

Montana



Comprehensive Annual Financial Report June 30, 2000

Montana State Capitol Restoration

A Capitol Restoration Commission was established by the 53rd (1993/1994) Legislature comprising the Governor, Lieutenant Governor, Secretary of State, Attorney General, President of the Senate, Speaker of the House of Representatives, Superintendent of Public Instruction, and the State Auditor who are all ex-officio members. The Director of the Department of Administration was appointed as Secretary of the Commission while the Director of the Montana Historical Society and the State Architect were appointed to serve as technical advisers.

The Commission was afforded the authority to suggest Capitol improvements (with the exception of the Senate chambers) and to raise funding from the private sector for the ongoing historical restoration and preservation of the Capitol.

Subsequently, the 54th, 55th, and 56th (1995-2000) Legislatures passed bills that were signed into law by the Governor, authorizing the restoration of Montana's magnificent State Capitol Building.

The project was divided into three major portions: Roof Restoration, Exterior Restoration, and Interior Renovation/Restoration with construction commencing August 1996 and finishing December 2000.

Barrel Vault – The restored barrel vault with the “Driving of the Golden Spike” painting returned to its original location. Also visible are new ornamental plaster, stenciling and duplication of original floor tile color and patterns.

Photographs are courtesy of the Montana Architecture and Engineering Division (Department of Administration). Visit the Restoration Web site for more information: <http://www.discoveringmontana.com/doa/aed/capitol.html>.

MONTANA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2000

Prepared By:

Department of Administration

Lois Menzies, Director

Accounting and Management Support Division

Cathy Muri, CPA, Administrator

Accounting Bureau

Paul Christofferson, CPA, Bureau Chief

Accounting Principles/Financial Reporting Section

Cathy Pennie, Accountant

Julie Feldman, Accountant

Matthew McBurnett, Accountant

Pat McNamee, CPA

Operations Section

Linda Gaughan, Accountant, Supervisor

Mark Curtis, Programmer Analyst

Penny Killham, Accounting Technician

STATE OF MONTANA
SELECTED STATE OFFICIALS

EXECUTIVE

Marc Racicot

Governor

Judy Martz

Lieutenant Governor

JUDICIAL

J. A. Turnage

Chief Justice

LEGISLATIVE

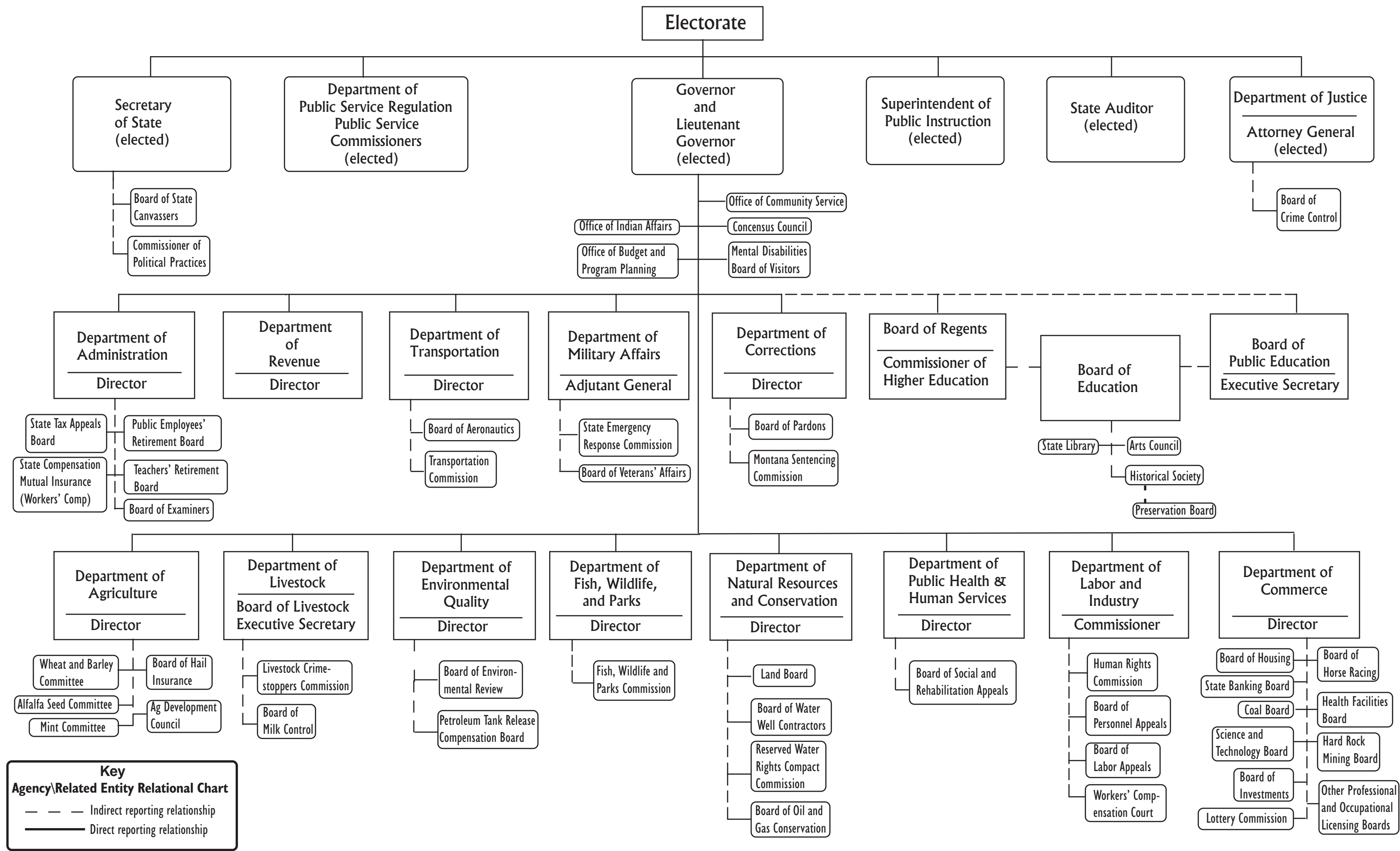
Bruce Crippen

President of the Senate

John Mercer

Speaker of the House

Montana Executive Branch



**STATE OF MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2000**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	<u>i</u>
Selected State Officials	<u>ii</u>
Organization Chart	<u>iii</u>
Table of Contents	<u>iv</u>
Letter of Transmittal.....	<u>1</u>
Graphic Presentations:	
Revenues By Source - All Governmental Fund Types	<u>8</u>
Expenditures By Function - All Governmental Fund Types	<u>9</u>
 FINANCIAL SECTION	
Independent Auditor's Report.....	<u>14</u>
 General Purpose Financial Statements (Combined Statements - Primary Government and Combining Statements - Component Units):	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units	<u>16</u>
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	<u>20</u>
Combined Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Reconciliation of Budget and Actual (Budgetary Basis) to GAAP Basis - Unreserved Fund Balance General and Special Revenue Fund Types	<u>22</u>
Statement of Changes in Plan Net Assets - Investment Trust Fund	<u>23</u>
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/ Fund Balances - All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units	<u>24</u>
Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units	<u>26</u>
Combining Balance Sheet - Component Units - Proprietary Fund Types	<u>28</u>
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Component Units - Proprietary Fund Types	<u>29</u>
Combining Statement of Cash Flows - Component Units - Proprietary Fund Types	<u>30</u>
Combining Statement of Plan Net Assets - Component Units - Pension Trust Funds	<u>32</u>
Combining Statement of Changes in Plan Net Assets - Component Units - Pension Trust Funds	<u>34</u>

Combining Balance Sheet - Component Units - All Higher Education Funds	36
Statement of Changes in Fund Balance - Component Units - All Higher Education Funds.....	38
Statement of Current Funds Revenues, Expenditures, Transfers and Other Changes - Component Units - Higher Education Fund Type	40
Notes to the Financial Statements	
1. Summary of Significant Accounting Policies	41
2. Budgetary Reporting.....	47
3. Other Accounting Issues.....	48
4. Cash/Cash Equivalents and Investments	48
5. Fixed Assets	52
6. Retirement Systems	54
7. Other Postemployment Benefits	60
8. Deferred Compensation Plan.....	60
9. Risk Management.....	61
10. Commitments.....	66
11. Leases/Installment Purchases Payable	67
12. State Debt	68
13. Interfund Transactions	77
14. Fund Deficits	80
15. Reserved Fund Balances for Trusts	81
16. Segment Information	81
17. Contributed Capital.....	82
18. Related Party Transactions	82
19. Contingencies	83
20. Subsequent Events.....	84

Combining, Individual Fund and Account Group Statements/Schedules - Primary Government:

Governmental Funds

Special Revenue Funds

Combining Balance Sheet.....	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	89
Schedule of Revenues, Expenditures and Other Financing Sources (Uses) Budget and Actual with Reconciliation of Unreserved Fund Balance per the Statewide Budgeting and Accounting System (SABHRS) to Budget Basis Statement in the GPFS - Special Revenue Funds	90

Debt Service Funds

Combining Balance Sheet.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94

Capital Projects Funds

Combining Balance Sheet.....	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99

Proprietary Funds

Enterprise Funds

Combining Balance Sheet.....	102
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	106

Combining Statement of Cash Flows	110
<u>Internal Service Funds</u>	
Combining Balance Sheet.....	118
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	122
Combining Statement of Cash Flows	126
<u>Trust and Agency Funds</u>	
Combining Balance Sheet - All Trust and Agency Fund Types.....	135
<u>Expendable Trust Funds</u>	
Combining Balance Sheet.....	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	140
<u>Nonexpendable Trust Funds</u>	
Combining Balance Sheet.....	144
Combining Statement of Revenues, Expenses and Changes in Fund Balances.....	146
Combining Statement of Cash Flows	148
<u>Investment Trust Fund</u>	
Statement of Plan Net Assets.....	151
<u>Agency Funds</u>	
Combining Balance Sheet.....	154
Combining Statement of Changes in Assets and Liabilities	156
<u>General Fixed Assets Account Group</u>	
Schedule of General Fixed Assets by Source	163
Schedule of General Fixed Assets by Function and Activity	164
Schedule of Changes in General Fixed Assets by Function and Activity	165
STATISTICAL SECTION	
Revenues by Source - All Governmental Fund Types	169
Expenditures by Function - All Governmental Fund Types	169
Property Tax Levies and Collections	170
Taxable and Market (Assessed) Value of Property	170
Property Tax Rates - Direct and Over Lapping Governments.....	171
Property Tax Mill Levy for State Purposes	171
Ratio of Direct State Debt to Assessed Value and Direct State Debt per Capita	172
Ratio of Annual Debt Service to Total General Expenditures.....	172
Revenue Bond Coverage - Higher Education.....	173
Revenue Bond Coverage - Montana Board of Housing	173
Revenue Bond Coverage - Economic Development Bonds	174
Property Value, Construction and Bank Deposits	175
Income Data	176
Public Education Institutions Enrollment.....	177
Demographic Statistics.....	178
Employment in Montana Industries	178
Major Private Employers in Montana	179
Miscellaneous Statistics	179

DEPARTMENT OF ADMINISTRATION

DIRECTOR'S OFFICE



JUDY MARTZ, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032
FAX 444-2812

PO BOX 200101
HELENA, MONTANA 59620-0101

March 28, 2001

To the Citizens, Governor and Members of the Legislature of the State of Montana:

In accordance with Section 17-2-110, Montana Code Annotated (MCA), I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of Montana for the fiscal year ended June 30, 2000. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation rests with the Department of Administration. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the State of Montana. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

Description of the CAFR

This report and the accompanying financial statements and statistical tables were prepared in accordance with standards set forth by the Governmental Accounting Standards Board (GASB).

This CAFR is divided into three main sections: introductory, financial and statistical. The introductory section includes an organization chart for the State, a table of contents and this transmittal letter. The financial section contains the independent auditor's report, the general purpose financial statements, notes to the financial statements, combining statements by fund type, and other schedules. The statistical section includes financial, economic and demographic data.

This report includes all funds and account groups of those entities that comprise the State of Montana (the primary government) and its component units. The component units are entities that are legally separate from the State but for which the State is financially accountable, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the State is able to impose its will on that organization or (2) there is the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. The following component units are included in the State's financial reporting entity: Housing Authority, Health Facilities Authority, State Compensation Insurance Fund (Old and New), Public Employees' Retirement Board, Teachers' Retirement System and the Colleges, Universities and Colleges of Technology. These component units are discretely presented in the State's financial statements.

Economic Condition and Outlook

The forecast is for Montana's nonfarm labor income growth to average about 2 percent from 2001 to 2002, down from 2000's growth of 3.5 percent, but 2 percent is the average growth predicted for the first decade of the new millennium. Continued production increases in Montana's basic industries, plus strong construction (primarily highway) activity will be the major contributors to future growth.

Montana's population has been stable at about 880,000 persons since 1997. Net outmigration has replaced the sizable influx of persons during the first half of the 1990's. The population forecast for 2000 has been trimmed down to 885,000 (from 920,000 two years ago) and to 970,000 (from 1,015,000 two years ago) in 2010. Recent reports indicate that Montana did not regain its second Congressional seat in 2000.

While individual agricultural commodity markets continue to be volatile, total Montana agricultural receipts have been unusually stable in the past 10 years. During the 1999/2000 time period, agricultural receipts ranged from about \$2.2 billion to \$2.4 billion. Cattle, wheat and barley comprise about 80 percent of the state's agricultural receipts. During the 1990's, Montana livestock market receipts ranged from a low of \$836 million to a high of \$1.2 billion, with cattle generating 80 percent of those receipts. The fluctuations in receipts are primarily a reflection of cattle price. Wheat prices continue to be depressed by high production; high stocks and weak export demands. However, Montana raises high-protein wheat, and this past year producers of particularly high-protein wheat received as much as \$1 per bushel price premium. In the longer term, Montana has a comparative advantage in the market because the state's land and climate is conducive to wheat production.

The manufacturing sector in Montana, which ranges in production of very complex and sophisticated high technology equipment to cottage industries producing handmade items like jewelry or sporting goods, displayed market conditions that were substantially better in 1999 than in 1998 due to a continued very strong U.S. economy and improving conditions in much of the world. The feared large-scale decline of 1999 did not materialize, and with much better than expected domestic and global economic conditions, virtually all of Montana's manufacturing sectors reported higher prices in 1999. Sales value of all products manufactured in Montana was up several hundred million dollars to approximately \$5 billion in 1999. Market conditions should remain favorable in the upcoming year, and manufacturing activity should continue to increase in Montana.

Wood and paper products markets in 1999 were substantially improved over 1998. With a stronger than expected U.S. economy and modest improvements in the global economy, wood and paper product prices increased dramatically during the first half of 1999. In July 1999 lumber prices were near record levels and 40 percent higher than they were in July 1998. However, in late July prices turned sharply downward and fell steadily into October before rebounding in November and December. In total, however, lumber and plywood prices were 10 to 20 percent higher in 1999 than 1998. Because of somewhat lower levels of U.S. housing starts, lumber and plywood producers expect slightly lower, but more stable, prices in 2000. Timber availability remains the major concern of Montana's industry.

Major Initiatives

In fiscal year 2000, the General Fund unreserved undesignated fund balance rose \$31.6 million over projections due primarily to increased individual income tax collections based on higher wage and capital gains income growth.

The Fifty-sixth Legislature met on May 8, 2000, in response to a special session call issued by Governor Racicot. The Legislature met from May 8 through May 11, 2000. As a result of the special session, three referendums were passed. The first was to repeal the state inheritance tax, the second was to deposit 40 percent of the tobacco settlement funds into a trust fund for tobacco disease prevention programs and the third was to reduce the taxation of light vehicles and eliminate the sales tax on new motor vehicles beginning January 1, 2001. The voters approved all three issues in the November 2000 election. The revenue impact to the General Fund in FY2001 for the tobacco settlement funds is estimated at \$10.1 million. The revenue impact to the General Fund for the repeal of inheritance taxes for deaths occurring after December 31, 2000, is estimated at \$19.2 million for the FY2003 biennium. The revenue impact to the General Fund for the reduced vehicle fees is estimated at \$4.2 million in FY2001.

House Bill 260 passed by the 1999 Legislature proposed a significant change to coal production taxes in an effort to fund economic development projects in Montana. House Bill 260 established a new tax on coal production, the Coal Producers' License Tax, and reduced the Coal Severance Tax. The Montana Supreme Court determined House Bill 260 to be unconstitutional and of no effect. During the Special Legislative Session, House Bill 1 was approved that statutorily appropriates the interest income from \$140 million of the coal severance tax permanent fund that is deposited in the General Fund and is for certain identified economic development programs for the biennium ending June 30, 2001.

In the 2000 Special Session, the Legislature also provided for a reduction in property taxes by increasing direct state aid to school districts from 41.8 percent to 44.7 percent which increased public school support during FY2001 by \$17.8 million above the amount appropriated during the 1999 Legislative Session.

Financial Information

Montana's Statewide Budgeting, Accounting and Human Resource System (SABHRS) is a centrally maintained, fully computerized, double-entry accounting system. SABHRS records are computer-edited.

Management of the State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles.

In developing and evaluating the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that the above objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary restrictions are imposed via appropriations approved by the legislature or established administratively as provided for by state law. Appropriations are required by state law for the General, Special Revenue, and Capital Projects Funds. The level of budgetary control is generally established by fund. SABHRS is designed to provide budgetary control by preventing spending in excess of legislative and administrative authority and/or available cash. SABHRS also provides for encumbrance accounting as a technique for accomplishing budgetary control.

General Governmental Functions

Revenue sources for general governmental functions, which include the General, Special Revenue, Debt Service, and Capital Projects Funds, increased 12.2 percent from fiscal year 1999 to fiscal year 2000. Revenues from various sources for fiscal year 2000, and the amount and percentage of increases and decreases in relation to prior year revenues, are shown in the following table:

Revenue Source	Amount (in thousands)	2000 Percent of Total	Increase (Decrease) from 1999	Percent Increase (Decrease)
Licenses/Permits	\$ 125,782	4.4%	\$ 7,832	6.6%
Taxes	1,244,622	44.1	53,015	4.4
Charges for Services/Etc.	302,021	10.7	171,271	131.0
Investment Earnings	37,780	1.3	4,210	12.5
Securities Lending Income	4,991	0.2	(1,850)	(27.0)
Sale of Documents/Etc.	9,659	0.3	2,775	40.3
Rentals/Leases/Royalties	487	-	67	16.0
Contributions/Premiums	5,301	0.2	850	19.1
Grants/Contracts/Donations	13,961	0.5	1,655	13.4
Federal	1,078,455	38.1	67,796	6.7
Federal Indirect Cost Recoveries	2,091	0.1	169	8.8
Other Revenues	2,646	0.1	(191)	(6.7)
Total Revenues	<u>\$2,827,796</u>	<u>100.0</u>	<u>\$307,799</u>	

An explanation of significant changes by revenue source follows:

Taxes - The increase in revenues was primarily due to 1) a \$30.7 million increase in individual income tax receipts; 2) a \$12 million increase in corporate income tax collections; and 3) a \$8.1 million increase in fuel tax.

Charges for Services - The increase in revenue was primarily due to 1) ARCO settlement funds of \$136.3 million over what was collected in FY99 and 2) tobacco settlement funds of \$34.8 million.

Federal - The increase in revenue was primarily due to 1) a \$41 million increase in highway construction funds; and 2) a \$31.9 million increase in medical assistance program funds.

Total expenditures for all general governmental functions increased 6.8 percent from fiscal year 1999 to fiscal year 2000. Expenditures by function for fiscal year 2000, and the amount and percentage of increases or decreases in relation to the prior year amounts, are shown in the following table:

Expenditure Function	Amount (in thousands)	2000 Percent of Total	Increase (Decrease) from 1999	Percent Increase (Decrease)
General Government	\$ 154,331	5.8%	\$ 19,250	14.3%
Public Safety/Corrections	203,793	7.7	16,954	9.1
Transportation	442,211	16.7	60,527	15.9
Health/Social Services	889,480	33.5	54,396	6.5
Education/Cultural	622,105	23.4	31,376	5.3
Resource Development/Recreation	87,143	3.3	(11,274)	(11.5)
Economic Development/Assistance	123,903	4.7	3,427	2.8
Securities Lending	4,795	0.2	(1,682)	(26.0)
Debt Service	49,342	1.8	(8,959)	(15.4)
Capital Outlay	76,385	2.9	2,378	3.2
Total Expenditures	<u>\$2,653,488</u>	<u>100.0</u>	<u>\$166,393</u>	

An explanation of significant changes by expenditure function follows:

Transportation - Expenditure increases were primarily due to an increase in federal grant moneys that allowed the Montana Department of Transportation to do more road construction.

Health/Social Services - The expenditure increase was primarily due to: 1) Department of Corrections for contracts to house and provide services to inmates; 2) Department of Environmental Quality for bond forfeiture reclamation work; and 3) Department of Public Health and Human Services for the Children's Health Insurance Program, increased TANF expenditures and provider rate increases.

