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on contributions received by TRS during the measurement period July 1, 2022, through June 30, 2023, relative to total contributions received from all of TRS participating employers. The University's proportionate of the net pension liability at June 30, 2024 was 0.59%.

The University and State's proportionate share of the net pension liability consisted of the following at June 30, 2024:

	2024
University proportionate share of the net pension liability	$11,444,898
State of Montana's proportionate share of the net pension liability associated with the University	3,252,608
	$14,697,506

For the year ended June 30, 2024, University recognized pension expense of $5,631,503, and grant revenue for the State's proportionate share of the University's pension expense of $302,109.

Changes in Actuarial Assumptions and Other Inputs

There have been no changes in actuarial assumptions since the previous measurement date.

Changes in Benefit Terms:

There have been no changes in plan benefit terms since the previous measurement date.

Changes in Proportionate Share

Between the measurement date of the collective NPL and the employer's reporting date there were no changes in proportion that would have a significant effect on the employer's proportionate share of the collective NPL.

Deferred Outflows and Deferred Inflows

At June 30, 2024, the University's proportionate share of TRS deferred outflows of resources and deferred inflows of resources were from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 216,516	$ -
Changes in actuarial assumptions	166,016	$ 714,994
Difference between projected and actual earnings on pension plan investments	24,744	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,325,140	-
Contributions paid to TRS subsequent to the measurement date	7,282,739	-
	$ 16,015,155	$ 714,994

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

Year ended June 30:	Amount recognized in Pension Expense as an increase or (decrease) to Pension Expense
2025	$2,923,590
2026	$1,903,857
2027	$2,161,708
2028	$1,028,267

Summary of Significant Accounting Policies

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 have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

- **Legal Actuarial Status of Plans**

The Montana Constitution, Article VIII, Section 15, states 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 with respect to GWPORS. For GWPORS, the unfunded liability must be paid using the layered amortization approach with a 25-year closed amortization period for legacy unfunded liability as of June 30, 2023 and a 10-year closed amortization period for the incremental change in the unfunded liability in the years subsequent to June 30, 2023.

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 GWPORS. As of June 30, 2024, all the public retirement systems were in compliance with state law.

Annual reports that include financial statements and required supplemental information on the plans are available from:

Public Employees' Retirement Administration
P.O. Box 200131
100 North Park, Suite 220
Helena, Montana 59620-0131
Phone: (406) 444-3154
Website: https://mpera.mt.gov

Teachers' Retirement Division
P.O. Box 200139
1500 Sixth Avenue
Helena, MT 59620-0139
Phone: (406) 444-3134
Website: https://trs.mt.gov/TrsInfo/NewsAnnualReports

DEFINED CONTRIBUTION PLANS

MUS-RP was established in 1988, and is underwritten by the Teachers' Insurance and Annuity Association (TIAA). The MUS-RP is a defined-contribution plan. Until July 1, 2003, only faculty and staff with contracts under the authority of the Board of Regents were eligible to participate. The plan was changed, effective July 1, 2003, to allow all staff to participate in the MUS-RP. Contribution rates for the plan are required and determined by state law. The University's contributions were equal to the required contribution. The benefits at retirement depend upon the amount of contributions, amounts of investment gains and losses and the employee's life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA. The University records employee/employer contributions and remits monies to TIAA. Individuals vest immediately in the employer portion of retirement contributions.

Contributions to MUS-RP (TIAA) were as follows:

	Year ending June 30, 2024	
	FACULTY	**STAFF**
Covered Payroll	$ 129,649,797	$ 8,812,721
Employer Contributions	$ 7,722,574	$ 806,256
Percent of Covered Payroll	5.956%	9.149%
Employee Contributions	$ 9,131,868	$ 697,611
Percent of Covered Payroll	7.044%	7.916%

For the year ended June 30, 2024, 4.72% or $6,127,101 was contributed to TRS from MUS-RP faculty employer contributions to amortize past service unfunded liability in accordance with state law.

Annual reports that include financial statements and required supplemental information on the plan are available from:

TIAA
730 Third Avenue
New York, New York 10017-3206
Phone: 1-800-842-2733

NOTE 20 – OTHER POSTEMPLOYMENT BENEFITS - HEALTH INSURANCE

Other postemployment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave. During the year ended June 30, 2018, the University adopted GASB statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30:

	2024	
Net OPEB Liability	$	16,790,177
Deferred OPEB Outflows of Resources	$	24,397,851
Deferred OPEB Inflows of Resources	$	(32,864,532)
OPEB expense	$	596,585

Plan Description

The Montana University System (MUS) Group Health Insurance plan is administered by the Office of the Commissioner of Higher Education. The MUS provides 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. Participants must elect to start medical coverage within 63 days of leaving employment. Coverage is effective the first day of the month following termination of employment. Medical, dental, and vision benefits are available through this defined benefit plan. The MUS OPEB plan is not administered through a trust; as such, no plan assets are eligible to be used to offset the total OPEB liability. The MUS group health insurance program operates in accordance with state law requiring it to be actuarially sound (20-25-1310, MCA) and have sufficient reserves to liquidate unrevealed claims liability and other liabilities.

The MUS OPEB plan is reported as single employer plan. The MUS pays for postemployment healthcare benefits on a pay-as-you-go basis from general assets from the MUS 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 MUS allows retirees to participate, as a group, at a rate that does not cover all of the related costs when retirees separated from the active participants in the group health insurance plan. This results in the reporting of the total OPEB liability in the related financial statements and note disclosures.