Education/Cultural - The expenditure increase was primarily for 1) an increase in the BASE aid payments to school districts; 2) federal grants which flow through to the school districts; 3) federal funds to reduce class size; and 4) additional funding to the University system for a student assistance program and community college assistance.

Debt Service - The expenditure increase was primarily due to Department of Justice paying off its Natural Resource Damage Litigation Program debt service obligation.

General Fund Balance

The unreserved undesignated fund balance of the General Fund increased from \$109.674 million at June 30, 1999, to \$146.0 million at June 30, 2000. This represents an increase of \$36.326 million, or 33.1 percent.

Enterprise Operations

The State of Montana provides numerous goods and services to the public on a user charge basis, similar to a private business. Profits from two of these operations, the State Liquor Warehouse and the State Lottery, are used to fund other services provided by the State. Following is a summary of the operating results of these two entities in fiscal year 2000:

State Liquor Warehouse - The State regulates the sale, importation, distribution and manufacturing of alcoholic beverages in Montana. A portion of the liquor sales and excise and license taxes collected through this function along with any profits generated through the administration of this regulatory function, including those from the operation of the liquor stores, are transferred to the General Fund. In fiscal year 2000, \$19.548 million was transferred to the General Fund, compared to \$18.872 million in fiscal year 1999.

State Lottery - the electorate through the passage of Referendum 100 created The Montana State Lottery during the 1986 general election. Profits generated by this operation are transferred to the General Fund and appropriated to the Office of Public Instruction (OPI) for distribution to local school districts and the Board of Crime Control (BCC) for grants to counties for youth detention services. Profits for fiscal year 2000 were \$5.8 million with OPI receiving 90.9 percent and BCC 9.1 percent of the net revenue.

Pension Trust Fund Operations

The State contributes to eight retirement systems and is the administrator of one additional system. The two largest systems, in terms of dollars contributed and employees covered, are the Public Employees' Retirement System and the Teachers' Retirement System. Montana implemented GASB Statement 25 - Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined contribution Plans and GASB Statement 27 - Accounting for Pensions by State and Local Governmental Employers in fiscal year 1996. The funded actuarial accrued liability ratio for all systems continues to improve.

The 1997 legislature enacted legislation that establishes a guaranteed annual benefit adjustment (GABA) for enrolled members or surviving beneficiaries under each of the statewide public employee retirement systems. The annual minimum adjustment of 1.5 percent will begin 36 months after a beneficiary's initiation date. The benefit adjustment, when combined with other benefit adjustments already in law, must equal at least 1.5 percent per year. The GABA automatically covers beneficiaries in the retirement systems for public employees, sheriffs and game wardens. Beneficiaries in the retirement systems for highway patrol officers, municipal police officers, firefighters unified and judges may choose to be covered by GABA or by benefits adjustment mechanisms already in place. The legislation establishing the GABA also provides a mechanism to actuarially fund the Judges' Retirement System.

The 1999 legislature enacted legislation that also establishes a guaranteed annual benefit adjustment (GABA) for certain benefit recipients in the Teachers' Retirement System. A benefit recipient is eligible for the minimum benefit adjustment of 1.5 percent if the retiree's most recent retirement effective date is at least 36 months prior to January 1 of the year in which the adjustment is to be made.

Debt Administration

Montana receives excellent bond ratings from both Moody's Investors Service (Aa3) and Standard & Poor's Corporation (AA-). State debt may be authorized either by a two-thirds vote of the members of each house of the legislature or by a favorable vote of a majority of the State's electors voting thereon. There is no constitutional limit on the amount of debt that may be incurred by the State. The Montana Constitution does, however, prohibit the incurring of debt to cover deficits caused by appropriations exceeding anticipated revenue. General obligation debt increased from \$197.02 million at June 30, 1999, to \$228.269 million at June 30, 2000.

The ratio of general obligation debt to assessed valuation and the amount of general obligation debt per capita are:

	Amount (in thousands)	Ratio of Debt to 2000 Assessed Value	State Debt Per Capita
General Obligation Debt	\$228,269	0.54%	\$258.52

* Based on 1999 estimated Montana population.

Cash Management

The uniform investment program established by the 1972 Montana Constitution directs that the Board of Investments have sole authority to invest State funds. The Board operates under the "prudent person principle" which requires the Board to 1) discharge its duties in the same manner as that of a prudent person acting in a like capacity with the same resources and aims; 2) diversify the holdings of each fund to minimize the risk of loss and maximize the rate of return; and 3) discharge duties solely in the interest of and for the benefit of the funds managed. Permissible investments include bonds, notes, debentures, equipment obligations, common stock (pension trust and higher education funds only), commercial paper, bankers' acceptances, interest bearing deposits in Montana financial institutions, real estate and any other investment in a Montana business that continues existing jobs or creates new jobs. These investments are subject to statutory restrictions for quality and size of holdings. Unless otherwise provided by law, treasury cash is pooled for investment regardless of the fund from which it is deposited and the pool's investment earnings are credited to the General Fund. The Board reported total investment income from investments under its management of \$422.6 million, an increase of 7.8 percent from the \$392.1 million earned last year. The book value of Board-managed investments increased by approximately \$65 million or 1.2 percent to \$6.3 billion at fiscal year-end 2000. The Board publishes an annual audited report of all its investment activity. That report may be referenced for more in-depth investment information.

Risk Management

The State of Montana provides benefit coverage for injured state employees through participation in the State Compensation Insurance Fund (State Fund). The State Fund is a nonprofit, independent public corporation that is managed and controlled by a seven-member board of directors. The Governor appoints the board members for four-year terms. Funding is primarily derived from the premiums paid by policyholders.

At June 30, 2000, assets for the State Fund - Old exceeded liabilities by \$18.56 million. The actuarially determined liability for unpaid claims, including those that were incurred but not reported, decreased to \$117.9 million. This represents a decrease of \$12.2 million in estimated claims liability from fiscal year 1999. The percentage of this liability belonging to the state as a participant is unknown. For the State Fund - New, assets exceeded liabilities by \$139.29 million at June 30, 2000. The actuarially determined liability for unpaid claims, including those that were incurred but not reported, was \$314.9 million presented at face value. In prior years, the unpaid claims and claim adjustments on indemnity losses were stated at their net present value in the financial statements.

The State maintains self-insurance plans for employee comprehensive medical and dental coverage and state property. Under the State Employee Group Benefits Plan the State assumes all the risk for claims incurred by plan members including State employees, elected officials, retirees and their dependents, with three exceptions. The three outside insured products are: vision care insured by the Vision Service Plan Insurance Company, the Yellowstone Community Health Plan, an insured community health option (CHO) available to state employees in four counties in the Billings area and the New West Plan, an insured CHO available to state employees in several counties in the Missoula, Deer Lodge, Helena and Billings areas. Premiums are collected through payroll deductions, deductions through the Public Employees' Retirement System and self-payment. For the period ending June 30, 2000, the plan reported retained earnings of \$20.76 million, a decrease of \$2.98 million over June 30, 1999.

The Montana University System (MUS) Group Benefits Plan offers medical, dental, and vision insurance coverage to employees of the Montana University System, the Montana Higher Education Student Assistance Corporation

(MHESAC), and the State Bar of Montana, as well as their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured. Blue Cross/Blue Shield is the claims administrator for the plan. Managed Care Montana (Blue Cross/Blue Shield of Montana) has a contract for utilization management. The utilization management program consists of hospital pre-authorization, case management and medical necessity review. For the period ending June 30, 2000, the plan reported retained earnings of \$5.4 million, an increase of \$.5 million over June 30, 1999.

The State's property insurance plan provides coverage for general liability, automobile liability, automobile physical damage, and state-administered foreclosure housing units. The State self-insures the \$150,000 deductible per occurrence for most property insurance as well as various deductible amounts for other state property. The state also self-insures against losses of equipment below \$150,000 of value, with state agencies paying the first \$1,000. Commercial property insurance protects over \$2.1 billion of state-owned buildings and contents. The flood and earthquake liability limit is \$400 million per occurrence with a \$1.0 million deductible for earthquakes and a \$0.5 million deductible for floods. Premiums for the plan are collected from all State agencies, including component units. Based on the most recent actuarial report prepared by Tillinghast and issued for the period July 1, 1991 through June 30, 2000, a liability of \$25.3 million, which is discounted and assumes an annual rate of 4 percent, is recorded in the accompanying financial statements for estimated claims including those incurred but not reported. This represents an increase of \$8.2 million in estimated claims liability from fiscal year 1999.

Independent Audit

The financial statements contained in Montana's Comprehensive Annual Financial Report were audited in accordance with generally accepted auditing standards by the Legislative Audit Division. The Legislative Auditor is appointed by and reports to the Legislative Audit Committee. The Deputy Legislative Auditor issued an unqualified opinion on the State's financial statements for fiscal year 2000.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Montana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1999. This was the thirteenth consecutive year that the State received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments

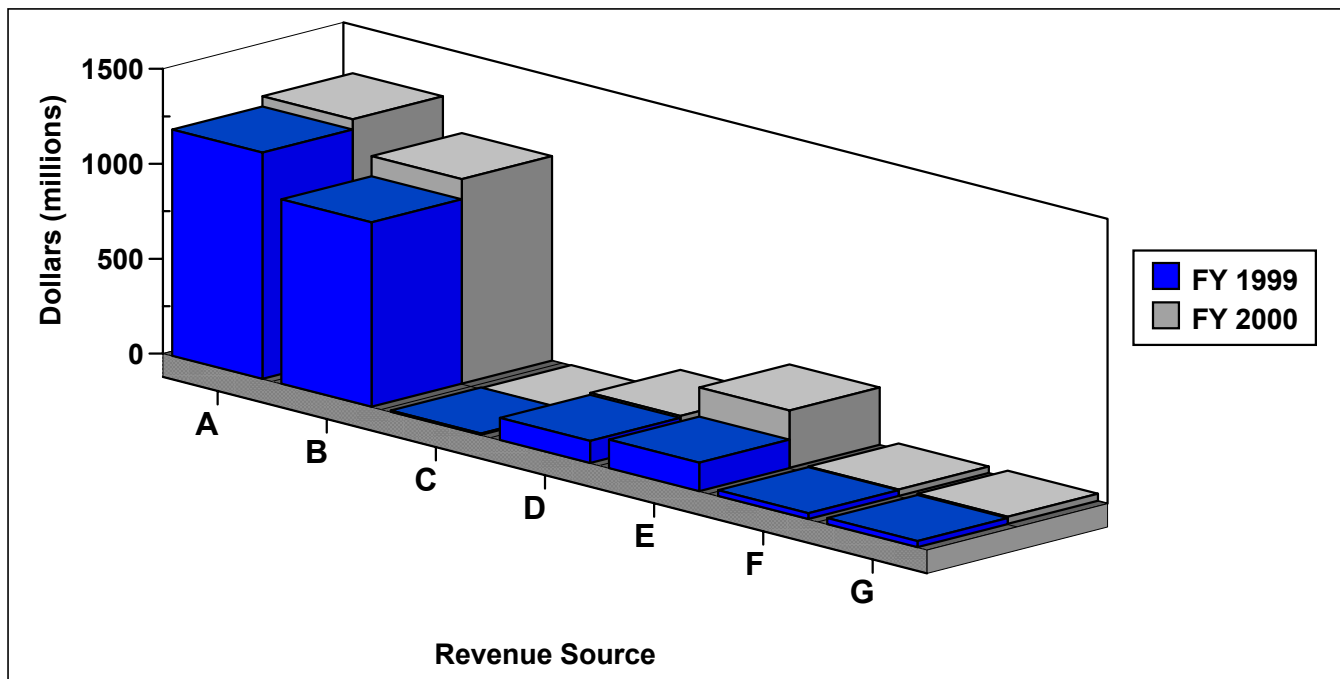
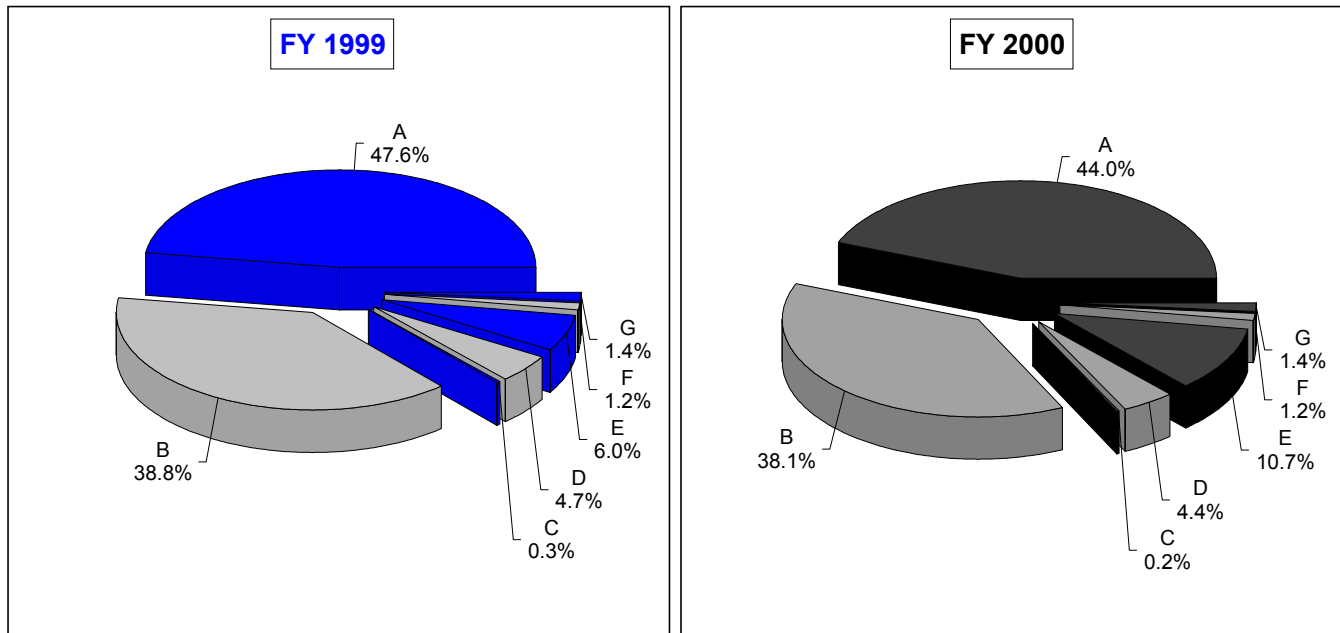
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated service of the entire staff of the Accounting Bureau and the cooperation of accounting personnel at the individual State agencies. I would like to express my appreciation to Accounting Bureau and other agency personnel who participated in the preparation of this document. I would also like to thank the legislature and all State agencies for their interest and support in planning and conducting the financial operations of Montana in a professionally responsible and progressive manner.

Respectfully submitted,

(Signature on File)

Barbara Ranf, Director
Department of Administration

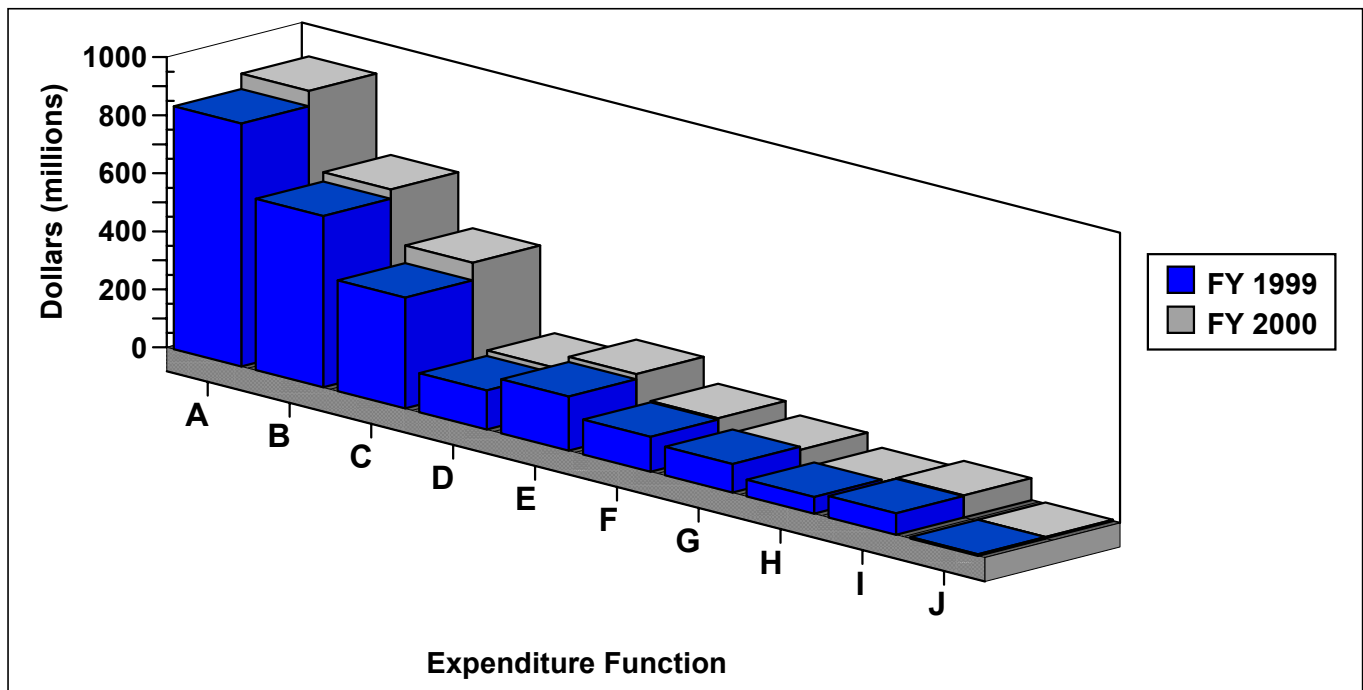
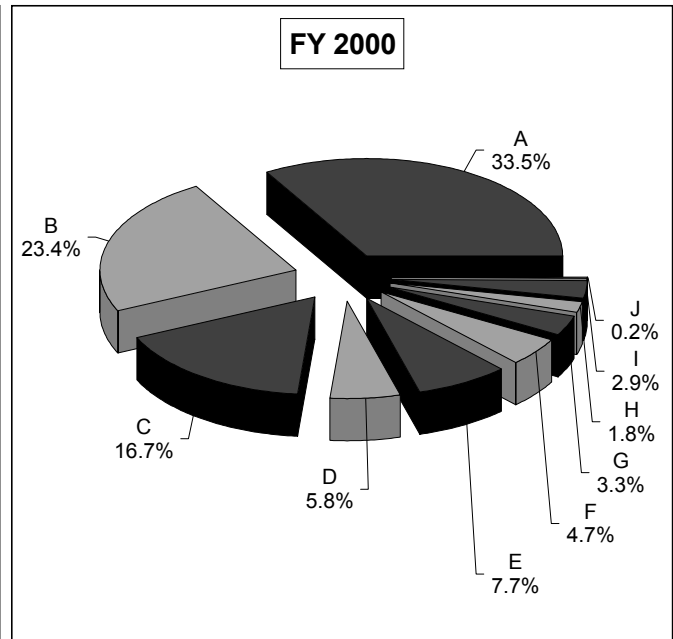
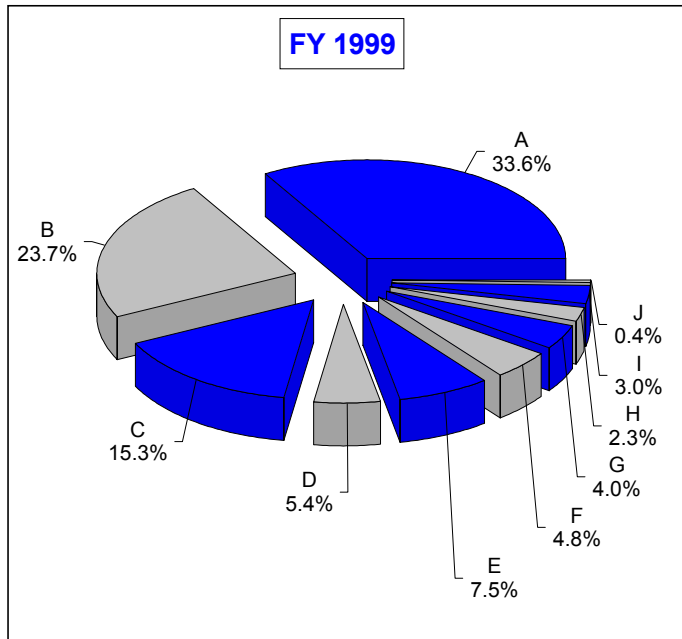
State of Montana Revenues by Source All Governmental Fund Types



Legend:

- | | |
|---|---|
| (A) Taxes | (F) Other Revenues (includes contributions, premiums, rentals, leases, royalties, grants, contracts, donations, federal indirect cost recoveries and sale of documents, merchandise and property) |
| (B) Federal | (G) Investment Earnings |
| (C) Securities Lending Income | |
| (D) Licenses/Permits | |
| (E) Charges for Services/Fines/Forfeits | |

State of Montana Expenditures by Function All Governmental Fund Types

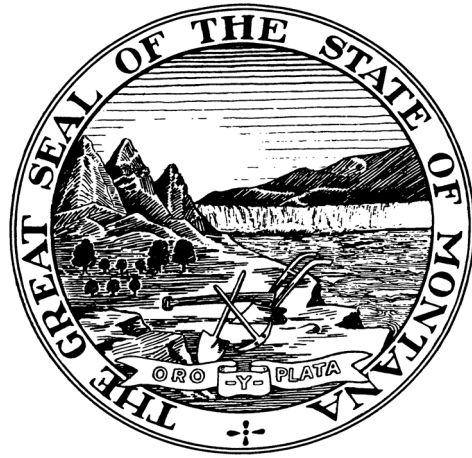


Legend:

(A) Health/Social Services
(B) Educational/Cultural
(C) Transportation
(D) General Government

(E) Public Safety/Corrections
(F) Economic Development/Assistance
(G) Resource Dev/Recreation
(H) Debt Service

(I) Capital Outlay
(J) Securities Lending



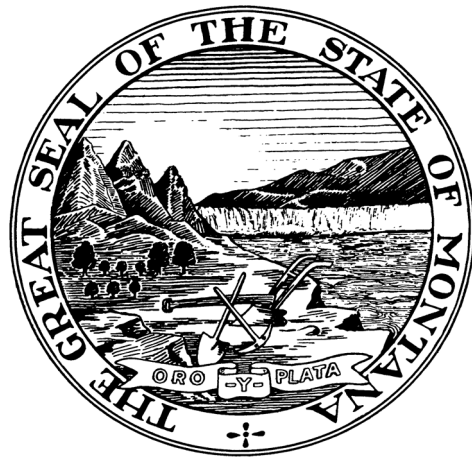
Montana



General Purpose Financial Statements

The following financial statements present the financial position of all fund types and account groups and the operating results of all fund types.

Rotunda - Third floor of rotunda looking southwest toward grand staircase with original decorative painting and stenciling together with freshly restored scagliola columns.



LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Combined Balance Sheet All Fund Types, Account Groups and Discretely Presented Component Units; Combining Balance Sheet - Component Units - Proprietary Fund Types; Combining Statement of Plan Net Assets - Component Units - Pension Trust Funds; and Combining Balance Sheet - Component Units - All Higher Education Funds of the state of Montana as of June 30, 2000; the related Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds; Combined Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Reconciliation of Budget and Actual (Budgetary Basis) to GAAP Basis - Unreserved Fund Balance - General and Special Revenue Fund Types; Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units; Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Component Units - Proprietary Fund Types; Statement of Changes in Plan Net Assets - Investment Trust Fund; Combining Statement of Changes in Plan Net Assets - Component Units - Pension Trust Funds; Statement of Changes in Fund Balance - Component Units - All Higher Education Funds; Statement of Current Funds Revenues, Expenditures, Transfers and Other Changes - Component Units - Higher Education Fund Type; and the related Combined Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units and Combining Statement of Cash Flows - Component Units - Proprietary Fund Types for the year then ended. These general purpose financial statements are the responsibility of the state of Montana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Montana State Lottery, which statements reflect total assets of 7.97 percent, liabilities of 10.01 percent, and total revenues/transfers-in and expenses/transfers-out of 28.08 percent and 30.38 percent, respectively, in the Enterprise Fund. This financial activity was audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montana State Lottery, is based solely upon the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the report of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the state of Montana as of June 30, 2000, and the results of its operations, the cash flows of its proprietary and nonexpendable trust fund types and discretely presented component units, the changes in plan net assets of the investment trust fund and its component unit pension trust funds, and the changes in fund balance and current funds revenues, expenditures, transfers and other changes of the component unit higher education funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we will issue our report dated March 19, 2001, on our consideration of the state of Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. It will be included in the state's Single Audit Report.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements/schedules-primary government listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the state of Montana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based upon our audit and the report of the other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

Respectfully submitted,

(Signature on File)

James Gillett, CPA
Deputy Legislative Auditor

March 19, 2001

STATE OF MONTANA
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2000
(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets/Other Debits						
Assets:						
Cash/Cash Equivalents (Note 4)	\$ 134,027	\$ 248,873	\$ 31,001	\$ 53,740	\$ 18,379	\$ 19,179
Receivables (Net of Uncollectibles)	91,006	76,463	1,356	1,030	16,115	1,731
Interfund Loans Receivable (Note 13)	70,418	25,254	-	-	313	137
Due from Other Governments	6,702	128,672	-	-	-	5
Due from Primary Government (Note 13)	-	-	-	-	-	-
Due from Component Units (Note 13)	774	955	-	45	79	964
Due from Other Funds (Note 13)	33,871	17,754	100	1,007	767	7,986
Inventories	3,703	28,074	-	-	6,589	822
Equity in Pooled Investments (Note 4)	-	123,879	-	-	-	-
Long-Term Loans/Notes Receivable	-	79,430	33,250	-	57,581	-
Advances to Other Funds (Note 13)	-	615	-	-	-	-
Investments (Note 4)	-	97,822	4,165	-	10,244	26,613
Securities Lending Collateral (Note 4)	-	22,513	1,674	2	1,735	1,219
Land	-	-	-	-	800	236
Buildings/Improvements	-	-	-	-	5,873	-
Equipment	-	-	-	-	6,727	136,307
Other Fixed Assets	-	-	-	-	1,147	-
Construction in Progress	-	-	-	-	-	5,257
Accumulated Depreciation	-	-	-	-	(6,491)	(75,911)
Intangible Assets	-	-	-	-	1,132	490
Deferred Charges	-	-	-	-	851	-
Other Assets	8,354	2,550	-	16	2,216	219
Other Debits:						
Amount Available - Debt Service Funds	-	-	-	-	-	-
Resources to be Provided in Future Years	-	-	-	-	-	-
Total Assets/Other Debits	\$ 348,855	\$ 852,854	\$ 71,546	\$ 55,840	\$ 124,057	\$ 125,254

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

Fiduciary Fund Types		Account Groups		Component Units				
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Special Revenue	Trust and Agency	Proprietary Fund Types	Pension Trust Funds	Higher Education Funds	
\$ 845,338	\$ -	\$ -	\$ 1	\$ 2,110	\$ 42,713	\$ 127,492	\$ 94,764	
107,261	-	-	-	411	30,279	31,794	57,434	
409	-	-	-	-	-	-	26,515	
75	-	-	-	-	-	-	6,390	
-	-	-	-	502	14	11,560	2,453	
315	-	-	-	-	-	-	-	
20,267	-	-	-	40	488	633	28,332	
-	-	-	-	-	27	-	3,827	
910,336	-	-	-	63,184	-	5,182,697	3,566	
2,882	-	-	1,500	-	547,427	636	-	
30	-	-	-	-	-	-	230	
145,890	-	-	-	135,232	709,800	524,084	3,906	
138,620	-	-	-	9,553	106,432	407,076	296	
51,260	66,267	-	-	-	-	60	13,728	
-	386,289	-	-	-	-	435	526,955	
-	64,479	-	-	-	2,744	152	111,224	
-	65,159	-	-	-	-	-	91,274	
-	67,516	-	-	-	-	-	30,388	
-	-	-	-	-	(1,508)	(399)	-	
-	-	-	-	-	7,375	2,666	3,477	
-	-	-	-	-	6,754	-	2,150	
18,273	-	-	-	-	581	-	6,484	
-	-	44,416	-	-	-	-	-	
-	-	390,080	-	-	-	-	-	
\$ 2,240,956	\$ 649,710	\$ 434,496	1,501	211,032	\$ 1,453,126	\$ 6,288,886	\$ 1,013,393	

(Continued on Next Page)

STATE OF MONTANA
COMBINED BALANCE SHEET - Continued
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2000
(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities/Equity/Other Credits						
Liabilities:						
Accounts Payable	\$ 99,135	\$ 140,004	\$ 1,085	\$ 3,706	\$ 5,477	\$ 6,748
Lottery Prizes Payable	-	-	-	-	2,964	-
Interfund Loans Payable (Note 13)	-	90,433	-	1,666	305	2,283
Advances from Other Funds (Note 13)	-	196	-	-	-	-
Due to Other Governments	-	5,549	-	-	46	-
Due to Primary Government (Note 13)	-	-	-	-	-	-
Due to Component Units (Note 13)	11,501	2,003	-	20	9	37
Due to Other Funds (Note 13)	15,507	27,876	745	3,002	10,620	2,231
Deferred Revenue	35,231	30,654	-	-	2,703	248
Lease/Installment Purchase Payable (Note 11)	-	-	-	-	-	2,870
Bonds/Notes Payable (Net) (Note 12)	-	-	-	-	68,784	6,007
Property Held in Trust	241	1,327	-	117	97	40
Securities Lending Liability (Note 4)	-	22,513	1,674	2	1,735	1,219
Compensated Absences Payable (Note 1)	-	-	-	-	736	4,204
Estimated Insurance Claims (Note 9)	-	-	-	-	2,736	34,697
Early Retirement Benefits Payable (Note 12)	-	-	-	-	-	-
Arbitrage Rebate Tax Payable	-	-	-	-	213	-
Other Liabilities	456	47	-	-	-	286
Total Liabilities	162,071	320,602	3,504	8,513	96,425	60,870
Equity/Other Credits:						
Investment in General Fixed/Plant Assets	-	-	-	-	-	-
Contributed Capital (Note 17)	-	-	-	-	4,927	12,244
Retained Earnings:						
Reserved for Debt Service	-	-	-	-	-	-
Unreserved	-	-	-	-	22,705	52,140
Fund Balances:						
Reserved for Encumbrances	7,081	41,328	-	912	-	-
Reserved for Inventories	3,703	23,255	-	-	-	-
Reserved for Long-Term Loans	-	79,430	33,250	-	-	-
Reserved for Long-Term Advances (Note 13)	-	615	-	-	-	-
Reserved for Debt Service	-	-	6,248	-	-	-
Reserved for Trusts/Endowments (Note 15)	-	6,622	-	-	-	-
Reserved for Construction	-	-	-	-	-	-
Reserved for Pool Participants	-	-	-	-	-	-
Reserved for Employee Pension Benefits	-	-	-	-	-	-
Unreserved, Designated (Note 1)	30,000	175	28,544	-	-	-
Unreserved, Undesignated	146,000	380,827	-	46,415	-	-
Total Equity/Other Credits	186,784	532,252	68,042	47,327	27,632	64,384
Total Liabilities/Equity/Other Credits	\$ 348,855	\$ 852,854	\$ 71,546	\$ 55,840	\$ 124,057	\$ 125,254

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

Fiduciary Fund Types		Account Groups		Component Units									
Trust and Agency		General Fixed Assets	General Long-Term Obligations	Special Revenue	Trust and Agency	Proprietary Fund Types	Pension Trust Fund	Higher Education Funds					
\$	11,505	\$	-	\$	-	\$	7,691	\$	14,592				
	-		-		-		-		-				
	142		-		-	2,150	-		26,515				
	-		-		-	-	-		231				
	-		-		-	-	(1)		5,487				
	-		-		-	820	68		2,244				
	960		-		-	-	-		-				
	21,534		-		-	20	936	259	28,515				
	29		-		-	15,249	215		10,084				
	-		3,001		-	42	2,159		1,386				
	-		374,623		-	622,576	430		223,578				
	246,292		-		-	1,000	11		4,880				
	138,620		-		-	9,553	106,432	407,075	296				
	-		55,620		-	1,062	260		33,897				
	-		-		-	432,845	-		-				
	-		227		-	-	-		38				
	-		1,025		-	227	-		-				
	2,371		-		-	-	-		-				
	421,453		434,496		-	11,730	1,188,880	412,014	351,743				
	-	649,710	-	-	-	-	-		554,399				
	-	-	-	-	-	154,468	-		-				
	-	-	-	-	-	104,489	-		-				
	-	-	-	-	-	5,289	-		-				
	-	-	-	-	-	-	-		900				
	-	-	-	-	-	-	-		-				
	2,875	-	-	1,501	-	-	-		-				
	-	-	-	-	-	-	-		-				
	-	-	-	-	-	-	-		1,047				
	1,138,716	-	-	-	199,302	-	-		36,349				
	-	-	-	-	-	-	-		6,207				
	481,727	-	-	-	-	-	-		-				
	-	-	-	-	-	-	5,876,872		-				
	-	-	-	-	-	-	-		-				
	196,185	-	-	-	-	-	-		62,748				
	1,819,503	649,710	-	1,501	199,302	264,246	5,876,872		661,650				
\$	2,240,956	\$	649,710	\$	434,496	1,501	211,032	\$	1,453,126	\$	6,288,886	\$	1,013,393

STATE OF MONTANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Licenses/Permits	\$ 29,030	\$ 96,752	\$ -	-
Taxes:				
Natural Resource	23,800	38,057	301	3,788
Individual Income	514,142	-	-	-
Corporate Income	90,940	8,406	-	-
Property	192,687	8,496	-	-
Fuel	-	189,247	-	-
Other (Note 1)	103,082	69,839	-	1,837
Charges for Services/Fines/Forfeits/Settlements	62,854	237,749	1,346	73
Investment Earnings	15,953	15,035	5,948	844
Securities Lending Income	3,344	1,478	129	40
Sale of Documents/Merchandise/Property	1,584	5,473	2,601	-
Rentals/Leases/Royalties	64	423	-	-
Contributions/Premiums	-	5,301	-	-
Grants/Contracts/Donations	1,887	12,074	-	-
Federal	14,955	1,063,372	128	-
Federal Indirect Cost Recoveries	70	2,021	-	-
Other Revenues	702	1,944	-	-
Total Revenues	1,055,094	1,755,667	10,453	6,582
Intrafund Revenues	(726)	(5,933)	-	-
Net Revenues	1,054,368	1,749,734	10,453	6,582
Expenditures:				
Current:				
General Government	77,064	66,111	51	11,106
Public Safety/Corrections	117,444	83,129	-	3,220
Transportation	417	441,794	-	-
Health/Social Services	234,880	654,600	-	-
Education/Cultural	504,002	118,103	-	-
Resource Development/Recreation	20,317	66,807	1	18
Economic Development/Assistance	17,496	106,047	-	360
Debt Service:				
Principal Retirement	685	2,672	28,604	-
Interest/Fiscal Charges	85	396	16,894	5
Capital Outlay	3,592	32,835	-	39,959
Securities Lending	3,208	1,424	125	38
Total Expenditures	979,190	1,573,918	45,675	54,706
Intrafund Expenditures	(726)	(5,933)	-	-
Net Expenditures	978,464	1,567,985	45,675	54,706
Excess of Revenue Over (Under) Expenditures	75,904	181,749	(35,222)	(48,124)
Other Financing Sources (Uses):				
Loan Proceeds	320	1,383	-	-
Bond Proceeds	-	7,609	35	35,195
Inception of Lease/Installment Contract	378	469	-	-
General Fixed Asset Sale Proceeds	41	31	-	-
Operating Transfers In (Note 13)	107,270	45,876	33,966	10,069
Transfers from Component Units (Note 13)	-	582	11	-
Operating Transfers Out (Note 13)	(15,577)	(49,265)	(1,451)	(4,444)
Transfers to Component Units (Note 13)	(110,608)	(14,879)	-	-
Total Other Financing Sources (Uses)	(18,176)	(8,194)	32,561	40,820
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	57,728	173,555	(2,661)	(7,304)
Fund Balances - July 1 - As Previously Reported	130,025	356,021	70,751	54,631
Prior Period Adjustments (Note 3)	(1,716)	(593)	(21)	-
Fund Balances - July 1 - As Restated	128,309	355,428	70,730	54,631
Increase (Decrease) in Inventories	519	540	-	-
Residual Equity Transfers (Note 13)	228	2,729	(27)	-
Fund Balances - June 30	\$ 186,784	\$ 532,252	\$ 68,042	\$ 47,327

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

Fiduciary Fund Type	Component Unit Governmental Fund Types	
	Expendable Trust	Special Revenue
\$	-	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	371
12,187	1	14,744
167	-	553
26	-	-
-	-	-
61,018	-	12,294
879	1,500	-
4,070	-	-
-	-	-
-	-	-
78,347	1,501	27,962
-	-	-
78,347	1,501	27,962
20	-	8,067
-	-	-
288	-	-
-	-	-
144	-	-
417	-	-
59,468	-	-
-	-	-
-	-	-
31	-	-
160	-	536
60,528	-	8,603
-	-	-
60,528	-	8,603
17,819	1,501	19,359
-	-	-
-	-	-
-	-	-
-	-	-
2,365	-	-
-	-	-
(351)	-	-
-	-	-
2,014	-	-
19,833	1,501	19,359
171,216	-	179,924
8,638	-	17
179,854	-	179,941
-	-	-
(627)	-	1
\$ 199,060	1,501	199,301

STATE OF MONTANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND
RECONCILIATION OF BUDGET AND ACTUAL (BUDGETARY BASIS) TO GAAP BASIS - UNRESERVED FUND BALANCE
GENERAL AND SPECIAL REVENUE FUND TYPES
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Licenses/Permits	\$ 26,579	\$ 29,043	\$ 2,464	\$ 96,580	\$ 97,054	\$ 474
Taxes:						
Natural Resource	13,763	18,843	5,080	53,804	21,533	(32,271)
Individual Income	475,637	525,942	50,305	-	-	-
Corporate Income	95,101	91,366	(3,735)	8,892	8,406	(486)
Property	208,873	193,268	(15,605)	8,535	8,496	(39)
Fuel	-	-	-	180,893	170,677	(10,216)
Payroll	-	-	-	-	-	-
Other	111,162	98,996	(12,166)	68,106	69,791	1,685
Charges for Services/Fines/Forfeits/Settlements	41,829	62,572	20,743	93,133	81,092	(12,041)
Investment Earnings	20,641	15,953	(4,688)	7,234	6,644	(590)
Sale of Documents/Merchandise/Property	251	1,588	1,337	6,497	5,479	(1,018)
Rentals/Leases/Royalties	91	48	(43)	261	412	151
Contributions/Premiums	-	-	-	9,299	5,301	(3,998)
Grants/Contracts/Donations	1,497	1,813	316	14,899	7,696	(7,203)
Federal	18,742	16,167	(2,575)	1,194,291	1,014,992	(179,299)
Federal Indirect Cost Recoveries	79	59	(20)	1,477	1,999	522
Other Revenues	547	229	(318)	2,451	1,371	(1,080)
Total Revenues	1,014,792	1,055,887	41,095	1,746,352	1,500,943	(245,409)
Expenditures:						
Current:						
General Government	86,990	77,031	9,959	83,132	71,406	11,726
Public Safety/Corrections	120,501	118,335	2,166	134,233	83,446	50,787
Transportation	424	421	3	490,425	428,232	62,193
Health/Social Services	244,466	235,638	8,828	726,116	599,292	126,824
Education/Cultural	524,767	504,209	20,558	202,965	118,967	83,998
Resource Development/Recreation	22,747	22,502	245	96,936	64,040	32,896
Economic Development/Assistance	24,951	18,036	6,915	141,945	98,992	42,953
Debt Service:						
Principal Retirement	4,187	668	3,519	2,526	2,711	(185)
Interest/Fiscal Charges	85	85	-	398	398	-
Capital Outlay	2,155	2,341	(186)	35,530	32,406	3,124
Total Expenditures	1,031,273	979,266	52,007	1,914,206	1,499,890	414,316
Excess of Revenues Over (Under) Expenditures	(16,481)	76,621	93,102	(167,854)	1,053	168,907
Other Financing Sources (Uses):						
Loan Proceeds	-	320	320	1,009	1,383	374
Bond Proceeds	500	-	(500)	-	6,546	6,546
General Fixed Asset Sale Proceeds	223	41	(182)	56	31	(25)
Operating Transfers In	98,722	101,081	2,359	63,834	39,874	(23,960)
Operating Transfers Out	(19,736)	(11,832)	7,904	(61,169)	(46,255)	14,914
Transfers to Component Units	(110,112)	(110,608)	(496)	(14,879)	(14,879)	-
Total Other Financing Sources (Uses)	(30,403)	(20,998)	9,405	(11,149)	(13,300)	(2,151)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (Budgetary Basis)	(46,884)	55,623	102,507	(179,003)	(12,247)	166,756
Reconciliation of Budgetary/GAAP Reporting:						
1. Adjust Expenditures for Encumbrances	-	4,602	4,602	-	(19,833)	(19,833)
2. Adjustments for Nonbudgeted Activity	-	(2,633)	(2,633)	-	205,581	205,581
3. Intrafund Elimination - Revenues/Transfers In	-	(726)	(726)	-	(5,933)	(5,933)
4. Intrafund Elimination - Expenditures/Transfers Out	-	726	726	-	5,933	5,933
5. Securities Lending Income	-	3,344	3,344	-	1,478	1,478
6. Securities Lending Costs	-	(3,208)	(3,208)	-	(1,424)	(1,424)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (GAAP Basis)	(46,884)	57,728	104,612	(179,003)	173,555	352,558
Unreserved Fund Balances - July 1		114,237			229,394	
Residual Equity Transfers (Note 13)	-	228	228	-	2,729	2,729
Prior Period Adjustments (Note 3)	-	(1,716)	(1,716)	-	(593)	(593)
Decrease (Increase):						
Encumbrances Reserve	-	(4,002)	(4,002)	-	(10,912)	(10,912)
Advances to Other Funds Reserve	-	9,525	9,525	-	(479)	(479)
Long-Term Loans Reserve	-	-	-	-	(23,208)	(23,208)
Trusts/Endowments/Fed Loans Reserve (Note 15)	-	-	-	-	10,516	10,516
Unreserved Fund Balances - June 30	\$ (46,884)	\$ 176,000	\$ 108,647	\$ (179,003)	\$ 381,002	\$ 330,611