Employer Proportionate Share of Total OPEB Liability and Basis for Allocation

The total OPEB liability (TOL) as of June 30, 2024, was based on the actuarial valuation at December 31, 2022, with update procedures to roll forward the TOL to the measurement date of March 31, 2024. The University's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Proportionate Share of Collective Total OPEB Liability as of Report Date

The University's share of the total plan OPEB liability was as follows as of June 30:

	2024	
University proportion of the OPEB liability		41.21%
University proportionate share of the OPEB liability	$	16,790,177

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024 the University's OPEB plan deferred outflows and inflows of resources were from the following sources:

	2024			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	-	$	10,794,696
Changes in assumptions or other inputs		24,397,851		22,069,836
	$	24,397,851	$	32,864,532

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be fully recognized in expense during the years ending June 30, as follows:

Year ended June 30:	Net Amount to be Recognized as an increase or (decrease) to OPEB expense
2024	($760,367)
2025	($841,651)
2026	($841,651)
2027	($841,651)
2028	($841,651)
Thereafter	($4,005,999)

Actuarial Methods and Assumptions

The total OPEB liability (TOL) measured under GASB Statement No. 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 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 being 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.

Information as of the latest actuarial valuation for the MUS OPEB plan follows:

	Retiree/Surviving Spouse	Spouse
Contributions		
Before Medicare eligibility	$11,772	$10,055
After Medicare eligibility	$4,416	$4,969
Actuarial valuation date	December 31, 2022	
Actuarial measurement date [1]	March 31, 2024	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB	
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%	

[1] 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% for males and 103% 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% for males, or adjusted 103% 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% for males, or adjusted 100% 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

There were no changes in actuarial methods since the last measurement date. One of the components of the actuarial assumptions, the interest/discount rate, was changed from 3.98% to 4.12%.

Changes in Benefit Terms since Last Measurement Date

There were no changes in Benefit Terms since the last measurement date.

Sensitivity of the TOL to Changes in the Healthcare Cost Trend Rates:

The following presents the TOL of the MUS OPEB plan, as well as what they would be if calculated using healthcare cost trend rates that are 1 percentage-point lower (5.1 percent) or 1 percentage-point higher (7.1 percent) than the current healthcare cost trend rates:

As of Measurement Date	Assuming 1.0% Decrease (5.1%)	At Current Rate (6.1%)	Assuming 1.0% Increase (7.1%)
University proportion of total OPEB Liability	$13,705,050	$16,790,177	$20,954,219

Sensitivity of the TOL to changes in the discount rate

The following presents the TOL of the MUS OPEB plan, as well as what they would be if calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current discount rate:

As of Measurement Date	Assuming 1.0% Decrease (3.12%)	At Current Rate (4.12%)	Assuming 1.0% Increase (5.12%)
University proportion of total OPEB Liability	$20,763,860	$16,790,177	$13,765,066

Summary of Significant Accounting Policies

Total OPEB liability is reported on an accrual basis on the financial statements. 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.

The MUS OPEB plan states that an employee enrolled in the 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 63 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. Therefore, the 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.

Financial and Plan Information

The MUS Group Benefits Plan does not issue a stand-alone financial report, but is subject to audit as part of the State of Montana's Basic Financial Statements, included in the Annual Comprehensive Financial Report (ACFR). A copy of the most recent ACFR can be obtained online at https://sfsd.mt.gov/SAB/acfr/index or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

NOTE 21 – PLEDGED REVENUES

Revenue bonds issued by the University to defease and refund outstanding indebtedness and to fund capital improvements as described in Note 14, are secured by a first lien on the combined pledged revenues of its campuses. As defined in the Indenture for the Series 2019A, Series 2019 BC, and Series 2022 Bonds, the University has pledged all permitted revenues after certain charges for payment of operation and maintenance expenses. Total principal and interest remaining on the debt at June 30, 2024 is $367,124,799, with annual debt service requirements ranging from $11,622,019 in 2044 to $21,612,825 in 2052, the final year of repayment.

A schedule of revenues pledged as security for Series 2019A, Series 2019 BC, and Series 2022 Bonds is presented as follows at June 30, 2024:

	2024
Net operating and nonoperating revenues	$556,918,454
Tuition	(92,573,107)
Student fees controlled by students	(2,537,389)
Grants	(141,790,408)
State appropriations	(117,735,223)
Federal financial aid grant and contracts	(18,021,287)
Restricted gifts	(41,230,574)
Interest Expense	8,802,611
Operations and Maintenance expenses for Auxiliary Facilities:	
Dining/food services	(23,025,908)
Rentals	(681,811)
Student housing	(28,061,184)
Student unions	(4,408,608)
Bookstores	(1,198,137)
Auxiliary Facilities Expenses Subtotal:	(57,375,648)
Net revenues pledged as security for debt	$ 94,457,429

NOTE 22 – RISK MANAGEMENT

Due to the diverse risk exposure of the University and its constituent agencies, the insurance portfolio contains a comprehensive variety of coverage. Montana statutes, 2-9-101 through 305, MCA, require participation of all state agencies in the self-insurance plan established by the Montana Department of Administration, Risk Management and Tort Defense Division (RMTDD). The self-insurance program includes coverage for tort general liability, auto liability, professional liability, and errors and omissions exposures. The RMTDD provides coverage, above self-insured retentions, by purchasing other commercial coverage through the state's brokers, Alliant Insurance Services and Willis, for excess liability, property, crime, fidelity, boiler and machinery, fine arts, aircraft-liability and hull coverage. The RMTDD also supplies other commercial insurance coverage for specific risk exposures on an as-needed basis such as the Volunteer Accident and Health, Dismemberment and Accidental Death coverage obtained for all units of the Montana University System. In addition to these basic policies, the University has established guidelines in risk assessment, risk avoidance, risk acceptance and risk transfer.

The Tort Claims Act of the State of Montana in section, 2-9-102, MCA, "provides that Governmental entities are liable for its torts and of those of its employees acting within the course and scope of their employment or duties whether arising out of a governmental or proprietary function, except as specifically provided by the Legislature under Article II, section 19 of The Constitution of the State of Montana". Accordingly section, 2-9-305, MCA, requires that the state "provide for the immunization, defense and indemnification of its public officers and employees civilly sued for their actions taken within the course and scope of their employment". The University also has commercial coverage for other risk exposures that are not covered by the State's self-insurance program.