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

STATE OF MONTANA
STATEMENT OF CHANGES IN PLAN NET ASSETS
INVESTMENT TRUST FUND
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

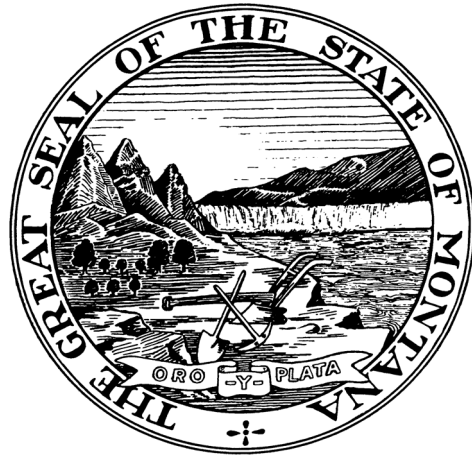
	STIP Trust
	<hr/>
Additions:	
Contributions	\$ 795,244
Net Investment Earnings:	
Investment Earnings	22,883
Securities Lending Income	1,188
Securities Lending Expense	(1,141)
	<hr/>
Total Additions	818,174
	<hr/>
Deductions:	
Local Government STIP Distributions	805,233
	<hr/>
Net Increase (Decrease)	12,941
Net Assets Held in Trust for Pool Participants - July 1	468,786
	<hr/>
Net Assets Held in Trust for Pool Participants - June 30	\$ 481,727
	<hr/>

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

STATE OF MONTANA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Component Units
	Enterprise	Internal Service	Nonexpendable Trust	Proprietary Fund Types
Operating Revenues:				
Charges for Services	\$ 82,358	\$ 86,810	\$ 10,554	\$ 571
Investment Earnings	1,163	1,813	39,976	33,712
Securities Lending Income	116	321	8,207	5,825
Financing Income	3,763	-	-	34,902
Contributions/Premiums	8,294	87,962	-	70,657
Grants/Contracts/Donations	16	-	13	-
Taxes	11,861	2	17,940	1,893
Rentals/Leases/Royalties	-	-	26,453	-
Other Operating Revenues	212	2,768	33	33
Total Operating Revenues	107,783	179,676	103,176	147,593
Intrafund Revenues	-	(444)	-	-
Net Operating Revenues	107,783	179,232	103,176	147,593
Operating Expenses:				
Personal Services	6,289	32,261	-	10,668
Contractual Services	6,284	14,777	4	8,460
Supplies/Materials	36,291	16,222	-	414
Benefits/Claims (Note 3)	8,358	101,075	-	69,749
Depreciation	883	8,979	-	309
Amortization	175	253	-	1,011
Utilities/Rent	513	7,541	-	214
Communications	989	11,083	-	875
Travel	176	410	-	246
Repair/Maintenance	423	5,637	-	598
Grants	-	-	13	-
Local Assistance	-	26	-	-
Lottery Prize Payments	15,575	-	-	-
Interest Expense	3,327	588	-	36,345
Securities Lending Expense	111	301	7,951	5,647
Arbitrage Rebate Tax	88	-	-	236
Other Operating Expenses	806	1,850	5	8,726
Total Operating Expenses	80,288	201,003	7,973	143,498
Intrafund Expenses	-	(444)	-	-
Net Operating Expenses	80,288	200,559	7,973	143,498
Operating Income (Loss)	27,495	(21,327)	95,203	4,095
Nonoperating Revenues (Expenses):				
Gain (Loss) Sale of Fixed Assets	(29)	21	-	(38)
Increase (Decrease) Value of Livestock	(332)	-	-	-
Federal Indirect Cost Recoveries	-	2,767	-	-
Total Nonoperating Revenues (Expenses)	(361)	2,788	-	(38)
Income (Loss) Before Operating Transfers	27,134	(18,539)	95,203	4,057
Operating Transfers In (Note 13)	68	666	1,139	-
Operating Transfers Out (Note 13)	(25,433)	(1,117)	(104,785)	-
Operating Transfers to Component Units (Note 13)	-	-	(2,286)	-
Net Income (Loss)	1,769	(18,990)	(10,729)	4,057
Retained Earnings/Fund Balances - July 1				
As Previously Reported	27,661	69,352	1,143,393	105,697
Prior Period Adjustments (Note 3)	50	1,778	6,052	24
Retained Earnings/Fund Balances - July 1				
As Restated	27,711	71,130	1,149,445	105,721
Residual Equity Transfers (Note 13)	(6,775)	-	-	-
Retained Earnings/Fund Balances - June 30	\$ 22,705	\$ 52,140	\$ 1,138,716	\$ 109,778

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



STATE OF MONTANA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Proprietary Fund Types			Component Units
	Enterprise	Internal Service	Nonexpendable Trust	Proprietary Fund Types
Cash Flows from Operating Activities:				
Receipts from Sales and Services	\$ 88,976	\$ 172,104	\$ 10,911	\$ 68,686
Collections of Principal and Interest on Loans	-	-	-	85,231
Cash Payments for Loans	-	-	-	(131,881)
Payments to Suppliers for Goods and Services	(42,950)	(55,117)	-	(19,376)
Payments to Employees	(6,249)	(31,057)	-	(10,492)
Grant Receipts	-	2,515	-	-
Grant Payments	-	(13)	(13)	-
Cash Payments for Claims	(7,929)	(91,230)	-	(70,109)
Collections of Notes Receivable	-	-	-	-
Collections of Payroll Taxes	-	-	-	3,028
Cash Payments for Prizes	(16,013)	-	-	-
Scholarship/Fellowship Payments	-	-	(5)	-
Other Operating Revenues	99	2,569	33	74
Other Operating Payments	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	15,934	(229)	10,926	(74,839)
Cash Flows from Noncapital Financing Activities:				
Payment of Principal and Interest on Bonds and Notes	(6,499)	(2,385)	-	(97,337)
Proceeds from Issuance of Bonds and Notes	3,202	3,293	-	157,555
Payment of Bond Issuance Costs	-	-	-	(1,876)
Premium Paid on Refunding Bonds	-	-	-	(398)
Collection of Taxes	11,862	-	19,061	-
Transfers to Primary Government	-	-	-	(10,000)
Transfers to Other Funds	(27,132)	(1,792)	(103,938)	-
Transfers to Component Units	-	-	(2,286)	-
Transfers from Other Funds	68	913	1,139	-
Proceeds from Interfund Loans	438	2,257	4,987	-
Payment of Interfund Loans	(432)	(526)	(4,943)	-
Contributed Capital Transfers from Other Funds	-	4,342	-	-
Residual Equity Transfers to Other Funds	(1,375)	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(19,868)	6,102	(85,980)	47,944
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(302)	(15,957)	(1)	(1,786)
Proceeds from Sale of Fixed Assets	4	1,058	-	37
Principal and Interest Payments on Bonds and Notes	(1,146)	(2,358)	-	-
Net Cash Used for Capital and Related Financing Activities	(1,444)	(17,257)	(1)	(1,749)
Cash Flow from Investing Activities:				
Purchase of Investments	(4,802)	(9,645)	(53,050)	(705,938)
Proceeds from Sales or Maturities of Investments	4,457	16,215	33,377	686,395
Proceeds from Securities Lending Transactions	113	364	8,376	5,686
Interest and Dividends on Investments	1,118	3,989	75,962	48,706
Payment of Securities Lending Costs	(105)	(342)	(7,959)	(5,494)
Collections of Principal and Interest on Loans	21,271	-	-	(114)
Cash Payments for Loans	(21,628)	-	-	-
Arbitrage Rebate Tax	(45)	-	-	(111)
Collection of Rents/Leases/Royalties	-	-	26,480	-
Net Cash Provided by (Used for) Investing Activities	379	10,581	83,186	29,130
Net Increase (Decrease) in Cash and Cash Equivalents	(4,999)	(803)	8,131	486
Cash and Cash Equivalents, July 1	23,378	19,982	39,436	42,227
Cash and Cash Equivalents, June 30	\$ 18,379	\$ 19,179	\$ 47,567	\$ 42,713

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

	Proprietary Fund Types			Component Units
	Enterprise	Internal Service	Nonexpendable Trust	Proprietary Fund Types
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 27,495	\$ (21,327)	\$ 95,203	\$ 4,095
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	883	8,979	-	309
Amortization	175	253	-	1,011
Taxes	(11,861)	-	(17,940)	-
Interest Expense	3,327	588	-	36,345
Securities Lending Expense	111	301	7,951	5,647
Interest on Investments	(1,163)	(1,813)	(39,976)	(33,712)
Securities Lending Income	(116)	(321)	(8,207)	(5,825)
Financing Income	(3,763)	-	-	-
Federal Indirect Cost Recoveries	-	2,767	-	-
Arbitrage Rebate Tax	88	-	-	236
Rentals/Leases/Royalties	-	-	(26,453)	-
Extraordinary Item (Legal Settlement)	-	-	-	-
Change in Assets and Liabilities:				
Decr (Incr) in Accounts Receivable	(888)	(1,086)	-	336
Decr (Incr) in Due from Other Governments	-	15	-	-
Decr (Incr) in Due from Other Funds	16	(2,384)	348	(184)
Decr (Incr) in Due from Primary Government	-	-	-	1,919
Decr (Incr) in Due from Component Units	49	1,106	-	-
Decr (Incr) in Inventories	264	46	-	6
Decr (Incr) in Intangible Assets	(6)	-	-	-
Decr (Incr) in Long-Term Loans/Notes Receivable	-	-	-	(81,283)
Incr (Decr) in Deferred Charges	-	-	-	101
Decr (Incr) in Other Assets	88	(23)	-	17
Incr (Decr) in Accounts Payable	351	2,311	-	48
Incr (Decr) in Lottery Prizes Payable	(394)	-	-	-
Incr (Decr) in Due to Other Funds	1,450	660	-	655
Incr (Decr) in Due to Other Governments	35	-	-	-
Incr (Decr) in Due to Primary Government	-	-	-	(7)
Incr (Decr) in Due to Component Units	4	(16)	-	-
Incr (Decr) in Non-Capital Leases Payable	-	505	-	-
Incr (Decr) in Deferred Revenue	(602)	(762)	-	(4,499)
Incr (Decr) in Property Held in Trust	(38)	4	-	576
Incr (Decr) in Compensated Absences Payable	(2)	866	-	89
Incr (Decr) in Estimated Insurance Claims	431	8,816	-	(719)
Incr (Decr) in Other Liabilities	-	286	-	-
Net Cash Provided by (Used for) Operating Activities	\$ 15,934	\$ (229)	\$ 10,926	\$ (74,839)
Schedule of Noncash Transactions:				
Fixed Asset Acquisitions from Capital Leases	\$ 23	\$ 888	\$ -	\$ -
Asset Acquisitions from Contributed Capital Transfers from Other Funds	652	4,901	-	-
Asset Disposals from Contributed Capital	(138)	-	-	-
Total Noncash Transactions	\$ 537	\$ 5,789	\$ -	\$ -
Reconciliation for Nonexpendable Trust:				
Cash and Cash Equivalents, June 30		\$	47,567	
Cash and Cash Equivalents, Expendable Trust, Investment Trust and Agency			797,771	
Cash and Cash Equivalents per Combined Balance Sheet, Trust and Agency		\$	845,338	

STATE OF MONTANA
COMBINING BALANCE SHEET
COMPONENT UNITS - PROPRIETARY FUND TYPES
June 30, 2000
(Expressed in Thousands)

	Housing Authority	Health Facilities Authority	State Compensation Insurance (New Fund)	State Compensation Insurance (Old Fund)	Totals
Assets:					
Cash/Cash Equivalents	\$ 3,022	\$ 779	\$ 29,932	\$ 8,980	\$ 42,713
Receivables (Net)	6,182	109	21,619	2,369	30,279
Due from Primary Government (Note 13)	-	-	3	11	14
Due from Other Funds (Note 13)	-	-	488	-	488
Inventories	-	-	27	-	27
Long-Term Loans/Notes Receivable	547,269	158	-	-	547,427
Investments (Note 4)	170,061	929	412,432	126,378	709,800
Securities Lending Collateral (Note 4)	-	935	100,180	5,317	106,432
Equipment	82	4	2,658	-	2,744
Accumulated Depreciation	(26)	(2)	(1,480)	-	(1,508)
Intangible Assets	147	-	7,228	-	7,375
Deferred Charges	6,754	-	-	-	6,754
Other Assets	29	-	536	16	581
Total Assets	\$ 733,520	\$ 2,912	\$ 573,623	\$ 143,071	\$ 1,453,126
Liabilities/Fund Equity:					
Liabilities:					
Accounts Payable	\$ 6,132	\$ 6	\$ 1,523	\$ 30	\$ 7,691
Due to Primary Government (Note 13)	19	1	798	2	820
Due to Other Funds (Note 13)	27	6	405	498	936
Deferred Revenue	-	-	14,593	656	15,249
Lease/Installment Purchase Payable (Note 11)	-	-	42	-	42
Bonds/Notes Payable (Net) (Note 12)	622,576	-	-	-	622,576
Property Held in Trust	2	-	998	-	1,000
Securities Lending Liability (Note 4)	-	935	100,180	5,317	106,432
Compensated Absences Payable	48	24	927	63	1,062
Estimated Insurance Claims (Note 9)	-	-	314,900	117,945	432,845
Arbitrage Rebate Tax Payable	227	-	-	-	227
Total Liabilities	629,031	972	434,366	124,511	1,188,880
Fund Equity:					
Contributed Capital (Note 17)	-	-	-	154,468	154,468
Retained Earnings:					
Reserved for Debt Service	104,489	-	-	-	104,489
Unreserved	-	1,940	139,257	(135,908)	5,289
Total Fund Equity	104,489	1,940	139,257	18,560	264,246
Total Liabilities/Fund Equity	\$ 733,520	\$ 2,912	\$ 573,623	\$ 143,071	\$ 1,453,126

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

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
COMPONENT UNITS - PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Housing Authority	Health Facilities Authority	State Compensation Insurance (New Fund)	State Compensation Insurance (Old Fund)	Totals
Operating Revenues:					
Charges for Services	\$ 267	\$ 282	\$ 22	\$ -	\$ 571
Investment Earnings	9,697	96	18,787	5,132	33,712
Securities Lending Income	4	40	5,371	410	5,825
Financing Income	34,902	-	-	-	34,902
Contributions/Premiums	-	-	70,657	-	70,657
Payroll Taxes	-	-	1	1,892	1,893
Other Operating Revenues	5	-	28	-	33
Total Operating Revenues	44,875	418	94,866	7,434	147,593
Operating Expenses:					
Personal Services	569	111	9,988	-	10,668
Contractual Services	2,441	19	4,854	1,146	8,460
Supplies/Materials	42	19	353	-	414
Benefits/Claims (Note 3)	-	-	68,447	1,302	69,749
Depreciation	7	-	302	-	309
Amortization	24	-	987	-	1,011
Utilities/Rent	43	11	160	-	214
Communications	32	9	834	-	875
Travel	70	21	155	-	246
Repair/Maintenance	61	3	534	-	598
Interest Expense	36,345	-	-	-	36,345
Securities Lending Expense	4	40	5,207	396	5,647
Arbitrage Rebate Tax	236	-	-	-	236
Dividends	-	-	-	-	-
Other Operating Expenses	158	19	8,142	407	8,726
Total Operating Expenses	40,032	252	99,963	3,251	143,498
Operating Income (Loss)	4,843	166	(5,097)	4,183	4,095
Nonoperating Revenues (Expenses):					
Gain (Loss) Sale of Fixed Assets	-	-	(38)	-	(38)
Total Nonoperating Revenues (Expenses)	-	-	(38)	-	(38)
Income (Loss) Before Operating Transfers	4,843	166	(5,135)	4,183	4,057
Net Income (Loss)	4,843	166	(5,135)	4,183	4,057
Retained Earnings - July 1 - As Previously Reported	99,646	1,774	144,368	(140,091)	105,697
Prior Period Adjustments (Note 3)	-	-	24	-	24
Retained Earnings - July 1 - As Restated	99,646	1,774	144,392	(140,091)	105,721
Retained Earnings - June 30	\$ 104,489	\$ 1,940	\$ 139,257	\$ (135,908)	\$ 109,778

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

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS - PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Housing Authority	Health Facilities Authority	State Compensation Insurance (New Fund)	State Compensation Insurance (Old Fund)	Totals
Cash Flows from Operating Activities:					
Receipts from Sales and Services	\$ 109	\$ 285	\$ 68,362	\$ (70)	\$ 68,686
Collections of Principal and Interest on Loans	85,231	-	-	-	85,231
Cash Payments for Loans	(131,881)	-	-	-	(131,881)
Payments to Suppliers for Goods and Services	(2,648)	(102)	(15,370)	(1,256)	(19,376)
Payments to Employees	(561)	(112)	(9,819)	-	(10,492)
Cash Payments for Claims	-	-	(56,657)	(13,452)	(70,109)
Collection of Notes Receivable	-	-	-	-	-
Collection of Payroll Taxes	-	-	-	3,028	3,028
Other Operating Revenues	26	-	48	-	74
Other Operating Payments	-	-	-	-	-
Net Cash Provided by (Used for)					
Operating Activities	(49,724)	71	(13,436)	(11,750)	(74,839)
Cash Flows from Noncapital					
Financing Activities:					
Payment of Principal and Interest on Bonds and Notes	(97,337)	-	-	-	(97,337)
Proceeds from Issuance of Bonds and Notes	157,555	-	-	-	157,555
Payment of Bond Issuance Costs	(1,876)	-	-	-	(1,876)
Premium Paid on Refunding Bonds	(398)	-	-	-	(398)
Transfers to Primary Government	-	-	(10,000)	-	(10,000)
Net Cash Provided by (Used for)					
Noncapital Financing Activities	57,944	-	(10,000)	-	47,944
Cash Flows from Capital and Related					
Financing Activities:					
Acquisition of Fixed Assets	(118)	-	(1,668)	-	(1,786)
Proceeds from Sale of Fixed Assets	-	-	37	-	37
Net Cash Used for Capital and					
Related Financing Activities	(118)	-	(1,631)	-	(1,749)
Cash Flows from Investing Activities:					
Purchase of Investments	(632,597)	(297)	(59,710)	(13,334)	(705,938)
Proceeds from Sales or Maturities of Investments	611,252	297	58,085	16,761	686,395
Proceeds from Securities Lending Transactions	4	38	5,232	412	5,686
Interest and Dividends on Investments	9,439	97	30,552	8,618	48,706
Payment of Securities Lending Costs	(4)	(37)	(5,056)	(397)	(5,494)
Collections of Principal and Interest on Loans	-	(114)	-	-	(114)
Arbitrage Rebate Tax	(111)	-	-	-	(111)
Net Cash Provided by (Used for)					
Investing Activities	(12,017)	(16)	29,103	12,060	29,130
 Net Increase (Decrease) in Cash and Cash Equivalents	 (3,915)	 55	 4,036	 310	 486
Cash and Cash Equivalents, July 1	6,937	724	25,896	8,670	42,227
Cash and Cash Equivalents, June 30	\$ 3,022	\$ 779	\$ 29,932	\$ 8,980	\$ 42,713

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

	Housing Authority	Health Facilities Authority	State Compensation Insurance (New Fund)	State Compensation Insurance (Old Fund)	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 4,843	\$ 166	\$ (5,097)	\$ 4,183	\$ 4,095
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	7	-	302	-	309
Amortization	24	-	987	-	1,011
Interest Expense	36,345	-	-	-	36,345
Securities Lending Expense	4	40	5,207	396	5,647
Interest on Investments	(9,697)	(96)	(18,787)	(5,132)	(33,712)
Securities Lending Income	(4)	(40)	(5,371)	(410)	(5,825)
Arbitrage Rebate Tax	236	-	-	-	236
Change in Assets and Liabilities:					
Decr (Incr) in Accounts Receivable	2	(112)	60	386	336
Decr (Incr) in Due from Other Funds	-	-	(185)	1	(184)
Decr (Incr) in Due from Primary Government	-	-	1,501	418	1,919
Decr (Incr) in inventories	-	-	6	-	6
Decr (Incr) in Long-Term Loans/Notes Receivable	(81,399)	116	-	-	(81,283)
Incr (Decr) in Deferred Charges	101	-	-	-	101
Decr (Incr) in Other Assets	(316)	1	224	108	17
Incr (Decr) in Accounts Payable	115	(2)	(46)	(19)	48
Incr (Decr) in Due to Other Funds	26	5	404	220	655
Incr (Decr) in Due to Primary Government	(16)	(4)	17	(4)	(7)
Incr (Decr) in Deferred Revenue	-	-	(4,721)	222	(4,499)
Incr (Decr) in Property Held in Trust	(3)	(1)	580	-	576
Incr (Decr) in Compensated Absences Payable	8	(2)	83	-	89
Incr (Decr) in Estimated insurance Claims	-	-	11,400	(12,119)	(719)
Net Cash Provided by (Used for) Operating Activities					
	<u>\$ (49,724)</u>	<u>\$ 71</u>	<u>\$ (13,436)</u>	<u>\$ (11,750)</u>	<u>\$ (74,839)</u>

STATE OF MONTANA
COMBINING STATEMENT OF PLAN NET ASSETS
COMPONENT UNITS - PENSION TRUST FUNDS
June 30, 2000
(Expressed in Thousands)

	Public Employees Retirement Division			
	TRS	PERS	Municipal Police	Fire-Fighters Unified
Assets:				
Cash/Cash Equivalents (Note 4)	\$ 38,605	\$ 67,954	\$ 3,868	\$ 4,577
Receivables (Net):				
Employer Contributions	6,054	1,786	212	173
Employee Contributions	6,381	1,968	142	123
Interest	5,912	7,222	295	277
Other Receivables	2	264	-	-
Due from Primary Government (Note 13)	133	27	5,909	5,278
Due from Other Funds (Note 13)	167	390	39	22
Long-Term Notes/Loans Receivable	-	528	-	-
Investments at Fair Value:				
Equity in Pooled Investments (Note 4)	2,095,349	2,577,576	117,916	112,526
Other Investments (Note 4)	231,323	275,542	3,826	2,870
Securities Lending Collateral (Note 4)	164,092	202,136	9,363	8,645
Land	35	25	-	-
Buildings/Improvements	158	277	-	-
Equipment	137	15	-	-
Accumulated Depreciation	(203)	(196)	-	-
Intangible Assets	2,666	-	-	-
Total Assets	\$ 2,550,811	\$ 3,135,514	\$ 141,570	\$ 134,491
Liabilities:				
Accounts Payable	\$ 126	\$ 1,357	\$ -	\$ -
Due to Primary Government (Note 13)	25	43	-	-
Due to Other Governments	(1)	-	-	-
Due to Other Funds (Note 13)	30	68	37	30
Deferred Revenue	-	193	3	9
Lease/Installment Purchase Payable (Note 11)	2,159	-	-	-
Bonds/Notes Payable (Net) (Note 12)	-	430	-	-
Property Held in Trust	11	-	-	-
Securities Lending Liability (Note 4)	164,092	202,135	9,363	8,645
Compensated Absences Payable (Note 1)	68	192	-	-
Total Liabilities	166,510	204,418	9,403	8,684
Fund Balances Reserved for				
Employee Pension Benefits	\$ 2,384,301	\$ 2,931,096	\$ 132,167	\$ 125,807

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

Sheriffs	Highway Patrol	Judges	Game Wardens	Volunteer Fire-Fighters	Totals
\$ 5,677	\$ 2,362	\$ 997	\$ 2,324	\$ 1,128	127,492
141	-	-	-	-	8,366
147	-	-	-	-	8,761
297	168	102	75	48	14,396
-	-	-	5	-	271
-	213	-	-	-	11,560
-	7	-	8	-	633
108	-	-	-	-	636
119,319	73,915	40,042	30,261	15,793	5,182,697
3,826	2,870	1,913	957	957	524,084
9,432	6,029	3,347	2,383	1,649	407,076
-	-	-	-	-	60
-	-	-	-	-	435
-	-	-	-	-	152
-	-	-	-	-	(399)
-	-	-	-	-	2,666
\$ 138,947	\$ 85,564	\$ 46,401	\$ 36,013	\$ 19,575	6,288,886
\$ 2	\$ 22	\$ -	\$ 31	\$ -	1,538
-	-	-	-	-	68
-	-	-	-	-	(1)
29	15	3	19	28	259
2	6	-	2	-	215
-	-	-	-	-	2,159
-	-	-	-	-	430
-	-	-	-	-	11
9,432	6,029	3,347	2,383	1,649	407,075
-	-	-	-	-	260
9,465	6,072	3,350	2,435	1,677	412,014
\$ 129,482	\$ 79,492	\$ 43,051	\$ 33,578	\$ 17,898	5,876,872

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
COMPONENT UNITS - PENSION TRUST FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Public Employees Retirement Division			
	TRS	PERS	Municipal Police	Fire-Fighters Unified
Additions:				
Contributions/Premiums:				
Employer	\$ 48,376	\$ 52,102	\$ 8,845	\$ 7,603
Employee	45,599	51,081	1,937	1,698
Other Contributions	147	51	1	-
Net Investment Earnings:				
Investment Earnings	177,095	217,452	8,132	7,644
Administrative Investment Expense	(2,219)	(2,702)	(78)	(64)
Securities Lending Income	8,807	10,895	508	472
Securities Lending Expense	(8,449)	(10,452)	(489)	(455)
Other Additions	22	61	-	-
Total Additions	269,378	318,488	18,856	16,898
Deductions:				
Benefits	109,231	96,015	8,653	7,518
Refunds	5,271	12,431	315	45
Administrative Expenses:				
Personal Services	560	968	-	-
Contractual Services	199	613	-	-
Supplies/Materials	44	57	-	-
Depreciation	17	13	-	-
Amortization	236	-	-	-
Utilities/Rent	32	62	-	-
Communications	32	72	-	-
Travel	27	31	-	-
Repair/Maintenance	16	4	-	-
Interest Expense	122	1	-	-
Other Operating Expenses	8	-	37	30
Local Assistance	-	-	-	-
Total Deductions	115,795	110,267	9,005	7,593
Net Increase (Decrease)	153,583	208,221	9,851	9,305
Fund Balances Reserved for Employee				
Pension Benefits - July 1 -				
As Previously Reported	2,230,718	2,722,875	122,316	116,502
Fund Balances Reserved for Employee				
Pension Benefits - July 1 -				
As Restated	2,230,718	2,722,875	122,316	116,502
Fund Balances Reserved for Employee				
Pension Benefits - June 30	\$ 2,384,301	\$ 2,931,096	\$ 132,167	\$ 125,807

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

Sheriffs	Highway Patrol	Judges	Game Wardens	Volunteer Fire-Fighters	Totals
\$ 2,196	\$ 2,837	\$ 899	\$ 1,100	\$ 961	124,919
2,153	668	244	1,072	-	104,452
17	-	-	6	-	222
8,281	5,151	2,879	2,120	1,090	429,844
(78)	(55)	(34)	(20)	(15)	(5,265)
514	333	181	131	89	21,930
(494)	(320)	(174)	(126)	(86)	(21,045)
-	-	-	-	-	83
12,589	8,614	3,995	4,283	2,039	655,140
2,929	4,396	1,380	1,211	844	232,177
276	168	-	131	-	18,637
-	-	-	-	-	1,528
-	-	-	-	-	812
-	-	-	-	-	101
-	-	-	-	-	30
-	-	-	-	-	236
-	-	-	-	-	94
-	-	-	-	-	104
-	-	-	-	-	58
-	-	-	-	-	20
-	-	-	-	-	123
29	15	3	19	27	168
-	-	-	-	11	11
3,234	4,579	1,383	1,361	882	254,099
9,355	4,035	2,612	2,922	1,157	401,041
120,127	75,457	40,439	30,656	16,741	5,475,831
120,127	75,457	40,439	30,656	16,741	5,475,831
\$ 129,482	\$ 79,492	\$ 43,051	\$ 33,578	\$ 17,898	5,876,872

STATE OF MONTANA
COMBINING BALANCE SHEET
COMPONENT UNITS - ALL HIGHER EDUCATION FUNDS
 June 30, 2000
 (Expressed in Thousands)

	Current Funds			
	Unrestricted			
	General Operating	Designated	Auxiliary	Restricted
Assets:				
Cash/Cash Equivalents	\$ 9,407	\$ 18,079	\$ 15,887	\$ 4,575
Receivables (Net)	5,861	729	897	20,235
Interfund Loans Receivable (Note 13)	7,530	14,608	50	2,200
Due from Other Governments	1	7	-	6,335
Due from Primary Government (Note 13)	236	136	-	1,050
Due from Other Funds (Note 13)	1,350	3,111	463	1,092
Inventories	81	1,393	2,353	-
Equity in Pooled Investments (Note 4)	-	-	-	-
Advances to Other Funds	-	68	5	-
Investments (Note 4)	-	124	-	-
Securities Lending Collateral (Note 4)	-	1	1	-
Land	-	-	-	-
Buildings/Improvements	-	-	-	-
Equipment	-	-	-	-
Other Fixed Assets	-	-	-	-
Construction in Progress	-	-	-	-
Intangible Assets	-	-	-	-
Deferred Charges	-	-	-	-
Other Assets	3,721	1,895	291	315
Total Assets	\$ 28,187	\$ 40,151	\$ 19,947	\$ 35,802
Liabilities/Fund Balances:				
Liabilities:				
Accounts Payable	\$ 3,020	\$ 2,381	\$ 1,332	\$ 1,284
Interfund Loans Payable (Note 13)	1,600	-	208	15,191
Advances from Other Funds	5	63	89	5
Due to Other Governments	1,771	1	-	10
Due to Primary Government (Note 13)	640	442	14	4
Due to Other Funds (Note 13)	13,030	2,152	1,612	6,517
Deferred Revenue	6,775	1,857	812	-
Lease/Installment Purchase Payable (Note 11)	-	-	-	-
Bonds/Notes Payable (Note 12)	-	-	-	-
Property Held in Trust	136	198	515	151
Securities Lending Liability (Note 4)	-	1	1	-
Early Retirement Benefits Payable (Note 12)	36	-	2	-
Compensated Absences Payable (Note 1)	25,092	6,230	2,201	369
Total Liabilities	52,105	13,325	6,786	23,531
Fund Balances:				
Net Investment in Plant	-	-	-	-
Reserved for:				
Encumbrances	611	99	36	67
Debt Service	-	-	-	-
Student Loans/Endowments	-	-	-	-
Construction	-	-	-	-
Unreserved	(24,529)	26,727	13,125	12,204
Total Fund Balances	(23,918)	26,826	13,161	12,271
Total Liabilities/Fund Balances	\$ 28,187	\$ 40,151	\$ 19,947	\$ 35,802

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

Fiduciary Funds				Plant Funds			
Student Loans	Endowments	Agency	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Totals
\$ 2,926	\$ 1,997	\$ 3,111	\$ 20,605	\$ 13,501	\$ 4,676	\$ -	\$ 94,764
29,547	12	(105)	129	41	88	-	57,434
-	-	-	2,052	25	50	-	26,515
47	-	-	-	-	-	-	6,390
-	-	891	140	-	-	-	2,453
121	-	18,322	556	1,749	1,568	-	28,332
-	-	-	-	-	-	-	3,827
364	3,202	-	-	-	-	-	3,566
-	-	-	29	39	89	-	230
-	1,424	-	-	2,358	-	-	3,906
7	284	1	1	1	-	-	296
-	-	-	-	-	-	13,728	13,728
-	-	-	-	-	-	526,955	526,955
-	-	-	-	-	-	111,224	111,224
-	-	-	-	-	-	91,274	91,274
-	-	-	15,183	2,105	-	13,100	30,388
-	-	-	-	-	-	3,477	3,477
-	-	-	-	-	2,150	-	2,150
-	-	250	12	-	-	-	6,484
\$ 33,012	\$ 6,919	\$ 22,470	\$ 38,707	\$ 19,819	\$ 8,621	\$ 759,758	1,013,393
\$ 6	\$ -	\$ 3,519	\$ 1,186	\$ 271	\$ 1,593	\$ -	\$ 14,592
-	-	7,250	2,225	41	-	-	26,515
-	-	-	-	-	-	69	231
-	-	3,705	-	-	-	-	5,487
-	-	993	49	102	-	-	2,244
7	-	3,132	1,192	335	538	-	28,515
-	-	-	290	101	249	-	10,084
-	-	-	-	-	-	1,386	1,386
-	-	-	17,493	-	2,181	203,904	223,578
10	-	3,870	-	-	-	-	4,880
7	284	1	1	1	-	-	296
-	-	-	-	-	-	-	38
-	-	-	5	-	-	-	33,897
30	284	22,470	22,441	851	4,561	205,359	351,743
-	-	-	-	-	-	554,399	554,399
-	-	-	87	-	-	-	900
-	-	-	-	-	1,047	-	1,047
31,422	4,927	-	-	-	-	-	36,349
-	-	-	4,889	1,318	-	-	6,207
1,560	1,708	-	11,290	17,650	3,013	-	62,748
32,982	6,635	-	16,266	18,968	4,060	554,399	661,650
\$ 33,012	\$ 6,919	\$ 22,470	\$ 38,707	\$ 19,819	\$ 8,621	\$ 759,758	\$ 1,013,393

STATE OF MONTANA
STATEMENT OF CHANGES IN FUND BALANCE
COMPONENT UNITS - ALL HIGHER EDUCATION FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Current Funds			
	Unrestricted			
	General Operating	Designated	Auxiliary	Restricted
Revenues/Other Additions:				
Tuition/Fees	\$ 107,895	\$ 18,050	\$ 10,016	\$ 169
Federal Grants/Contracts	4,469	109	27	123,170
State Grants/Contracts	-	1,620	118	6,792
Local Grants/Contracts	-	46	-	804
Private Gifts/Grants/Donations	-	1,182	56	35,499
Sales/Services-Educational Activities	1,152	2,680	33	203
Sales/Services-Designated/Auxiliary Enterprises	2	15,427	55,637	277
Indirect Costs Recovered	55	13,630	-	53
Investment Earnings	2,091	1,107	1,345	380
Securities Lending Income	12	68	5	1
Acquisition of Long-Lived Assets	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Other Revenues/Additions	1,145	5,165	1,463	761
Total Revenues/Other Additions	116,821	59,084	68,700	168,109
Intrafund Revenues/Other Additions	(27)	(161)	-	(818)
Net Revenues/Other Additions	116,794	58,923	68,700	167,291
Expenditures/Other Deductions:				
Instruction	120,309	7,291	-	9,174
Research	12,599	12,049	-	65,464
Public Service	7,427	6,725	1	15,741
Academic Support	20,959	895	-	3,172
Student Services	18,613	14,325	7	3,721
Institutional Support	19,401	6,880	-	2,706
Scholarships/Fellowships	9,359	2,082	42	59,695
Auxiliary Enterprises	-	60	56,005	142
Operation/Maintenance of Plant	25,164	2,499	-	97
Expended for Plant	4	8	-	49
Debt Services	1,956	267	58	4
Capital Outlay	5,207	1,864	235	5,227
Securities Lending	12	66	5	1
Disposal of Long-Lived Assets	-	-	-	-
Debt Incurred	-	-	-	-
Other Expenditures/Deductions	32	56	1	257
Total Expenditures/Other Deductions	241,042	55,067	56,354	165,450
Intrafund Expenditures/Other Deductions	(27)	(161)	-	(818)
Net Expenditures/Other Deductions	241,015	54,906	56,354	164,632
Transfers In (Out)/Other Additions (Deductions):				
Transfers from State General Fund	110,608	-	-	-
Millage Transfers	14,809	-	-	-
Mandatory Transfers	634	(1,725)	(9,236)	-
Nonmandatory Transfers	(1,180)	2,770	(1,106)	442
Transfers from Primary Government	-	-	261	-
Transfers to Primary Government	(582)	-	-	-
Gain on Advance Refunding	-	-	-	-
Total Transfers In (Out) (Note 13)	124,289	1,045	(10,081)	442
Move Equity to Investment in Plant	-	-	-	-
Bond Proceeds	-	380	-	3
Total Transfers In (Out)/Other Additions (Deductions)	124,289	1,425	(10,081)	445
Net Increase (Decrease) in Fund Balances	68	5,442	2,265	3,104
Fund Balances - July 1 - As Previously Reported	(23,986)	21,208	10,896	9,143
Prior Period Adjustments (Note 3)	-	47	-	24
Fund Balances - July 1 - As Restated	(23,986)	21,255	10,896	9,167
Residual Equity Transfers (Note 13)	-	129	-	-
Fund Balances - June 30	\$ (23,918)	\$ 26,826	\$ 13,161	\$ 12,271

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

Fiduciary Funds			Plant Funds			
Student Loans	Endowments	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	
\$ - \$	- \$	4,878 \$	696 \$	5,735 \$	-	-
467	-	-	-	23	-	-
303	-	-	12	-	-	-
-	-	-	-	-	-	-
13	11	2,089	38	-	-	-
-	-	21	-	-	-	-
14	-	93	73	1,103	-	-
-	-	-	-	-	-	-
156	61	1,843	811	445	-	-
2	18	6	8	-	-	-
-	-	-	-	-	-	26,219
-	-	-	-	-	-	68,905
804	-	1,893	2,056	384	-	-
1,759	90	10,823	3,694	7,690	95,124	-
-	-	-	-	-	-	-
1,759	90	10,823	3,694	7,690	95,124	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24	-	-	-	-	-	-
32	-	-	16	-	-	-
-	-	-	-	-	-	-
-	1	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,400	5,940	7	-	-
-	-	376	16	78,808	-	-
-	-	3,935	1,771	30	-	-
2	18	6	8	-	-	-
-	-	-	-	-	-	28,905
-	-	-	-	-	-	60,916
415	-	-	11	-	-	-
473	19	11,717	7,762	78,845	89,821	-
-	-	-	-	-	-	-
473	19	11,717	7,762	78,845	89,821	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(3,563)	(205)	14,403	-	-
(5)	36	(1,354)	5,200	(4,107)	-	-
-	-	995	70	1,030	-	-
-	-	-	-	(11)	-	-
-	-	-	-	2,309	-	-
(5)	36	(3,922)	5,065	13,624	-	-
-	-	5,445	170	2,477	(23,226)	-
-	-	-	-	56,482	-	-
(5)	36	1,523	5,235	72,583	(23,226)	-
1,281	107	629	1,167	1,428	(17,923)	-
31,701	6,528	14,979	19,488	2,998	572,322	-
-	-	309	(1,338)	(366)	-	-
31,701	6,528	15,288	18,150	2,632	572,322	-
-	-	349	(349)	-	-	-
\$ 32,982 \$	6,635 \$	16,266 \$	18,968 \$	4,060 \$	554,399	-

STATE OF MONTANA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, TRANSFERS AND OTHER CHANGES
COMPONENT UNITS - HIGHER EDUCATION FUND TYPE
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Current Funds			
	Unrestricted			
	General Operating	Designated	Auxiliary	Restricted
Revenues:				
Tuition/Fees	\$ 107,895	\$ 18,050	\$ 10,016	\$ 169
Federal Grants/Contracts	4,469	109	27	110,839
State Grants/Contracts	-	1,620	118	6,529
Local Grants/Contracts	-	46	-	804
Private Gifts/Grants/Donations	-	1,182	56	31,861
Sales/Services-Educational Activities	1,152	2,680	33	203
Sales/Services-Designated/Auxiliary Enterprises	2	15,427	55,637	277
Indirect Costs Recovered	55	13,630	-	53
Investment Earnings	2,091	1,107	1,345	380
Securities Lending Income	12	68	5	1
Other Revenues	1,145	5,165	1,463	761
Total Revenues	116,821	59,084	68,700	151,877
Intrafund Revenues	(27)	(161)	-	(818)
Net Revenues	116,794	58,923	68,700	151,059
Expenditures:				
Educational and General:				
Instruction	120,309	7,291	-	8,456
Research	12,599	12,049	-	54,152
Public Service	7,427	6,725	1	14,676
Academic Support	20,959	895	-	3,168
Student Services	18,613	14,325	7	3,637
Institutional Support	19,401	6,880	-	2,339
Scholarships/Fellowships	9,359	2,082	42	59,672
Operation/Maintenance of Plant	25,164	2,499	-	97
Other Expenditures	32	56	1	257
Total Educational and General Expenditures	233,863	52,802	51	146,454
Intrafund Expenditures	(27)	(161)	-	(818)
Net Educational and General Expenditures	233,836	52,641	51	145,636
Auxiliary Enterprises	-	60	56,005	142
Debt Services	1,956	267	58	4
Capital Outlay	5,211	1,872	235	5,276
Securities Lending	12	66	5	1
Total Expenditures	241,015	54,906	56,354	151,059
Transfers In (Out):				
Transfers from State General Fund	110,608	-	-	-
Millage Transfers	14,809	-	-	-
Mandatory Transfers	634	(1,725)	(9,236)	-
Nonmandatory Transfers	(1,180)	2,770	(1,106)	442
Transfers from Primary Government	-	-	261	-
Transfers to Primary Government	(582)	-	-	-
Total Transfers In (Out) (Note 13)	124,289	1,045	(10,081)	442
Other Additions(Deductions):				
Bond Proceeds	-	380	-	3
Excess of Restricted Receipts Over Transfers to Revenue	-	-	-	2,659
Total Other Additions (Deductions)	-	380	-	2,662
Net Increase (Decrease) in Fund Balances	\$ 68	\$ 5,442	\$ 2,265	\$ 3,104

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

STATE OF MONTANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements for the State of Montana have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the Higher Education Funds have been prepared in conformity with GAAP for colleges and universities as prescribed by the American Institute of Certified Public Accountants.