Buildings and Contents – are insured for replacement value. For each loss covered by the state's self-insurance program and commercial coverage, the University has a $1,000 per occurrence retention.

General Liability and Tort Claim Coverage – includes comprehensive general liability, auto liability, personal injury liability, officer's and director's liability, professional liability, aircraft liability, watercraft liability, leased vehicles and equipment liability, and are provided for by the University's participation in the state's self-insurance program. Montana Codes Annotated (2-9-108, MCA) limits awards for damages against the state to $750,000 per claim, $1,500,000 per occurrence.

Self-Funded Programs – The University's health care program is self-funded, and is provided through participation in the Montana University System (MUS) Inter-unit Benefits Program. The MUS program is funded on an actuarial basis and the University believes that sufficient reserves exist to pay run-off claims related to prior years, and that the premiums and University contributions are sufficient to pay current and future claims.

Effective July 1, 2003, (for fiscal year 2004), the University transitioned to a self-funded workers' compensation program administered through membership in the MUS Self Insured Workers' Compensation Program. Prior to this, workers' compensation coverage was provided through participation in the State Compensation Insurance Fund. The MUS self-funded program is administered by a third party, currently Intermountain Claims, Inc.. The MUS program incorporates a self-insured retention of $750,000 per claim and excess commercial coverage to statutory limits. Employer's liability is provided with a $750,000 retention and an excess insurance limit of $1,000,000. The University provides periodic disbursements to the administrator for claims paid and administrative expenses. Benefits provided are prescribed by state law and include biweekly payments for temporary loss of wages as well as qualifying permanent partial and permanent total disability. Medical and indemnity benefits are statutorily prescribed for qualifying job-related injuries or illnesses.

NOTE 23 – COMMITMENTS AND CONTINGENCIES

At June 30, 2024, the University has the following outstanding commitments under major capital and maintenance projects:

	Budget Authorization *	Total Expenditures through June 2024	Funding Source
New Dining Facility	$ 47,000,000	$ 42,034,483	Revenue Bonds
Heating Plant Combo Heat/Power	20,000,000	18,722,087	Revenue Bonds
Clapp Building	37,000,000	-	LRBP/Revenue Bonds
Residence Hall Design	5,600,000	5,356,488	Revenue Bonds
Fixed Classroom Furniture & Equip	3,200,000	2,125,430	Revenue Bonds
IT Infrastucture Projects	3,000,000	992,713	Revenue Bonds
Campus Ext. Street Lighting	2,500,000	2,099,239	Revenue Bonds
Campus Parking Lots	2,000,000	243,830	Revenue Bonds
Classroom Furniture & Equipment	1,000,000	243,152	Revenue Bonds
WGS Structural Repairs	1,000,000	770,194	Revenue Bonds
Stone Hall Re-Roof (Old Journalism)	1,414,000	1,241,000	LRBP
Steam Distribution Line	6,974,000	4,517,712	LRBP/State/Auxiliary Funds
Roof Replacements	800,000	298,411	LRBP
Montana Bureau of Mines & Geology Storage	550,000	444,546	Grant & IDC Funding
Electrical Distribution Upgrades	650,000	-	LRBP
Main Hall Renovation	30,000,000	3,395	LRBP
Restroom Renovations	1,200,000	-	LRBP
Artificial Turf Replacement	750,000	-	Plant & Private Funding
Engineering Hall Renovations	8,000,000	-	LRBP
Lighing Upgrade	650,000	592,720	Revenue Bonds
HVAC	2,000,000	835,395	LRBP
Airport Hangar Acquisition & Renovation	3,600,000	-	LRBP
Block Hall Renovations	15,600,000	-	LRBP
Student Wellness Center	4,500,000	1,135,022	Auxiliary Funds/Student Fees
	$ 198,988,000	$ 81,655,817	

*Projects disclosed have budget authorization greater than or equal to $500,000

The University is a defendant in several legal actions. While the outcome cannot be determined at this time, management is of the opinion that the liability, if any, from these actions will not have a material effect on the University's financial position.

In the normal course of operations, the University receives grants and other forms of reimbursement from various federal and state agencies. These funds are subject to review and audit by the cognizant agencies. The University does not expect any material adjustments or repayments to result from such audits.

Although the University is exempt from federal income tax as an instrumentality of the State of Montana, certain income may be considered unrelated business income by the Internal Revenue Service (IRS). The Montana University System files appropriate tax returns with the IRS to report such income. Because the tax liability for the System as a whole is not material, no provision is recorded in the accompanying consolidated financial statements.

NOTE 24 – RELATED PARTIES

The University of Montana is a component unit of the State of Montana. The University's consolidated financial statements and the combined financial statements of its component units include only the activities, funds and accounts of the University and the component units. Private nonprofit organizations with relations to the University 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 for the purpose of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with, the University. For the year ended June 30, 2024, $308,244 was transferred from or expended by the Montana Tech Digger Athletic Association for scholarships, academic and institutional support. In exchange, the University 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 the University 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. MonTEC board members are recommended by current MonTEC board members and appointed by the University of Montana-Missoula President. The President of MonTEC is the University's Vice President for Research and is a voting member of the board. The University does not provide office space or other services to MonTEC.

NOTE 25 – ACCOUNTING FOR COMPONENT UNITS

The entities included as component units in the financial statements are nonprofit, tax exempt organizations operating exclusively for the purposes of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with the University. Although the University does not control the timing or amount of receipts from these entities, the majority of the revenues or income that the entities hold and invest is restricted to the activities of the University by donors. The entities included as component units in the financial statements are The University of Montana Foundation, The Montana Tech Foundation, The University of Montana – Western Foundation and The Montana Grizzly Scholarship Association.

For the fiscal year ended June 30, 2024, the University received the following transfers from its foundations for scholarships, academic or institutional support, and capital expenses:

- $28,434,017 from the University of Montana Foundation (406-243-2593, supportum.org)
- $3,328,140 from the Montana Tech Foundation (406-496-4532, foundation.mtech.edu)
- $3,426,166 from the University of Montana-Western Foundation (406-683-7305)

In addition, $1,904,122 was transferred from the Montana Grizzly Scholarship Association (406-243-6485) for the fiscal year ended June 30, 2024. For the fiscal year ended June 30, 2024, the University foundations also expended $1.5 million directly to third parties in support of the University. In exchange, the University provides the foundations with office space and an annual contracted fee. Included with the office space are staff and some related office expenses. For the fiscal year ended June 30, 2024, the University provided $979,500 to its Foundations, which included payments for contracted services and capital campaign support.

In March, 2022 the Montana Board of Regents authorized the University to construct an Athletics Indoor Practice Facility on the Missoula Campus. In accordance with MCA 20-25-309 the University subsequently entered into an agreement with the University of Montana Foundation (the Foundation) to, among other things, lease land for the purpose of constructing the $10.2 million athletic facility. Upon completion of the project any right, title or interest in the facility that was granted by the agreement reverts back to the University. For the fiscal year ended June 30, 2024, the Foundation has approximately $8.9 million of construction in process on its statement of financial position.

In fiscal year 2023, the Montana Grizzly Scholarship Association (MGSA) recorded a receivable from University of Montana – Athletics. 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 $385,142 reduction to net assets without donor restrictions.

Condensed financial information for each of the University's component units is presented below:

STATEMENT OF FINANCIAL POSITION
June 30, 2024

	University of Montana Foundation	Montana Tech Foundation	University of Montana – Western Foundation	Montana Grizzly Scholarship Association	Elimination	Total
ASSETS:						
Cash and investments	$387,040,316	$ 89,605,757	$12,405,145	$ 3,203,566	$ (897,375)	$491,357,409
Other receivables, net of allowances	24,615,956	17,782,357	616,548	2,200	-	43,017,061
Fixed assets, net of depreciation	12,050,754	1,873,930	7,427	55,138	-	13,987,249
Other assets	1,282,523	349,403		2,047,916	-	3,679,842
Total Assets	$424,989,549	$109,611,447	$13,029,120	$ 5,308,820	$ (897,375)	$552,041,561
LIABILITIES:						
Current liabilities associated with	$ 4,944,538	$ 181,932	$ 153,010	$ 105,566	$ -	$ 5,385,046
Other current liabilities	3,412,838	-	-	399,255	-	3,812,093
Notes payable-current	-	-	-	-	-	-
Long-term note payable	-	201,894	-	2,153,511	-	2,355,405
Liabilities to external beneficiaries	16,108,098	-	-	-	-	16,108,098
Custodial funds	27,848,248	-	-	731,530	(897,375)	27,682,403
Total Liabilities	52,313,722	383,826	153,010	3,389,862	(897,375)	55,343,045
NET ASSETS:						
Net assets – Without donor restrictions	9,952,045	2,139,945	1,221,654	134,382	-	13,448,026
Net assets – With donor restrictions	362,723,782	107,087,676	11,654,455	1,784,576	-	483,250,489
Total Net Assets	372,675,827	109,227,621	12,876,109	1,918,958	-	496,698,515
Total Liabilities & Net Assets	$424,989,549	$109,611,447	$13,029,119	$ 5,308,820	$ (897,375)	$552,041,560

STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

	University of Montana Foundation	Montana Tech Foundation	University of Montana – Western Foundation	Montana Grizzly Scholarship Association	Total
REVENUES:					
Contributions	$ 45,858,804	$ 7,457,612	$ 2,826,223	$ 2,789,061	$ 58,931,700
Contributed nonfinancial assets	83,701	360,049	-	14,188	457,938
Investment income and unrealized gain on investments	27,796,894	7,848,884	1,428,318	110,959	37,185,055
Administrative fees	474,371	-	94,097	-	568,468
Contract for services	979,500	-	-	-	979,500
Net revaluation of trusts and split-interest agreements	1,299,516	-	-	-	1,299,516
Income from perpetual trust	390,493	-	-	-	390,493
Special events	-	-	-	700,002	700,002
Other income	1,012,007	-	26,724	-	1,038,731
Total revenues	77,895,286	15,666,545	4,375,362	3,614,210	101,551,403
EXPENSES:					
Program services	28,599,552	4,383,922	3,684,049	4,016,122	40,683,645
Supporting services	9,463,472	1,914,466	298,706	861,982	12,538,626
Total expenses	38,063,024	6,298,388	3,982,755	4,878,104	53,222,271
Change in net assets before nonoperating items	39,832,262	9,368,157	392,607	(1,263,894)	48,329,132
NONOPERATING REVENUES (EXPENSES):					
Gain on disposition of asset	-	-	-	-	-
Change in net assets	$ 39,832,262	$ 9,368,157	$ 392,607	$(1,263,894)	$ 48,329,132
Net assets, beginning of fiscal year	332,843,565	99,859,464	12,483,502	3,567,994	$448,754,525
Restatement of net assets (see explanation this note)	-	-	-	(385,142)	(385,142)
Net assets - beginning of year, as restated	332,843,565	99,859,464	12,483,502	3,182,852	448,369,383
Net assets, end of fiscal year	$372,675,827	$109,227,621	$12,876,109	$ 1,918,958	$496,698,515

The following table shows the total investments held by the component units at June 30, 2024:

		Fair Market 2024
Investments held by component units:		
Stocks and bonds	$	150,804,866
Money market and certificates of deposit		9,538,254
Alternative investments		269,869,179
Real property		15,814,103
Other		35,511,812
	$	481,538,214

NOTE 26 – NATURAL CLASSIFICATION WITH FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by natural and functional classifications for the year ended June 30, 2024 were as follows:

	Natural Classification								
Functional Classification:	Compensation & benefits	Pension expense	Other postemployment benefits	Supplies & other services	Utilities	Communication	Scholarships	Depreciation and amortization	Total
Instruction	$ 98,857,633	$ 4,527,730	$ 188,523	$ 13,849,270	$ 28,160	$ 137,866	$ -	$ -	$117,589,181
Research	57,052,617	882,019	105,463	28,712,088	105,074	293,188	-	-	87,150,449
Public service	27,792,711	332,119	15,435	11,282,520	102	112,999	-	-	39,535,886
Academic support	34,796,292	2,878,631	86,048	17,603,021	53,680	238,279	-	-	55,655,953
Student services	26,952,624	1,518,748	69,989	14,391,393	160,386	334,889	-	-	43,428,029
Institutional support	29,838,187	1,940,241	73,206	10,654,555	35,287	1,381,663	-	-	43,923,139
Operation and maintenance of plant	14,551,644	1,381,164	46,649	7,619,989	5,544,117	21,475	-	-	29,165,038
Scholarships and fellowships	-	-	-	-	-	-	26,006,777	-	26,006,777
Auxiliary enterprises	29,385,325	2,258,469	11,272	23,325,240	3,433,324	232,256	-	-	58,645,886
Depreciation and amortization	-	-	-	-	-	-	-	32,115,060	32,115,060
	$ 319,227,033	$15,719,121	$ 596,585	$127,438,076	$ 9,360,130	$ 2,752,615	$26,006,777	$32,115,060	$533,215,398

The University of Montana
Required Supplementary Information
(Unaudited)

Pensions

- **Public Employees' Retirement System - Defined Benefit Retirement System**

Schedule of Proportionate Share of the Net Pension Liability ˡ
Measurement Date of June 30

Year	University's Proportion of the NPL	University's Share of the NPL	State of Montana's Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered-Employee Payroll	University's Share of the NPL as a % of Covered-Employee Payroll	Plan fiduciary Net Position as a % Total Pension Liability
2023	3.10%	$ 75,561,340	$20,037,067	$ 95,598,407	$ 56,851,682	132.91%	73.93%
2022	3.01%	$ 71,505,594	$20,546,132	$ 92,051,726	$ 52,146,610	137.12%	73.66%
2021	3.03%	$ 55,019,493	$15,574,719	$ 70,594,212	$ 52,854,045	104.10%	79.91%
2020	2.98%	$ 78,719,997	$23,864,644	$102,584,641	$ 49,512,641	158.99%	68.90%
2019	2.92%	$ 60,942,763	$19,099,661	$ 80,042,424	$ 47,565,632	128.12%	73.84%
2018	2.93%	$ 61,150,041	$19,665,918	$ 80,815,959	$ 47,730,177	128.12%	73.47%
2017	3.97%	$ 77,373,223	$ -	$ 77,373,223	$ 48,695,988	158.89%	73.75%
2016	4.17%	$ 71,099,299	$ -	$ 71,099,299	$ 49,401,010	143.92%	74.71%
2015	4.23%	$ 59,138,504	$ -	$ 59,138,504	$ 48,779,362	121.24%	78.40%
2014	4.28%	$ 53,314,985	$ -	$ 53,314,985	$ 47,843,696	111.44%	79.87%

Schedule of Employer Contributions ˡ
For the Fiscal Year Ended June 30

Year	Contractually Required Contributions	Contributions in relation to Contractually Required Contributions	Contribution deficiency / (excess)	University's Covered-employee payroll	Contributions as a % of Covered-Employee Payroll
2024	$ 6,206,031	$ 6,206,031	$ -	$ 63,191,565	9.82%
2023	$ 5,206,721	$ 5,206,721	$ -	$ 56,851,682	9.16%
2022	$ 4,699,972	$ 4,699,972	$ -	$ 52,146,610	9.01%
2021*	$ 4,749,826	$ 4,749,826	$ -	$ 52,854,045	8.99%
2020*	$ 4,386,261	$ 4,386,261	$ -	$ 49,512,614	8.86%
2019	$ 4,137,369	$ 4,137,369	$ -	$ 47,565,623	8.70%
2018	$ 4,081,094	$ 4,081,094	$ -	$ 47,730,177	8.55%
2017	$ 4,124,934	$ 4,124,934	$ -	$ 48,695,988	8.47%
2016	$ 4,413,046	$ 4,413,046	$ -	$ 49,401,010	8.93%
2015	$ 4,521,932	$ 4,521,932	$ -	$ 48,779,362	9.27%

ˡ *Schedules are intended to present information for 10 years. Additional years will be displayed as they become available*
* *Some amounts/percentages restated to agree with actuarial valuation*

Required Supplementary Information (continued)

Notes to Required Supplementary Information
For the Year Ended June 30, 2023 (as of Measurement Date)

The following actuarial assumptions were adopted from the June 30, 2022 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%
*Includes inflation at	2.75%
Merit salary increases	0% to 4.80%
Guaranteed Annual Benefit Adjustment (GABA).**	
- Members hired prior to July 1, 2007	3.00%
- Members hired between July 1, 2007 & June 30, 2013	1.50%
- Members hired on or after July 1, 2007	
- For each year PERS is funded at or above 90%, the 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	1.50%
- If the amortization period for PERS is 40 years or more.	0%
Mortality (Active Participant)	Based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Healthy Retiree)	Based on 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.
Mortality (Contingent Survivor)	Based on PUB-2010 General Amount Weighted Contingent Survivor projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retiree)	Based on PUB-2010 General Amount Weighted Disabled Retirees Retiree Mortality table, projected to 2021, set forward one year for both males and females.