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

Discrete Component Units

These component units are entities which are legally separate from the State because they possess corporate powers, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. Complete financial statements of the individual component units, which issue separate financial statements, can be obtained from their respective administrative offices. The component units' columns of the combined financial statements include the financial data of these entities:

Housing Authority (Proprietary Fund Type/State Special Revenue Fund Type) - This Authority, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor. It was created in 1975 to facilitate the availability of decent, safe and sanitary housing to persons and families of lower income. The Board issues negotiable notes and bonds to fulfill its purposes. The total amount of notes and bonds outstanding at any time may not exceed \$975 million. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. The Authority is audited annually by the Legislative Auditor. Its report is issued under separate cover and available at 836 Front Street, PO Box 200528, Helena, MT 59620-0528.

Health Facilities Authority (Proprietary Fund Type) - This Authority, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. Its purpose is to contain future health care costs by offering debt financing or refinancing at reduced rates to Montana non-profit private and public health care institutions for purchases of capital equipment and buildings. The Board issues revenue bonds to fulfill its purpose. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. Individual audit reports are issued by the Legislative Auditor every two years. Its report is issued under separate cover and available at 2401 Colonial Drive, 3rd Floor, PO Box 200506, Helena, MT 59620-0506.

State Compensation Insurance Fund (New and Old) (Proprietary Fund Type) - The Fund is a quasi-governmental corporation governed by a board appointed by the Governor. The Fund provides workers compensation insurance. The Fund consists of two separate entities, the New Fund and the Old Fund. The New Fund covers claims incurred after June 30, 1990, and is financed by member (employer) premiums. The Old Fund covers claims incurred before July 1, 1990. In 1999, the 56th Legislature determined that the Old Fund was adequately funded and discontinued the Old Fund Liability Tax. Administrative operations and budgets are reviewed by the Governor and the legislature. The Fund is audited annually by the Legislative Auditor. Its report is issued under separate cover and available at 5 South Last Chance Gulch, Helena, MT 59601.

Teachers Retirement System (Pension Trust Fund) - This retirement system is a legally separate entity with a board appointed by the Governor. Its purpose is to provide retirement, disability, death and lump sum payments to members of Montana's public teaching profession. The administrative costs of the Teachers Retirement System are paid from investment earnings of the Fund. The System is funded from employer and employee contributions and investment earnings. The system is audited annually by the Legislative Auditor. Its report is issued under separate cover and is available at 1500 Sixth Avenue, PO Box 200139, Helena, MT 59620-0139.

Public Employees Retirement Board (Pension Trust Funds/Expendable Trust Funds) - The Board, appointed by the Governor, administers eight separate retirement systems for the purpose of providing retirement, disability, death and lump sum payments to each system member. These legally separate entities include the Public Employees, the Municipal Police Officers, the Game Wardens and Peace Officers, the Sheriffs, the Judges, the Highway Patrol

Officers and the Firefighters Unified Retirement Systems, as well as the Volunteer Firefighters Compensation Act. As of July 1, 1999, the Board also administers the State of Montana Deferred Compensation Program.

The Public Employees Retirement System (PERS) is funded from employer and employee contributions and investment earnings. The PERS also accounts for the administrative costs, paid from investment earnings, of the system. The Municipal Police Officers Retirement System is funded from member, state and city contributions. The Game Wardens and Peace Officers Retirement System is funded by employer and employee contributions. The Sheriffs Retirement System is funded by member and county contributions. The Judges Retirement System is funded by member and state contributions. The Highway Patrol Officers Retirement System is funded by member and state contributions. The Firefighters Unified Retirement System is funded by employer and employee contributions as well as a portion of insurance premium taxes collected by the State. The Volunteer Firefighters Compensation Act is funded by contributions by the State of a percentage of fire insurance premium taxes collected. The State of Montana Deferred Compensation Program is funded from member contributions.

The Board is a discretely presented component unit Pension Trust Fund for the eight separate retirement systems and an Expendable Trust Fund for the Deferred Compensation Program that is audited annually by the Legislative Audit Division. Its report is issued under separate cover and is available at 100 N Park, PO Box 200131, Helena, MT 59620-0131.

Universities and Colleges (Higher Education Funds) - The State Board of Regents has responsibility for the following institutions: University of Montana-Missoula and the units under it including Montana Tech of the University of Montana, Western Montana College of the University of Montana and the Helena College of Technology; and Montana State University-Bozeman and the units under it including Montana State University-Billings, Montana State University-Northern, and the Great Falls College of Technology. All units are funded through state appropriations, tuition, federal grants, and private donations and grants. Individual audit reports are issued by the Legislative Auditor every two years. The reports are issued under separate cover and are available at the Presidents Office on each of the campuses or by contacting the Commissioner of Higher Education, 2500 Broadway, PO Box 203101, Helena, MT 59620.

Though the following organizations perform functions related to the higher education units, they are not considered part of Montana's reporting entity: (1) Community Colleges which are considered part of local units of government; (2) the Montana Higher Education Student Assistance Corporation, a private non-profit corporation, and (3) private foundations supporting public education, over which the State exercises neither financial nor administrative control (see Note 18). Entities such as local school districts and local authorities of various kinds are considered part of local units of government and have not been included. The State's support of local public education systems is reported in the General Fund.

B. Fund Structure - The State uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

GOVERNMENTAL FUNDS

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

Special Revenue Funds - To account for the proceeds of specific revenue sources restricted to expenditure for specified purposes (other than expendable trusts or major capital projects).

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

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

PROPRIETARY FUNDS

Enterprise Funds - To account for operations (1) financed and operated similar to private business enterprises, where the intent of the legislature is to finance or recover costs primarily through user charges; or (2) where the legislature has decided periodic determination of revenue earned, expenses incurred, or net income is appropriate.

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

FIDUCIARY FUNDS

Trust and Agency Funds - To account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (1) Expendable Trust Funds; (2) Nonexpendable Trust Funds; (3) Pension Trust Funds; (4) Agency Funds, and (5) Investment Trust Funds.

ACCOUNT GROUPS

General Fixed Assets Account Group - To account for all fixed assets of the State, except those accounted for in the Proprietary, Nonexpendable Trust, Pension Trust and Plant Funds.

General Long-Term Obligations Account Group - To account for all long-term obligations of the State, except those accounted for in Proprietary, Nonexpendable Trust, Pension Trust and Plant Funds.

HIGHER EDUCATION (UNIVERSITY AND COLLEGE) FUNDS

Current Funds

Unrestricted

General Operating - To account for the portion of financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the legislature.

Designated - To account for those resources associated with general operations which are separately classified in order to accumulate costs recharged to other funds and to identify special activities of educational departments which are supported by supplemental assessments and the receipt and disposition of special supply and facility fees which are approved for collection beyond normal course fees.

Auxiliary - To account for those financial resources devoted to providing essential on-campus services primarily to students, faculty or staff where a fee relating to the service is charged.

Restricted - To account for the portion of financial resources that can be expended only for purposes imposed by sources external to the Board of Regents and the legislature.

Fiduciary Funds

Student Loans - To account for monies, which may be loaned, to students, faculty or staff for purposes related to education, organized research or public services by the higher education units.

Endowments - To account for monies where the principal is available for investment. Investment earnings are to be transferred to (or recorded directly in) appropriate operating funds pursuant to prevailing administrative requirements.

Agency - To account for monies where the State acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff or qualified organizations.

Plant Funds

Unexpended - To account for unexpended resources derived from various sources which are used to finance the acquisition/construction of plant assets and the associated liabilities.

Renewal and Replacement - To account for resources used to provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements.

Retirement of Indebtedness - To account for resources accumulated for interest and principal payments and other debt service charges, including contributions to reserves, relating to plant fund indebtedness.

Investment in Plant - To account for all long-lived assets in the service of the higher education unit as well as all associated liabilities.

C. Basis of Accounting - The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is followed in the Governmental Funds, Expendable Trust Funds and in the Agency Funds for the purpose of asset and liability recognition. Under the modified accrual basis, revenues are susceptible to accrual and recognized when they are measurable and available to pay current period liabilities. Intergovernmental revenues received as reimbursements are recognized based upon the expenditures incurred. Intergovernmental revenues received but not earned are recorded as deferred revenues. All other revenue including

taxes on coal sales, gas and oil production, individual income and other self-assessed taxes is considered available if due within 60 days of fiscal year-end. Based on historical analysis, a liability has been recognized for collected withholding taxes to be refunded in fiscal year 2001. Expenditures are recognized when the related fund liability is incurred, with the following exceptions:

- (1) principal and interest on long-term debt is recognized when due;
- (2) prepayments are accounted for as expenditures in the period of acquisition; and
- (3) inventory items are considered expenditures when purchased.

All Proprietary, Pension Trust, Investment Trust and Nonexpendable Trust Funds are accounted for on an economic resources measurement focus. This means all assets and liabilities associated with these activities are included on their balance sheets. Operating statements for these funds present increases (revenues) and decreases (expenses) in net total assets.

Proprietary, Pension Trust, Investment Trust, Nonexpendable Trust and Higher Education Funds are maintained and reported on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. In Higher Education Funds, depreciation expense related to plant fund assets is not recorded; summer session student tuition and fee revenues and expenditures are deferred at June 30 and recorded as revenue and expenditures in the succeeding fiscal year. Unbilled receivables of Proprietary and Higher Education Funds are recognized as revenue.

Significant intrafund transactions and balances have been eliminated.

D. Proprietary Activity Accounting and Financial Reporting - Activities accounted for in the States proprietary, non-expendable trust and pension trust funds and proprietary type component units follow GAAP prescribed by the GASB and all Financial Accounting Standards Boards standards issued on or before November 30, 1989. Subsequent to this date, the State accounts for these activities as prescribed by the GASB.

E. Cash/Cash Equivalents - For all funds, except the Housing Authority in the Component Unit Proprietary Funds, cash and cash equivalents consist of funds deposited by individual funds in the State Treasurers pooled cash account, cash deposits in checking accounts, cash invested in the Short Term Investment Pool, undeposited cash held by individual state agencies, and investments categorized as cash equivalents, which are short-term, highly liquid investments with original maturities of three months or less. The Housing Authority considers cash and cash equivalents to be cash held by the State Treasurer, other cash deposits, and mortgage payments in transit (See Note 4).

F. Receivables - This classification, net of estimated uncollectibles, consists primarily of receivables for goods sold and services provided; short-term loans and notes; interest and dividends; taxes due within 60 days of fiscal year-end; and income, withholding and inheritance taxes that are past due. An allowance for uncollectible taxes is provided based upon historical analysis. The allowance for uncollectible taxes at June 30, 2000, was \$10.6 million.

G. Inventories - Inventories of materials and supplies are stated at cost. The State allows agencies to use any generally accepted inventory pricing method, but specifies the first-in, first-out method should be appropriate for most agencies.

Governmental and Expendable Trust Funds use the "purchase method," meaning inventory purchases are recorded as expenditures. At fiscal year-end, significant amounts of inventory are shown as a reserve of fund balance, indicating they do not constitute available expendable resources. An exception is the Special Revenue Fund food stamp inventory balance, which is offset by deferred revenue.

Proprietary, Pension Trust, Nonexpendable Trust, Investment Trust and Higher Education Funds report using the "consumption method," meaning inventories are expensed as used.

H. Investments - In accordance with the Montana Constitution and the statutorily mandated "Prudent Expert Rule," the State of Montana invests in various types of securities for each portfolio it manages. Certain securities including asset-backed securities, variable-rate instruments, zero coupon bonds, preferred stocks, and mortgage-backed securities are purchased for portfolio diversification and a competitive rate of return. Most investments are reported at fair value in the balance sheet. Investments are reported by type in the disclosure of custodial credit risk for each investment portfolio (See Note 4 on Cash/Cash Equivalents and Investments).

I. Equity in Pooled Investments - The Montana Board of Investments manages the States Unified Investment Program which includes five internal investment pools. Participation in the pools is limited to Expendable Trust Funds; including the Deferred Compensation Plan, Nonexpendable Trust Funds, Pension Trust Funds, Higher Education Endowment and Trust Funds, and specific trusts established within the State Special Revenue Fund. The participants' investments in the pools are reported at fair value in the balance sheet within the individual funds (See Note 4 on Cash/Cash Equivalents and Investments).

J. Fixed Assets - Fixed asset valuation is based on actual historical cost or, in the case of donations, fair market value on the date donated. General government infrastructure fixed assets and interest expenditures for general fixed assets are not capitalized. Infrastructure assets of primary government and component unit proprietary activities are capitalized. Interest incurred during the construction of fixed assets for proprietary funds and higher education units is capitalized.

Fixed assets are not depreciated in the General Fixed Assets Account Group. Purchases of such assets are recorded as expenditures in the appropriate governmental fund. Fixed assets in Proprietary, Nonexpendable Trust and Pension Trust Funds are accounted for within their respective funds and are depreciated. Expendable Trust Funds do not report fixed assets within their funds because the assets are purchased by other funds. Depreciation is on a straight-line basis with estimated useful lives of 25 to 60 years for buildings, 20 years for improvements and 3 to 10 years for equipment. Fixed assets and intangible assets for Higher Education units are accounted for in the Investment in Plant Fund and are not depreciated.

The capitalization threshold for recording fixed assets is \$5,000. Purchases under this threshold are recorded as expenditures/expenses in the current period.

K. Deferred Revenue - Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized.

L. Long-Term Obligations - Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from current expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

M. Capital Leases - A capital lease is generally defined by Statement of Financial Accounting Standards No. 13 Accounting for Leases as one which transfers benefits and risks of ownership to the lessee. Leases meeting the criteria of a capital lease as defined are recorded at inception as expenditures and other financing sources in governmental fund types and as assets and liabilities in the General Fixed Assets and General Long-Term Debt Account Groups, respectively, at the present value of the future minimum lease payments, using the interest rates stated in the leases.

N. Bond Discounts/Premiums/Issuance Costs - In governmental funds, bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond proceeds are reported as an other financing source net of any premium or discount. Issuance costs are reported as debt service expenditures whether or not they are withheld from the net bond proceeds. In proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds, which approximates the effective interest method. Bonds payable are recorded net of any applicable premium or discount while issuance costs are reported as deferred charges.

O. Compensated Absences - Full-time state employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Teachers employed by the state do not receive vacation leave. Vacation leave may be accumulated and carried over from one year to the next. The carryover is limited to two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Each contribution year, an employee may contribute a maximum of 40 hours of sick leave to a nonrefundable sick leave pool. For fiscal year 2000, 1,292 hours were contributed to the sick leave pool and 1,446 hours were withdrawn leaving a balance of 3,774 hours in the pool. No liability is reported in the accompanying financial statements because these hours are nonrefundable to participants except by grants approved through an application process.

Vested or accumulated leave of Proprietary and Pension Trust Funds is recorded as an expense and liability of those funds; for higher education the expense and liability is recorded in the current unrestricted funds as the benefits accrue to employees. The liability amount recorded in the General Long-Term Obligations Account Group is not expected to be liquidated with expendable financial resources, thus no expenditure or liability is reported in the governmental funds. Upon retirement or termination, an employee is paid for 100 percent of unused vacation leave and 25 percent of unused sick leave.

As of June 30, 2000, the State's liability for unused vacation and sick leave for Higher Education Funds was \$33,896,891. The leave liabilities for the remaining agencies at June 30, 2000, were \$61,486,000, an increase of

\$5,263,000 over the June 30, 1999, leave liability of \$56,223,000. The following table reflects the change (in thousands):

	Balance July 1, 1999	Leave Earned	Leave Used	Balance June 30, 2000
Primary Government				
Governmental Fund Types and Similar Trust Funds	\$50,941	\$31,890	\$27,951	\$54,880
Proprietary Fund Types and Similar Trust Funds	4,137	3,725	2,579	5,283
Total	\$55,078	\$35,615	\$30,530	\$60,163
Component Units				
Proprietary Fund Types and Similar Trust Funds	1,145	829	651	1,323
Total Non-Higher Education Funds	\$56,223	\$36,444	\$31,181	\$61,486

P. Encumbrances - The State utilizes encumbrance accounting to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of expenditures likely to result if orders for goods and services are completed. In governmental funds, encumbrances outstanding at year-end are reported as reservations of fund balances since they do not represent expenditures or liabilities.

Q. Advances to Other Funds - Noncurrent portions of long-term interfund receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources. The transaction is recognized by the receiving fund in the balance sheet account AAdvance From Other Funds.

R. Fund Equity - Contributed capital is recorded in proprietary funds that have received capital from other funds. Reservations represent those portions of fund equity or retained earnings not appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for the future use of financial resources. In FY2000 the General Fund designated fund balance represents the 1999 Legislature's desire to set aside \$30 million in tobacco settlement funds for revenue stabilization. Undesignated fund balances indicate that portion of fund equity that is available for budgeting in future years subject to working capital requirements.

S. Property Taxes - Real property taxes are levied in October and are payable in two installments on November 30 and May 31. These taxes attach as an enforceable lien immediately if not paid when due. The State recognizes property tax revenues as available if they are collectible within 60 days after fiscal year-end. Material delinquent and total uncollected current year property taxes receivable are recorded in receivables (net of uncollectibles).

Personal property tax levies are set each August and notices are normally mailed the following March or April. Half of mobile home taxes are due in 30 days and the remaining half on September 30. Taxes on all other types of personal property are to be paid in full 30 days after receipt of the notice. Personal property taxes attach as an enforceable lien immediately if not paid when due. Property taxes are collected by each of Montana's 56 counties. The counties then remit the State's portion to the State Treasury. The majority of these taxes help fund public school systems and higher education.

T. Other Taxes - On the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for All Governmental Fund Types and Expendable Trust Funds, the revenue category "Other Taxes" consists of the following taxes (in thousands):

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Video Gaming	\$ 13,928	\$27,585	\$ -	\$ 41,513
Insurance Premium	37,840	14	-	37,854
Inheritance	19,039	-	-	19,039
University System Millage	995	13,189	-	14,184
Cigarette/Tobacco	10,498	1,491	1,837	13,826
Accommodations	43	11,072	-	11,115
Telephone License	9,452	-	-	9,452
Alcoholic Beverage	1,386	4,020	-	5,406
Electrical Energy	5,496	-	-	5,496
Public Contractor	2,162	-	-	2,162
Livestock	-	3,010	-	3,010
Public Service Commission	-	2,291	-	2,291
Freight Line	2,101	-	-	2,101

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Fire Protection	-	2,151	-	2,151
Wheat Sales	-	1,466	-	1,466
Vehicle	-	1,513	-	1,513
Consumer Counsel	-	949	-	949
Miscellaneous	142	1,088	-	1,230
Total Other Taxes	\$103,082	\$69,839	\$1,837	\$174,758

2. BUDGETARY REPORTING

A. State Budget Process - The Montana Legislature meets in the odd-numbered years to prepare annual budgets for the next biennium. The constitution requires that legislative appropriations not exceed available revenues. The legislature utilizes revenue estimates in the budgetary process to establish appropriation levels. Expenditures may not legally exceed budgeted appropriations at the fund level. In addition, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceeded anticipated revenues. State law requires an appropriation for disbursements from the General, Special Revenue and Capital Projects Funds, except for those Special Revenue Funds from nonstate and nonfederal sources restricted by law or by the terms of an agreement. The level of budgetary control is established by fund type, except Capital Project Funds, which are at project level. Budgets may be established in other funds for administrative purposes.

Agency budget requests are submitted to the Governor and the Legislative Fiscal Division. The Governor and budget director establish priorities and balance the budget. The Governor's budget is submitted to the Legislative Fiscal Division which prepares recommendations. A comparison of those recommendations with the Governor's budget is submitted to the legislature. Joint appropriations subcommittee hearings are held and an omnibus appropriation bill is reported in the House and subsequently sent to the Senate. The legislature generally enacts one bill to establish the majority of appropriations for the next two fiscal years. The Office of Budget and Program Planning establishes appropriations for each program by accounting entity (fund) within an agency. The legislature enacts other appropriations, but only within the available revenue. Agencies must prepare and submit to the budget director operational plans showing the allocation of operating budgets by expenditure category (i.e., personal services, operating expenses, equipment, etc.). The budget director or other statutorily designated approving authority may authorize changes among expenditure categories and transfers between program appropriations.