*** Requires 12 full months of retirement before GABA will be made.*

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

Changes of Benefit Terms

The following changes to the plan provisions were made as identified:

2017 Legislative Changes:

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

Required Supplementary Information (continued)

Working Retiree Limitations – for PERS

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

Refunds

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

Interest credited to member accounts – Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members

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

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

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

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

Required Supplementary Information (continued)

- **Game Wardens' and Peace Officers' Retirement System**

Schedule of Proportionate Share of the Net Pension Liability ǀ
Measurement Date of June 30

Year	University's Proportion of the NPL	University's Share of the NPL	State of Montana's Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered-Employee Payroll	University's Share of the NPL as a % of Covered-Employee Payroll	Plan fiduciary Net Position as a % Total Pension Liability
2023	1.99%	$ 1,334,490	$ -	$1,334,490	$ 1,157,527	115.29%	80.70%
2022	1.90%	$ 2,895,079	$ -	$2,895,079	$ 1,026,233	282.11%	63.08%
2021	1.61%	$ 522,770	$ -	$ 522,770	$ 967,037	54.06%	89.39%
2020	1.77%	$ 2,398,259	$ -	$2,398,259	$ 956,673	250.69%	61.17%
2019	1.96%	$ 796,316	$ -	$ 796,316	$ 1,011,905	78.69%	83.54%
2018	1.94%	$ 792,743	$ -	$ 792,743	$ 983,942	80.57%	82.54%
2017	1.97%	$ 735,826	$ -	$ 735,826	$ 969,235	75.92%	82.48%
2016	2.15%	$ 705,352	$ -	$ 705,352	$ 1,011,526	69.73%	82.48%
2015	2.09%	$ 438,071	$ -	$ 438,071	$ 935,808	46.81%	87.60%
2014	2.05%	$ 309,719	$ -	$ 309,719	$ 852,841	36.32%	90.17%

Schedule of Employer Contributions ǀ
For the Fiscal Year Ended June 30

Year	Contractually Required Contributions	Contributions in relation to Contractually Required Contributions	Contribution deficiency / (excess)	University's Covered-employee payroll	Contributions as a % of Covered-Employee Payroll
2024	$ 103,362	$ 103,362	$ -	$1,234,335	8.37%
2023	$ 104,178	$ 104,178	$ -	$1,157,527	9.00%
2022	$ 93,824	$ 93,824	$ -	$1,026,233	9.14%
2021*	$ 87,166	$ 87,166	$ -	$ 967,037	9.01%
2020*	$ 86,387	$ 86,387	$ -	$ 956,672	9.03%
2019	$ 91,767	$ 91,767	$ -	$1,011,905	9.07%
2018	$ 88,555	$ 88,555	$ -	$ 983,942	9.00%
2017	$ 87,231	$ 87,231	$ -	$ 969,235	9.00%
2016	$ 91,867	$ 91,867	$ -	$1,011,526	9.08%
2015*	$ 85,234	$ 85,234	$ -	$ 935,808	9.11%

ǀ *Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.*
**Some amounts/percentages restated to agree with actuarial valuation*

Required Supplementary Information (continued)

Notes to Required Supplementary Information
For the Year Ended June 30, 2023 (as of Measurement Date)

The following actuarial methods and assumptions were adopted from the June 30, 2023 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%
*Includes inflation at	2.75%
Merit salary increases	1% to 6.40%
Guaranteed Annual Benefit Adjustment (GABA).**	
- Members hired prior to July 1, 2007	3.00%
- Members hired on or after July 1, 2007	1.50%
Mortality (Active Participant)	Based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021
Mortality (Healthy Retiree)	Based on PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males, adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
Mortality (Contingent Survivor)	Based on PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, set forward one year for males. Projected generationally using MP-2021
Mortality (Disabled Retiree)	Based on PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, set forward one year for males.

*** Requires 12 full months of retirement before GABA will be made.*

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ended June 30, 2021.

Changes of Benefit Terms
The following changes to the plan provision were made as identified:

2017 Legislative Changes:

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

Working Retiree Limitations

Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.

1) Members who return for less than 480 hours in a calendar year:
   a. May not become an active member in the system; and
   b. Are subject to a $1 reduction in their retirement benefit for each $3 earned in excess of $5,000 in the calendar year.
2) Members who return for 480 or more hours in a calendar year:
   a. Must become an active member of the system;
   b. Will stop receiving a retirement benefit from the system; and
   c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
3) Employee, employer and state contributions, if any, apply as follows:
   a. Employer contributions and state contributions (if any) must be paid on all working retirees;

Required Supplementary Information (continued)

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

Second Retirement Benefit

Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.

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.

Refunds

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

Interest credited to member accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

Required Supplementary Information (continued)

▪ Teachers' Retirement System

Schedule of Proportionate Share of the Net Pension Liability [1]
Measurement Date of June 30

Year	University's Proportion of the NPL	University's Share of the NPL	State of Montana's Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered-Employee Payroll	University's Share of the NPL as a % of Covered-Employee Payroll	Plan fiduciary Net Position as a % Total Pension Liability
2023	0.59%	$ 11,444,898	$ 3,252,608	$14,697,506	$ 7,005,805	163.36%	71.75%
2022	0.53%	$ 10,347,480	$ 3,032,980	$13,380,460	$ 6,146,045	168.36%	70.61%
2021	0.58%	$ 9,557,995	$ 2,949,067	$12,507,062	$ 6,525,406	146.47%	75.54%
2020	0.62%	$ 13,954,295	$ 4,554,271	$18,508,566	$ 6,763,745	206.31%	64.95%
2019	0.71%	$ 13,736,916	$ 4,637,175	$18,374,091	$ 7,642,688	179.74%	68.64%
2018	0.84%	$ 15,509,582	$ 5,434,309	$20,943,891	$ 8,799,902	176.25%	69.09%
2017	1.02%	$ 17,147,199	$ 6,185,159	$23,332,358	$ 10,550,521	162.52%	70.09%
2016	1.14%	$ 20,741,987	$ 7,764,849	$28,506,836	$ 11,559,350	179.44%	66.69%
2015	1.29%	$ 21,139,488	$ 8,228,030	$29,367,518	$ 12,852,552	164.48%	69.30%
2014	1.38%	$ 21,171,694	$ 8,492,935	$29,664,629	$ 13,544,282	156.31%	70.36%

Schedule of Employer Contributions [1]

For the Fiscal Year Ended June 30

Year	Contractually Required Contributions	Contributions in relation to Contractually Required Contributions	Contribution deficiency / (excess)	University's Covered-employee payroll	Contributions as a % of Covered-Employee Payroll
2024	$ 7,277,056	$ 7,277,056	$ -	$ 7,601,984	95.73%
2023	$ 6,644,707	$ 6,644,707	$ -	$ 7,083,993	93.80%
2022	$ 6,234,181	$ 6,234,181	$ -	$ 6,146,045	101.43%
2021	$ 6,001,496	$ 6,001,496	$ -	$ 6,525,406	91.97%
2020	$ 5,980,242	$ 5,980,242	$ -	$ 6,763,745	88.42%
2019	$ 6,147,501	$ 6,147,501	$ -	$ 7,642,688	80.44%
2018	$ 6,906,559	$ 6,906,559	$ -	$ 8,799,902	78.48%
2017	$ 6,705,145	$ 6,705,145	$ -	$ 10,550,521	63.55%
2016	$ 6,627,145	$ 6,627,145	$ -	$ 11,559,350	57.33%
2015	$ 6,383,418	$ 6,383,418	$ -	$ 12,852,552	49.67%

[1] Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.

Required Supplementary Information (continued)

Notes to Required Supplementary Information
For the Year Ended June 30, 2023 (as of Measurement Date)

The following actuarial methods and assumptions were adopted from the July 1, 2023 actuarial valuation:

Inflation	2.75%
Salary increase	3.50% to 9.00%, including inflation for Non-University Members and 4.25% for University Members;
Investment rate of return	7.30%, net of pension plan investment expense, and including inflation
Mortality (Contributing Members)	Based on PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
Mortality (Service Retired Members)	Based on PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
Mortality (Beneficiaries)	Based on PUBT-2010 Contingent Survivor table projected to 2021. Projected generationally using MP-2021
Mortality (Disabled Members)	Based on PUBT-2010 Disabled Retiree mortality table projected to 2021.

The actuarial assumptions and methods utilized in the July 1, 2023 valuation, were developed in the experience study dated May 3, 2022.

Changes of Benefit Terms:

The following changes to the plan provisions were made as identified:

The 2013 Montana Legislature passed HB 377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below:

1) Final Average Compensation: average of earned compensation paid in five consecutive years of full-time service that yields the highest average
2) Service Retirement: Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55
3) Early Retirement: Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55
4) Professional Retirement Option: if the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%
5) Annual Contribution: 8.15% of member's earned compensation
6) Supplemental Contribution Rate: On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
    a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
    b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
    c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
7) Disability Retirement: A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination

Required Supplementary Information (continued)

8) Guaranteed Annual Benefit Adjustment (GABA):
   a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

(1) Annual State contribution equal to $25 million paid to the System in monthly installments.
(2) One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was $22 million in FY 2014.
(3) 1% supplemental employer contribution. This will increase the current employer rates:
   a. School Districts contributions will increase from 7.47% to 8.47%
   b. The Montana University System and State Agencies will increase from 9.85% to 10.85%.
   c. The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 thru fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
(4) Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
(5) Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2022:

1) The discount rate was increased from 7.06% to 7.30%.
2) The investment rate of return assumption was increased from 7.06% to 7.30%.
3) The inflation rate was increased from 2.40% to 2.75%.
4) Updated all mortality tables to the PUB-2010 tables for teachers.
5) Updated the rates of retirement and termination.
6) Updated the salary scale merit rates.

The following changes to the actuarial assumptions were adopted in 2021:

1) The discount rate was lowered from 7.34% to 7.06%.
2) The investment rate of return assumption was lowered from 7.34% to 7.06%.

The following changes to the actuarial assumptions were adopted in 2020:

1) The discount rate was lowered from 7.50% to 7.34%.
2) The investment rate of return assumption was lowered from 7.50% to 7.34%.
3) The inflation rate was reduced from 2.50% to 2.40%.

The following changes to the actuarial assumptions were adopted in 2019:

1) The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

The following changes to the actuarial assumptions were adopted in 2018:

1) Assumed rate of inflation was reduced from 3.25% to 2.50%
2) Payroll growth assumption was reduced from 4.00% to 3.25%
3) Investment return assumption was reduced from 7.75% to 7.50%.
4) Wage growth assumption was reduced from 4.00% to 3.25%
5) Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
   a. For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years. The tables include margins for mortality improvement which is expected to occur in the future.
6) Mortality among disabled members was updated to the following:
   a. For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
   b. For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

Required Supplementary Information (continued)

7) Retirement rates were updated
8) Termination rates were updated
9) Rates of salary increases were updated

The following changes to the actuarial assumptions were adopted in 2016:

1) The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

1) Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
2) The 0.63% load applied to the projected retirement benefits of the university members "to account for larger than average annual compensation increases observed in the years immediately preceding retirement" is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
3) The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 60 is 8.50% as stated in the actuarial valuation report.
4) The actuarial valuation was updated to reflect the fact that vested terminations are only covered by the $500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to "retain membership in the System" are covered by the $500 death benefit after termination.