Appropriations may not be increased by amendment in the General Fund. However, a department, institution or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the Governor through the budget director. In the second year of the biennium, during the legislative session, the legislature may authorize supplemental appropriations. The Governor, or his designee, may approve budget amendments for non-general fund monies not available for consideration by the legislature and for emergencies. In the accompanying financial statements, reported budget amounts are as amended. There have been budget amendments authorized for fiscal year 2000 that were material to specific budgets, however, they did not materially affect the States budget as a whole. There were no expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations may be continued into the next fiscal year when authorized by the legislature or the Governor's office. After fiscal year-end, appropriations that are not continued are reverted. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued/encumbered. Fund balances/retained earnings are not reserved for reverted appropriations. For fiscal year 2000, reverted appropriations for all funds were \$410.8 million of which \$24.1 million were for the General Fund and \$377.3 million were for the Special Revenue Fund. Agencies are able to carry forward 30% of their reverted operating appropriations into the next two fiscal years. This amount can be used for new expenditures at the request of the agency and upon approval of the budget office.

Appropriations for Capital Projects Funds are not made on an annual basis, but are adopted on a project-length basis. Because these non-operating budgets primarily serve a management control purpose and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

B. Budget Basis - The legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with GAAP. The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end; compensated absences, fixed assets and inventories purchased in Proprietary Funds; compensated absences and inventories purchased in Higher Education Funds; certain loans from governmental funds; and other miscellaneous nonbudgeted activity (e.g., bad-debt write-offs, etc.). The General and Special Revenue Fund Type budgetary statement includes a reconciliation of unreserved fund balance between "Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses" on the budgetary basis and the GAAP basis.

3. OTHER ACCOUNTING ISSUES

A. Accounting and Reporting Changes - The State made changes in its accounting and reporting practices to enhance conformance with GAAP. All changes reported in the accompanying financial statements that resulted in the restatement of beginning fund equity were made to correct errors of prior periods.

B. State Compensation Insurance Fund - The workers compensation benefit/claims expenditure amount (in thousands) of \$69,749 reported in the component unit's column in the combined proprietary fund operating statement consists of the amount of benefits paid and the actuarially determined change in estimated claims liability for the State Compensation Insurance (New Fund) and State Compensation Insurance (Old Fund). The amounts for each fund are broken down as follows:

	<u>State Compensation Insurance</u>	
	<u>New Fund</u>	<u>Old Fund</u>
Benefit and Loss Adjustment Expense	\$57,047	\$ 13,421
Incr (Decr) in Actuarially Estimated Claims	11,400	(12,119)
Total Benefits/Claims	<u>\$68,447</u>	<u>\$ 1,302</u>

4. CASH/CASH EQUIVALENTS AND INVESTMENTS

This footnote details the following balance sheet classifications (in thousands):

Cash/Cash Equivalents	\$1,617,616
Equity in Pooled Investments	\$6,283,662
Investments	\$1,657,756

Carrying amounts and fair values (Bank Balance for Cash Deposits) for the State's cash/cash equivalents and investments are presented in Tables 1 through 4.

A. General

(1) Cash and cash equivalents consist of funds deposited by individual funds in the State Treasurers pooled cash account, cash deposits in checking accounts, cash invested in the Short Term Investment Pool, undeposited cash held by individual state agencies, and investments categorized as cash equivalents.

Cash deposited with the State Treasurers pooled cash account is invested by the Montana Board of Investments (BOI) in short term securities and other investments. Because these funds are immediately available to the individual funds, their investment in the pooled cash account is reported as a cash equivalent. In addition to the State Treasurers pooled cash account there is a short term investment pool (STIP) maintained by the BOI. This investment fund provides individual state agencies and local governments an opportunity to invest excess cash in a money market fund. Because these pooled funds are invested in short term, highly liquid investments, the individual funds investments in the STIP are reported as a cash equivalent.

Although STIP, an external investment pool, is not registered with the Securities and Exchange Commission (SEC) as an investment company, the BOI has as policy that STIP will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. In meeting certain conditions, STIP, as a 2a7-like pool, is allowed to use amortized cost rather than fair value to report net assets to compute unit values. Investments held are reported at fair value, annually, and the difference between amortized cost and fair value is reflected as an unrealized gain or loss in the investments managed. The portfolio is carried at amortized cost or book value. State agencies that are allowed to retain their investment earnings within their funds are only allowed to invest in STIP. Local government participation in STIP is also voluntary. Separately issued external investment pool financial statements may be obtained by contacting the Montana Board of Investments, 2401 Colonial Drive, 3rd Floor, PO Box 200126, Helena, MT 59620-0126.

Deposits with financial institutions are categorized to indicate the level of risk assumed by the State. **Category 1** consists of deposits that are insured or collateralized with securities held by the State or by its agent in the State's name. **Category 2** consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the State's name. **Category 3** deposits are uncollateralized. The State's Cash Deposits are categorized in Table 1.

The State's cash equivalents and investments are categorized to indicate the risk level assumed by the State in Table 2 - Cash Equivalents, Table 3 - Equity in Pooled Investments and Table 4 - Investments to disclose the level of risk assumed by the State at fiscal year-end.

Category 1 includes investments that are insured or registered securities held by the State or its agent in the State's name. **Category 2** includes uninsured and unregistered investments in which the securities are held by the counter party's trust department or agent in the State's name. **Category 3** includes uninsured and unregistered investments in which the securities are held by the counter party, or by its trust department or agent, but not in the State's name. None of the State's cash equivalents or investments are classified in Category 3 at fiscal year-end. **Not Categorized** includes investments held by broker-dealers under securities loans with cash collateral.

(2) The State invests in certain types of securities including asset-backed securities, variable-rate instruments, zero coupon bonds, preferred stocks (convertible equity securities), and mortgage-backed securities in addition to other long term investment securities to provide a diversified investment portfolio and an overall competitive rate of return. All securities are reported by investment portfolio and type in Table 2 - Cash Equivalents, Table 3 - Equity in Pooled Investments, and Table 4 - Investments.

Asset-backed securities represent debt securities collateralized by a pool of non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc. These securities have less credit risk than do securities not backed by pledged assets, while market risk for asset-backed securities is the same as market risk for similar non asset-backed securities.

Variable-rate instruments pay a variable rate of interest until maturity. The variable rate floats with the 91 day treasury bill or the London Interbank Offered Rate (LIBOR). Variable-rate instruments have credit risk identical to similar fixed-rate securities; however, their market risk (income) is more sensitive to interest rate changes. Their market risk (value/price) may be less volatile than fixed-rate securities because their value will usually remain near par as a result of interest rates being periodically reset to maintain a current market yield.

Zero Coupon Bonds and Preferred Stocks include securities whose structure differs from the basic convertible security structure. These include PENs (Participating Equity Notes), PERCs (Preferred Equity Redemption Coupons), DECS (Dividend Enhanced Common Stock) and ACES (Automatically Convertible Equity Securities). PENs are corporate bonds offering the investor a choice at maturity of receiving the greater of the bond's par value or the value of a preset ratio of an established index. PERCs reflect an investor's acceptance of a cap in a security's price appreciation in exchange for a higher income yield. DECS and ACES are issued, and traded, at a premium to the underlying common stock in exchange for a higher dividend yield. The State's investment policy requires convertible debt and zero coupon bonds to be rated at a specific level at time of purchase as a credit risk control measure. These securities carry market risk and the potential for change in market value. Market value changes may occur due to interest rate changes, declines in the value of underlying common stock, or the triggering of a call feature and other factors.

Mortgage-backed securities reflect participation in a pool of residential mortgages. These securities include structured financial instruments known as REMICs (Real Estate Mortgage Investment Conduits). Some REMICs are principal-only strips (POS) and interest-only strips (IOS). These securities are based on the cash flows from the principal and interest payments on underlying mortgages, respectively. These securities have credit risk as measured by major credit rating services. The State's investment policy requires these investments to be rated investment grade at the time of purchase. Market risk for these securities is caused by changes in the price or principal value of the securities due to changes in interest rates.

There are no legal risks, as of June 30, 2000, that the State is aware of regarding any investments.

(3) Under the provisions of State statutes, the State has, via a Securities Lending Authorization Agreement, authorized the State's agent to lend the States securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. During the period the securities are on loan, the State receives a fee and the agent must initially receive collateral equal to 102% - 105% of the fair value of the securities on loan and maintain collateral equal to not less than 100% of the fair value of the loaned security. During fiscal year 2000, the States agent loaned, on behalf of the State, certain securities held by the agent, and received US dollar currency cash, US government securities, and irrevocable bank letters of credit. The States agent does not have the ability to pledge or sell collateral securities unless the borrower defaults. The State retains all rights and risks of ownership for the loaned securities. On June 30, 2000, the State had no credit risk exposure to borrowers.

B. Cash/Cash Equivalents

(1) **Cash Deposits** - The State requires collateralization based on the average daily bank balance in the depository bank holding the main State bank account. For other depository banks, State statutes require collateralization at 50% of the bank balance. The Cash Deposit amounts include both Primary Government and Component Unit deposits.

Table 1 - Cash Deposits (in Thousands)

Risk Category		Carrying Amount	Bank Balance	Fund
1	Insured (FDIC)	\$ 1,514	\$ 1,514	Various
	Collateral held by State/State's agent	28,726	28,726	Various
2		5,321	5,321	Various
3		4,262	4,262	Various
Uncategorized:				
	Undeposited Cash	1,417		
	Cash in U.S. Treasury	170,099		
	Less: Outstanding Warrants	(54,973)		
Total Cash Deposits		\$156,366		

As of June 30, 2000, the carrying amount of deposits for component units was \$48,945,155 and the bank balance was \$48,362,547. Of the bank balance, \$48,000,061 was fully insured or collateralized with securities held by the component units or their agents in the unit's name and \$362,486 was collateralized with securities held by the pledging institution's trust department or its agent in the respective component unit's name.

(2) Cash Equivalents - consists of cash in the State Treasury invested by individual funds in the Short Term Investment Pool (STIP) and the Treasurers Cash Pool in identifiable securities and investments considered to be cash equivalents. Cash equivalents, except for the Housing Authority in the Component Unit Proprietary Fund, generally are short-term, highly liquid investments with original maturities of three months or less. The Housing Authority considers cash and cash equivalents to be cash held by the State Treasurer, other cash deposits, and mortgage payments in transit. Cash equivalents may be under the control of the Board of Investments (the Board) or other agencies, as allowed by law.

Table 2 - Cash Equivalents (in Thousands)

	Risk Category 1			Carrying Amount	Fair Value	Fund
	Securities Not on Loan	On Loan for* Securities Collateral	Not* Categorized			
Asset-Backed Securities	\$381,789	\$ -	\$ -	\$ 381,789	\$ 381,865	Various
Corporate Obligations	762,776	-	99	762,875	762,235	Various
Government Securities	164,564	10,182	-	174,746	173,758	Various
Repurchase Agreements	52,000	-	-	52,000	52,000	Various
Variable-Rate	61,926	-	-	61,926	61,926	Various
Direct Investments:						
Money Markets				26,801	26,801	Various
Guaranteed Investment Contracts				1,082	1,082	Various
Total Cash Equivalents				\$1,461,219	\$1,459,667	
Securities Lending Collateral Investment Pool			\$ 104	\$ 104	\$ 104	

* At June 30, 2000, the underlying securities, with fair values of \$99,204 and \$9,964,100, respectively, were loaned for securities and cash collateral under a security lending agreement with the States agent.

As of June 30, 2000, local governments invested \$481,726,556 in the STIP.

As of June 30, 2000, component units of the State of Montana had investments in cash equivalents with a book value and fair value of \$223,901,961.

C. Equity in Pooled Investments - Consists of investments held by pooled investment funds. The Montana Stock Pool (MTCP), Trust Funds Bond Pool (TFBP), Retirement Funds Bond Pool (RFBP), Montana International Pool (MTIP), and Montana Real Estate Pool (MTRP) were created to allow qualifying funds to participate in diversified investment pools. Participation is restricted to expendable trust, nonexpendable trust, pension trust, higher education endowment and trust funds, the Deferred Compensation Plan and specific trusts established within the state special revenue fund. Purchases are subject to statutory restrictions for quality and size of holdings.

Table 3 - Equity In Pooled Investments (in Thousands)

	Risk Category 1				
	Securities Not on Loan	On Loan for Securities Collateral*	Not Categorized*	Carrying Amount	Fair Value
MTCP:					
Corporate Stocks	\$1,658,856	\$ -	\$ 14,957	\$1,673,813	\$2,804,462
TFBP:					
Corporate Asset Backed	12,882	-	-	12,882	13,004
Corporate Stocks	657,288	-	7,480	664,768	628,399
US Govt. Mortgage Backed	28,752	-	-	28,752	27,972
US Govt. Direct	98,105	-	147,524	245,629	251,492
Yankee Bonds	99,255	-	-	99,255	92,287
State and Local Government	25,554	-	-	25,554	25,557
RFBP:					
Corporate Asset Backed	8,041	-	-	8,041	8,092
Corporate Stocks	1,126,637	-	14,961	1,141,598	1,076,370
US Govt. Mortgage Backed	62,506	-	-	62,506	61,865
US Govt. Direct	205,058	1,057	243,726	449,841	463,224
Yankee Bonds	136,629	-	2,000	138,629	129,057
State and Local Government	3,650	-	-	3,650	3,650
MTIP:					
BOI Internal International	79,787	-	33,985	113,772	149,448
Pyford International	64,069	713	4,646	69,428	66,508
Schroder Capital Management	76,942	-	6,670	83,612	103,160
SG Pacific Asset Management	73,043	501	8,091	81,635	96,999
MTRP:					
Corporate Stocks	108,691	-	13,942	122,633	129,940
Total Pooled Investments	4,525,745	2,271	497,982	5,025,998	6,131,486
Other Pool Assets (Net)	-	-	-	152,177	152,177
Total - Equity In Pooled Investments	\$4,525,745	\$2,271	\$497,982	\$5,178,175	\$6,283,663
Securities Lending Collateral Investment Pool			\$573,082	\$ 573,082	\$ 573,082

* At June 30, 2000, these underlying securities, with fair values of \$2,376,727 and \$553,402,560, respectively, were loaned for securities and cash under a security lending agreement with the State's agent.

As of June 30, 2000, component units of the State of Montana had equity in pooled investments with a book value of \$3,012,803,528 and a fair value of \$5,186,262,511.

D. Investments - Long-term investments are primarily administered by three state agencies. Article 8 of Montana's Constitution, with supporting statutes, authorizes the Board of Investments (BOI) to manage the State's unified investment program. State law specifies which agencies may hold investments outside the administration of the BOI. The BOI, as the State's primary administrator of long-term investments, actively manages 80% of those investments; the Board of Housing, 11%; and the Department of Administration's Public Employees Retirement Board, 8% for the State's Deferred Compensation Plan. Additionally, the Department of Natural Resources and Conservation manages 1% of total investments for bond related activities.

The BOI must employ the "Prudent Expert Rule" in managing the State's investment portfolio. Investments are presented in the Balance Sheet at fair value. Investment fair values for publicly traded securities are determined primarily by reference to market prices supplied to the BOI's custodial bank or trustee. Amortized cost, or carrying value, represents the original cost adjusted for premium and discount amortization where applicable.

The BOI continued to invest in leveraged buyouts and venture capital in fiscal year 2000. The BOI's total leveraged buyout commitment, administered by Kohlberg, Kravis, Roberts and Companies, amounts to \$125,000,000. The leveraged buyout invested balance for the pension funds amounted to \$100,604,314 on June 30, 2000.

For the purpose of portfolio diversification, the BOI has committed \$123,000,000 for venture capital investments administered by Brinson Partners. The June 30, 2000, venture capital invested balance totaled \$20,571,833 for the Teachers Retirement and \$25,143,323 for the Public Employees Retirement systems.

On August 10, 2000, the BOI approved a \$35,000,000 commitment to invest in the Brinson Partnership Fund – US2001 Subscription.

In March 2000, the BOI committed to invest \$250,000,000, to be funded over a two-year period, in the S & P 500 Equity Index Fund managed by Barclays Global Investors. The \$15,000,000 per month investment began in May 2000. As of June 30, 2000, the pension funds had an invested balance of \$45,000,000.

Table 4 – Investments (Risk Categories) (in Thousands)

	Risk Category 1				
	Securities Not on Loan	Risk Category 2	Not Categorized*	Carrying Amount	Fair Value
Primary Government					
Corporate Bonds	\$ 82,348	\$ -	\$ 1,763	\$ 84,111	\$ 80,051
Corporate Asset-Backed	69,547	-	-	69,547	68,914
Government Securities	87,504	-	17,743	105,247	102,911
Government Mortgage-Backed	20,686	-	-	20,686	19,626
Other	8,842	-	171	9,013	8,611
Total	\$ 268,927	\$ -	\$ 19,677	\$ 288,604	\$ 280,113
Component Units					
Corporate Bonds	\$193,418	\$ -	\$ 329	\$ 193,747	\$ 186,823
Corporate Asset-Backed	41,385	-	-	41,385	41,052
Government Securities	37,784	49,882	100,813	188,479	188,892
Government Mortgage-Backed	34,842	-	-	34,842	33,549
Other	18,945	120,179	-	139,124	138,444
Total	326,374	170,061	101,142	597,577	588,760
Total	\$595,301	\$170,061	\$120,819	\$ 886,181	\$ 868,873

Direct Investments:

Primary Government

Commercial Loans	128,022	128,022
Total	<u>\$ 128,022</u>	<u>\$ 128,022</u>

Component Units

Real Estate	\$ 11,738	\$ 13,202
Mortgages	261,705	248,852
Deferred Compensation	123,554	135,666
Other	192,698	263,578
Total	<u>589,695</u>	<u>661,298</u>

Total Investments

Securities Lending Collateral		
Investment Pool	\$126,357	\$ 126,357

* At June 30, 2000, the underlying securities, with fair values of \$111,876,994 were loaned for cash collateral under a security lending agreement with the State's agent.

5. FIXED ASSETS

Changes in fixed asset balances for the fiscal year ended June 30, 2000, are reflected in the following table (Intrafund transfers of fixed assets have not been eliminated) (in thousands):

Primary Government

	Balance July 1, 1999	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2000
<u>Proprietary Funds</u>				
Land	\$ 1,036	\$ -	\$ -	\$ 1,036
Buildings/Improvements	6,045	495	667	5,873
Equipment	133,925	33,405	24,297	143,033
Other Fixed Assets	1,147	-	-	1,147
Construction in Progress	1,527	4,082	352	5,257
Subtotal/Total	143,680	\$37,982	\$25,316	156,346
Accumulated Depreciation	(75,962)			(82,401)
Total	\$ 67,718			\$ 73,945

Nonexpendable Trust Funds

Land	\$ 51,260	\$ -	\$ -	\$ 51,260
Total	\$ 51,260	\$ 1	\$ -	\$ 51,261

General Fixed Assets Account Group

Land	\$ 62,186	\$ 4,131	\$ 50	\$ 66,267
Buildings/Improvements	328,806	66,262	8,779	386,289
Equipment	63,478	8,781	7,781	64,478
Other Fixed Assets	49,650	15,664	155	65,159
Construction in Progress	38,134	34,620	5,238	67,516
Total	\$542,254	\$ 129,458	\$22,003	\$649,709

Component Units

Proprietary Funds

Equipment	\$ 2,658	\$ 642	\$ 556	\$ 2,744
Accumulated Depreciation	(1,543)			(1,508)
Total	\$ 1,115			\$ 1,236

Pension Trust Fund

Land	\$ 60	\$ -	\$ -	\$ 60
Buildings/Improvements	435	-	-	435
Equipment	152	-	-	152
Subtotal/Total	647	\$ -	\$ -	647
Accumulated Depreciation	(370)			(399)
Total	\$ 277			\$ 248

Higher Education Funds

Land	\$ 13,511	\$ 217	\$ -	\$ 13,728
Buildings/Improvements	503,493	56,693	33,231	526,955
Equipment	100,797	13,299	2,872	111,224
Other Fixed Assets	88,216	3,437	379	91,274
Construction in Progress	67,921	18,612	56,145	30,388
Intangible Assets	3,271	206	-	3,477
Total	\$777,209	\$92,464	\$92,627	\$777,046

6. RETIREMENT SYSTEMS

DEFINED CONTRIBUTION PLAN

Effective January 1, 1988 through June 30, 1993, eligible employees of the Montana University System (MUS) could elect to participate in the Optional Retirement Program (ORP). The ORP is a defined contribution retirement plan governed by Title 19, chapter 21 of the Montana Code Annotated. The plan is underwritten by the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and only faculty and staff with contracts under the authority of the Board of Regents may participate. Those faculty and staff members who did not elect the ORP participate in the Teachers Retirement System, a defined benefit plan discussed in the next section. Beginning July 1, 1993, membership in the ORP is mandatory for eligible employees new to the MUS. The MUS is the only employer contributing to this plan.