The following changes to the actuarial assumptions were adopted in 2014:

1) Assumed rate of inflation was reduced from 3.50% to 3.25%
2) Payroll Growth Assumption was reduced from 4.50% to 4.00%
3) Assumed real wage growth was reduced from 1.00% to 0.75%
4) Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
5) Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
    a. For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
    b. For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
6) Mortality among disabled members was updated to the following:
    a. For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
    b. For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

Other Postemployment Benefits

- ### Montana University System Group Insurance Plan

Schedule of Proportionate Share of the OPEB Liability ˡ
Measurement Date of March 31,

	2024	2023	2022	2021	2020	2019	2018
University's proportion of the OPEB liability	41.21%	41.21%	40.56%	40.56%	40.71%	45.09%	45.78%
University's share of the OPEB liability	$ 16,790,177	$ 15,721,160	$ 20,276,769	$ 24,425,784	$ 11,514,328	$ 18,560,031	$ 16,905,803
University's covered employee payroll	$ 188,959,062	$ 171,389,710	$ 163,276,756	$ 164,312,421	$ 162,661,884	$ 160,709,985	$ 162,897,963
University's share of the OPEB liability as a % of covered employee payroll	8.89%	9.17%	12.42%	14.87%	7.08%	11.55%	10.38%
Plan fiduciary net position as a % of total OPEB liabilit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ˡ *Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.*

Required Supplementary Information (continued)

Changes in actuarial assumptions and other inputs:
The following changes to the actuarial assumptions were adopted in 2024:
1) Interest/discount rate based on the average of multiple March 31, 2023 municipal bond rate resources.
2) An inflow of $941,331 due to an increase in the interest rate from 3.98% to 4.12%.

The following changes to the actuarial assumptions were adopted in 2023:
1) Interest/discount rate based on the average of multiple March 31, 2023 municipal bond rate resources.
2) An inflow of $6,628,977 due to an increase in the interest from 3.31% to 3.98%.
3) 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.
4) Mortality – Retired Members: For TRS and MUS-RP retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102% for males and 103% 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% for males, or adjusted 103% 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% for males, or adjusted 100% for females, projected generationally using MP-2021.
5) 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.
6) 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.

The following changes to the actuarial assumptions were adopted in 2022:
7) Interest/discount rate based on the average of multiple March 31, 2022 municipal bond rate resources.
8) An inflow of $7,189,480 due to an increase in the interest from 2.23% to 3.31%.

The following changes to the actuarial assumptions were adopted in 2021:
1) Interest/discount rate based on the average of multiple March 31, 2021 municipal bond rate resources
2) An outflow of $40,203,319 due to no retiree contribution increase.
3) An outflow of $7,609,835 due to a decrease in the interest rate from 2.75% to 2.23%.

Changes of Benefit Terms:
1) In FY20, Annual deductible and out-of-pocket maximums were increased since prior actuarial valuation at December 31, 2019.
2) Reduced carrier options to one on the actuarial valuation at December 31, 2020.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Changes to the plan that affect trends will be reported as they occur in the future.

The University of Montana
Supplemental Information - All Campuses
(Unaudited)

DESCRIPTION	Fall 2023 [5]	Fall 2022 [5]	Fall 2021 [5]	Fall 2020 [5]	Fall 2019 [5]
Enrollment (Headcount) [1]	15,442	14,957	15,120	14,446	14,974
	FY2024	**FY2023**	**FY2022**	**FY2021**	**FY2020**
Enrollment (FTE) [2]					
Two-year Colleges	2,243	2,055	1,940	1,876	2,033
Undergraduate	8,207	8,033	8,064	8,024	8,727
Graduate	1,876	1,882	1,981	2,013	1,988
	12,326	11,970	11,985	11,913	12,748
Enrollment (FTE) [2]					
In-State students	8,609	8,405	8,614	8,817	9,429
Out-of-State students	2,341	2,169	1,887	1,934	2,176
Western Undergraduate Exchang	1,376	1,396	1,484	1,162	1,143
	12,326	11,970	11,985	11,913	12,748
	FY2024	**FY2023**	**FY2022**	**FY2021**	**FY2020**
Employees (FTE) - All Funds [2]					
Contract Faculty	874	861	869	842	937
Contract Admin & Professional	985	936	896	819	788
Classified	1,003	983	968	976	1,069
GTA/GRA	249	240	248	254	255
Part Time and Other	482	452	423	465	542
	3,593	3,472	3,404	3,357	3,591
		Fiscal Year Ended			
	6/30/2024	**6/30/2023**	**6/30/2022**	**6/30/2021**	**6/30/2020**
Degrees Granted [3]					
Certificate[4]	429	363	302	228	246
Associate	599	553	622	608	702
Undergraduate	1,993	2,000	2,007	2,021	2,148
Graduate	1,123	1,307	1,417	1,318	1,239
	4,144	4,223	4,348	4,175	4,335

[1] *Source: MUS Data Warehouse*

[2] *Source: MUS Data Warehouse | CHE113 Report*

[3] *Source: IPEDS Completions Reports*

[4] *Post-masters certificates and post-baccalaureate certificates are reported as graduate degrees. The certificate count only includes 1 and 2 year degrees.*

[5] *Fall enrollment headcount is a primary driver of subsequent fiscal year operating results*

Report on Internal Control and Compliance

LEGISLATIVE AUDIT DIVISION

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

Deputy Legislative Auditors:
Cindy Jorgenson
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 University of Montana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the university's basic financial statements, and have issued our report thereon dated January 29, 2025. Our report includes a reference to other auditors who audited the financial statements of the University of Montana Foundation, the Montana Tech Foundation, and the Montana Grizzly Scholarship Association, as described in our report on the university's financial statements. The financial statements of these component units 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 component unit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the university'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 university's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

January 29, 2025

University of Montana

University Response

UNIVERSITY OF
MONTANA
www.umt.edu

February 20, 2025

Angus Maciver
Legislative Audit Division
Room 160 State Capitol
P. O. Box 201705
Helena, MT 59620-1705

RECEIVED
February 24, 2025
LEGISLATIVE AUDIT DIV.

Dear Mr. Maciver:

On behalf of the University of Montana, I want to extend our appreciation to you and your staff for their work on the audit of the University of Montana's financial statements for the fiscal year ended June 30, 2024. We value our ongoing partnership with the Legislative Audit Division and remain committed to upholding the highest standards of accountability and fiscal responsibility.

Thank you once again for your diligence and professionalism throughout the audit process.

Sincerely,

Seth Bodnar,
President
University of Montana

c: C. Christian, Commissioner of Higher Education, Montana University System (MUS)
Margaret Wallace, Director of Assurance and Enterprise Risk, MUS