The benefits at retirement depend upon the amount of contributions, amount of investment gains and losses and the employee's life expectancy at retirement. Under the ORP, each employee enters into an individual contract with TIAA-CREF. Individuals are immediately vested with all contributions. Higher education units record employee/employer contribution expenditures in the affected higher education subfund when remitting contributions to the Commissioner of Higher Education. These monies are recorded in the Custodial Accounts Agency Fund. The Commissioner's Office then wire transfers the contributions to TIAA-CREF. The MUS is not liable for asset management or for providing benefits after the required contributions have been made to TIAA-CREF. As of June 30, 2000, 1,859 employees are members of the ORP. Required employee contributions are 7.15% of salary and required employer contributions are 4.85% of salary for a total of 12% of salary contributed to the ORP.

	TIAA-CREF <i>(in Thousands)</i>
Covered Payroll	\$ 86,649
Total Payroll	230,181
Employer Contributions	\$ 4,138
Percent of Covered Payroll	4.775%
Employee Contributions	\$ 6,100
Percent of Covered Payroll	7.04%

DEFINED BENEFIT PLANS

A. General

The Public Employees Retirement Board, a discretely presented component unit of the State of Montana, administers eight defined benefit plans - Public Employees Retirement System (PERS), Highway Patrol Officers Retirement System (HPORS), Judges Retirement System (JRS), Game Wardens and Peace Officers Retirement System (GWPORS), Sheriffs Retirement System (SRS), Municipal Police Officers Retirement System (MPORS), Firefighters Unified Retirement System (FURS), and Volunteer Firefighters Compensation Act (VFCA). The board prepares a publicly issued financial report that includes financial statements and required supplementary information for PERS, HPORS, JRS, GWPORS, SRS, MPORS, FURS, and VFCA.

The Teachers Retirement System (TRS) is a discretely presented component unit of the State of Montana. The system prepares a publicly issued financial report that includes financial statements and required supplementary information for TRS.

A summary of government employers participating in PERS, SRS, MPORS, HPORS, FURS, GWPORS, JRS and TRS by employer type at June 30, 2000, follows:

	Retirement System							
	PERS	SRS	MPORS	HPORS	FURS	GWPORS	JRS	TRS
Employers								
State Agencies	34	1		1		5	1	7
Counties	55	55						
Cities/Towns	90		21		14			
Colleges/Universities	5					3		12
School Districts	238							388
Other	84							
Total	506	56	21	1	14	8	1	407

B. Plan Descriptions

The State contributes to and/or administers nine plans in four categories: (1) the State as the single employer; (2) the State as an employer contributor to cost-sharing multiple-employer plans; (3) the State as a nonemployer contributor to cost-sharing multiple employer plans; and (4) the State as a nonemployer contributor.

The number of years required to obtain vested rights varies among the systems. All systems provide early retirement options, death benefits, termination and disability benefits. The post-retirement benefits of each of the systems are included in the plan descriptions below. In addition, the 1997 Legislature passed a guaranteed annual benefit adjustment (GABA) to the PERS, MPORS, GWPORS, SRS, JRS, HPORS, and FURS that will provide a benefit increase of 1.5% each January, beginning January 1998, if the recipient has been receiving a retirement benefit for at least 36 months. In addition, MPORS, JRS, HPORS & FURS members hired prior to July 1, 1997, and retirees of these systems, were required to make an election by December 31, 1997, for GABA coverage.

The funding policies for each system provide for periodic employer and employee contributions (except VFCA) at rates specified by state law; contribution requirements are not actuarially determined. An actuary determines the actuarial implications of the funding requirement in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal cost method, with both normal cost and amortization of the unfunded accrued liability determined as a level percentage of payroll. 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.

(1) State as the Single Employer

HPORS - Highway Patrol Officers Retirement System - This system, established in 1971 and governed by Title 19, chapters 2 & 6 of the Montana Code Annotated (MCA), provides retirement benefits for all members of the Montana Highway Patrol, including supervisory personnel. Rights are vested after five years of service. Member contributions are 9% of total salaries of active highway patrol officers hired prior to July 1, 1997 and not electing GABA coverage; and 9.05% for members hired after June 30, 1997 and members electing GABA coverage. The employer contribution rate is 36.33% of active officers salaries. For members hired on or before July 1, 1985, there is no minimum age, but minimum service is 20 years for benefit eligibility. A member hired after July 1, 1985, must be 50 years old and have 20 years of creditable service for benefit eligibility. The service retirement benefit is based on a formula of 2.5% times the number of years of service times the final average salary. Post-retirement benefits, for non-GABA members, are in the form of minimum benefit supplements which ensure the retiree's benefit is no less than 2% of a probationary highway patrol officer's salary for each year of the retiree's service, with the annual increase not to exceed 5% of the benefit nor 60% of the current base salary of a probationary officer. Members retired prior to July 1, 1991, who are at least age 55 and have been retired a minimum of five years, may be eligible for an annual lump sum payment distributed in September. This lump sum payment is funded by a registration fee of 25 cents per vehicle license. The average payment in fiscal year 2000 was \$2,099. This enhancement is limited to non-GABA members.

JRS - Judges Retirement System - This system, established in 1967 and governed by Title 19, chapters 2 & 5 of the MCA, provides retirement benefits for all district court judges, justices of the Supreme Court, and the Chief Water Judge. Members contribute 7% of their salaries and the State contributes 25.81% of active judges' salaries. Rights are vested after five years of creditable service. For benefit eligibility, minimum service is five years and the minimum age is 65. The monthly retirement benefit formula is $3 \frac{1}{3}\%$ per year of the member's final average salary for the first 15 years of credited service, plus 1.785% per year for each year of credited service after 15 years. For non-GABA members, the percentages are based on the member's current salary, instead of the final average salary.

(2) State as an Employer Contributor to Cost-Sharing Multiple-Employer Systems

PERS - Public Employees Retirement System - This mandatory system, established in 1945 and governed by Title 19, chapters 2 & 3 of the MCA, provides retirement benefits to substantially all public employees not covered by another public system. Member contributions were 6.9% of covered compensation for fiscal year 2000. Each state agency and university system employer contributed 6.9% of PERS covered payroll during fiscal year 2000. Participating local governments and school district employers contributed 6.8% of PERS covered payroll. The State contributed 0.1% for local governments and school district employers from the state general fund. Benefit eligibility is age 60 with at least 5 years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits are determined by taking the greater of: (1) 1.785% times the number of years of service times the final average salary times any early retirement reduction if necessary or (2) a monthly annuity that is the actuarial equivalent of twice the member's accumulated regular contributions plus interest earned. Members' rights are vested after five years of service.

TRS - Teachers Retirement System - This mandatory system, established in 1937 and governed by Title 19, chapter 20 of the MCA, provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, or unit of the university system. Member and employer contributions are 7.15% and 7.47%, respectively, of earned compensation. Eligibility is met with a minimum of 25 years of service or age 60 with 5 years of creditable service. The formula for annual benefits is 1.6667% times creditable service years times the

average final compensation. Rights are vested after five years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Effective January 1, 1988, university system employees eligible to participate in the Teachers Retirement System could elect to participate in an Optional Retirement Plan established by the Board of Regents. A supplemental employer contribution to TRS is required to be amortized by July 1, 2003, the amount that would not be paid for by contributions of university system members. The fiscal year 2000 contribution percentage of the total compensation of employees participating in the ORP program is 3.42% and the contribution was \$2.5 million. The unfunded actuarial accrued liability of \$400.8 million is included in the Schedules of Funding Progress.

SRS - Sheriffs Retirement System - This system, established in 1974 and governed by Title 19, chapters 2 & 7 of the MCA, covers all sheriffs and State Department of Justice investigators hired after July 1, 1993. The member contribution is 9.245% of salary; the employer contribution is 9.535% of salary. Minimum years of service for normal service retirement eligibility are 20. The service retirement benefit is calculated at 2.5% of the final average salary for each year of creditable service. Reduced benefits for early retirement may be taken with a minimum of five years of service and a minimum age of 50. Rights are vested after five years of service.

GWPORS - Game Wardens & Peace Officers Retirement System - This system, established in 1963 and governed by Title 19, chapters 2 & 8 of the MCA, provides retirement benefits for all persons employed as a game warden, warden supervisory personnel and state peace officers not eligible to join the SRS, HPORS and MPORS systems. The member contributes 8.5% of salary and the State contributes 9.0% of covered active employee salaries. For benefit eligibility, minimum age is 50 and minimum years of service are 20. If subject to involuntary termination, a member may retire with five years of service at age 55. The yearly retirement benefit formula is 2% times the number of years of service times the final average salary. Rights are vested after five years of service. PERS members who are hired into a position covered by the GWPORS have 30 days to elect membership in the GWPORS or remain in PERS.

(3) State as a Nonemployer Contributor to Cost-Sharing Multiple-Employer Systems

MPORS - Municipal Police Officers Retirement System - The system, established in 1974 and governed by Title 19, chapters 2 & 9 of the MCA, covers all municipal police officers of cities covered by the plan. It is a cost-sharing plan with a special funding situation. The member contribution is 7.8% of salary for members employed prior to July 1, 1975; 9% of salary for members employed after June 30, 1975, and prior to July 1, 1979; 10.5% of salary for members employed after June 30, 1979 and prior to July 1, 1997; and 11% for members hired on or after July 1, 1997 and members electing GABA. Effective January 1, 2000, the above contributions rates for municipal police officers were reduced by 2% for all active members. City contributions are 14.41% of active police officers' salaries. The State contributes 29.37% of active police officers' salaries. The State's contribution is funded from the general fund. Rights are vested after five years of service. Minimum years of service are five for benefit eligibility at age 50, or 20 years of service at any age. The service retirement benefit is 2.5% times the number of years of service times the final average compensation. For non-GABA members, a minimum benefit adjustment is required to insure that the retired members benefit is not less than one-half of the compensation paid to newly confirmed police officers in the city that last employed the member.

FURS - Firefighters Unified Retirement System - This system, established in 1981 and governed by Title 19, chapters 2 & 13 of the MCA, provides retirement benefits for firefighters employed by first and second class cities and other cities that wish to adopt the plan. It is a cost-sharing plan with a special funding situation. The member contribution is 9.5% of compensation for members hired prior to July 1, 1997, and 10.7% for new hires after June 30, 1997, and for members electing GABA coverage. City contributions are 14.36% of total annual compensation. The State contribution is 32.61% of total annual compensation for all firefighters and is paid out of the general fund. Minimum eligibility is 20 years regardless of age. For members not electing GABA and hired prior to July 1, 1981, monthly retirement benefit is 50% of final average compensation plus 2% per year for each year in excess of 20 years, or 2.5% of final average compensation per year. Members hired before July 1, 1981, with less than 20 years, receive a retirement benefit of 2% per year of service. Members electing GABA and hired after July 1, 1981, receive 2.5% per year of service. Post-retirement benefits, for non-GABA members, require that each retiree receive at least 50% of the salary paid a newly confirmed active firefighter. Rights are vested after five years of service.

(4) State as a Nonemployer Contributor

VFCA - Volunteer Firefighters Compensation Act - This compensation program, established in 1965 and governed by Title 19, chapter 17 of the MCA, provides medical benefits and pension, disability and death benefits for all volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas of the state. VFCA is a plan with a special funding situation. The State contribution is 5% of fire insurance premium taxes collected. Rights are vested after ten years of qualified service. Eligibility requirements are 55 years of age and 20 years qualified service for a full benefit or 60 years of age and a minimum of 10 years qualified service for a partial benefit.

C. Summary of Significant Accounting Policies

The defined benefit plans financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are

recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

D. Method Used to Value Investments

The Montana Board of Investments (BOI) manages the investments for the retirement systems. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on a discounted cash flow. Investments that do not have an established market are reported at estimated fair value. These values are based on market prices supplied to the BOI by its custodial bank, State Street Bank, and various brokerage services. The retirement systems have no investments of any commercial or industrial organization whose fair value equals 5% or more of the retirement systems net assets available for benefits.

E. Long-Term Contracts for Contributions

The Public Employees Retirement System has outstanding contributions for early retirement programs:

The 1993 Montana Legislature enacted House Bill 517--Retirement Incentive Program (RIP) providing PERS members (eligible for a service retirement) an incentive to terminate between June 25, 1993 and December 31, 1993. Local government employers participated through election on or before June 1, 1993. The employer purchased, on the members behalf, one year of additional service for each five years of qualified service ("1 for 5"), up to a maximum of three years, for any retirement eligible member who terminated employment during the defined time period. A total of 898 members took advantage of the program (630 from 32 state agencies, 95 from 6 universities, and 173 from 48 local government agencies).

The Montana Legislature also provided a new provision of the Employee Protection Act (EPA) (19-2-706, MCA) allowing State employees (eligible for a service retirement) whose positions have been eliminated to have their employer purchase up to three years of "1 for 5" additional service. As of June 30, 2000, 215 employees have taken advantage of the provision.

The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. Total retirement incentive contributions received (including interest) during fiscal year 2000 totaled \$335,961. June 30, 2000, outstanding balances were \$528,301.

F. Actuarial Data

Actuarial valuations are performed every two years. Hendrickson, Miller & Associates Inc., Helena, MT, prepared the actuarial reports for the retirement systems, excluding TRS, before July 1, 1998. Employee Benefit Resources, LLP, of Helena, MT, prepared the July 1, 1998, actuarial reports for the retirement systems, excluding TRS. Milliman & Robertson, Inc., of Seattle, WA., performed the actuarial valuation for TRS for July 1, 1998 and July 1, 2000. Milliman & Robertson of Portland, OR, prepared the July 1, 2000, actuarial reports for the retirement systems, excluding TRS.

G. Funding Policy and Annual Pension Cost

The following tables provide information concerning funding policies and annual pension costs (in thousands):

Single Employer Systems		
	HPORS	JRS
Annual pension cost	\$2,824	\$899
Contributions		
Employer	\$1,956	\$899
Employee	668	244
License and Registration fees	881	-
Actuarial valuation date	7/01/00	7/01/00
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of total salaries, open	Level percentage of total salaries, open
Remaining amortization period	30 years	30 years
Asset valuation method	4 year smoothed market	4 year smoothed market

Single Employer Systems

	HPORS	JRS
Actuarial Assumptions:		
Investment rate of return	8.0%	8.0%
Projected salary increases (includes inflation factor)	4.5%	4.5%
Merit	0%-7.3%	None
Postretirement benefit increases	None	None

Single Employer Systems

Year Ended	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Obligation
HPORS			
06/30/98	\$2,595	103.2%	NONE
06/30/99	2,602	99.7%	NONE
06/30/00	2,824	99.5%	NONE
JRS			
06/30/98	\$ 843	100.0%	NONE
06/30/99	823	100.0%	NONE
06/30/00	899	100.0%	NONE

Multiple Employer Systems

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Obligation
PERS			
06/30/98	\$45,223	100.0%	NONE
06/30/99	47,125	101.6%	NONE
06/30/00	49,695	98.7%	NONE
MPORS			
06/30/98	\$ 7,840	100.0%	NONE
06/30/99	8,297	99.8%	NONE
06/30/00	8,866	100.6%	NONE
FURS			
06/30/98	\$ 7,094	97.8%	NONE
06/30/99	7,401	99.4%	NONE
06/30/00	7,773	97.8%	NONE
SRS			
06/30/98	\$ 1,919	100.0%	NONE
06/30/99	1,995	104.4%	NONE
06/30/00	2,056	106.8%	NONE
GWPORS			
06/30/98	\$ 706	100.0%	NONE
06/30/99	892	104.4%	NONE
06/30/00	1,069	102.9%	NONE
TRS			
06/30/98	\$44,476	100.0%	NONE
06/30/99	44,987	100.0%	NONE
06/30/00	48,376	100.0%	NONE

H. Schedules of Funding Progress

Single Employer Systems

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) Entry Age (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
HPORS						
07/01/96	\$47,325	\$67,709	\$ 20,384	69.90%	\$6,242	326.57%
07/01/98	59,531	78,722	19,191	75.62%	6,201	309.48%
07/01/00	77,810	76,397	(1,413)	101.85%	6,952	(20.33)%
JRS						
07/01/96	\$24,944	\$27,723	\$ 2,779	89.98%	\$2,907	95.61%
07/01/98	31,646	29,017	(2,629)	109.06%	3,144	(83.62)%
07/01/00	42,043	27,365	(14,678)	153.64%	3,483	(421.42)%

Multiple Employer Systems

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) Entry Age (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
PERS						
07/01/96	\$1,629,706	\$1,826,207	\$ 196,500	89.24%	\$608,592	32.29%
07/01/98*	2,128,065	2,300,328	172,263	92.51%	660,579	26.08%
07/01/00	2,843,347	2,273,407	(569,940)	125.07%	725,692	(78.54)%
MPORS						
07/01/96	\$ 70,068	\$ 105,664	\$ 35,596	66.31%	\$ 15,828	224.90%
07/01/98	94,908	173,642	78,734	54.66%	17,873	440.52%
07/01/00	129,826	181,109	51,283	71.68%	20,252	253.22%
FURS						
07/01/96	\$ 67,745	\$ 131,111	\$ 63,366	51.67%	\$ 13,783	459.75%
07/01/98	89,988	169,006	79,018	53.25%	15,104	523.15%
07/01/00	123,492	162,329	38,837	76.08%	16,547	235.00%
SRS						
07/01/96	\$ 68,647	\$ 52,751	\$ (15,895)	130.13%	\$ 17,890	(88.85)%
07/01/98	92,160	81,077	(11,083)	113.67%	20,127	(55.06)%
07/01/00	126,338	87,836	(38,502)	143.83%	21,559	(178.59)%
GWPORS						
07/01/96	\$ 18,160	\$ 17,325	\$ (835)	104.82%	\$ 2,762	(30.23)%
07/01/98	23,190	22,412	(778)	103.47%	7,839	(9.92)%
07/01/00	32,966	23,922	(9,044)	137.81%	11,875	(76.00)%
TRS						
07/01/96	\$1,376,716	\$1,939,569	\$562,853	71.0%	\$501,516	112.2%
07/01/98*	1,809,037	2,342,690	533,653	77.2%	529,795	100.7%
07/01/00	2,247,500	2,648,300	400,800	84.9%	537,500	74.6%

* PERS July 1, 1998 results adjusted by actuary.

** TRS July 1, 1998 results adjusted for 1.5% guaranteed annual benefit adjustment and \$500 minimum benefit for legislation which passed in April 1999 and the new salary scale adopted in November 1998.

Nonemployer Contributor

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
VFCA						
07/01/96	\$11,504	\$16,636	\$5,132	\$ 69.15%	N/A	N/A
07/01/98	13,941	18,354	4,413	75.96%	N/A	N/A
07/01/00	17,769	16,752	(1,017)	106.07%	N/A	N/A

7. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, Retirement Systems, the following postemployment benefits are provided:

The State provides 18 to 36 months optional postemployment health care benefits in accordance with Public Law 99-272, known as the Federal Consolidated Omnibus Reconciliation Act (COBRA) to the following employees and dependents who elect to continue and pay administratively established premiums: (1) employees who are receiving employee health care benefits at the time they discontinue State employment and (2) dependents who lose dependent eligibility. At June 30, 2000, 129 certificate holders were receiving these benefits.

In accordance with section 2-18-704, MCA, the State also provides optional postemployment health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Retirement eligibility criteria differ by retirement system (See Note 6). Administratively established medical premiums vary between \$137 and \$349 per month depending on the medical plan selected, family coverage and Medicare eligibility. The State acts as secondary payor for retired Medicare-eligible claimants. As of June 30, 2000, 3,130 retirees were receiving health care benefits.

The State reimburses all validated medical claims less member obligations (annual deductibles and co-payments of the members selected medical plan). Dental claims are reimbursed at 50% to 100% depending on the services provided. The State funds claims on a pay-as-you-go basis. During the fiscal year, expenditures of \$14,725,951 were recognized for postemployment health care benefits. Premium contributions received from former employees amounted to \$9,712,833 leaving \$5,013,118 of claims in excess of premium revenue paid by the State.

In accordance with section 2-18-702, MCA, the Montana University System (MUS) provides postretirement health insurance benefits to eligible employees who receive a retirement benefit from the Teachers Retirement System, Public Employees Retirement System, or an annuity under the Optional Retirement Plan and have been employed by the MUS at least 5 years. Spouses, unmarried dependent children, and surviving spouses are also eligible. Administratively established premiums vary between \$150 and \$440 per month and are revised annually. Medicare eligible plan members are assumed to be Medicare insured. After an annual \$500 deductible for non-Medicare eligible retirees, the MUS plan reimburses 75% of the first \$8,000 in medical claims and 100% thereafter. After a \$350 deductible for Medicare eligible retirees, the plan reimburses 75% for the first \$4,000 in medical claims and 100% thereafter. The plan automatically reduces claim reimbursement for members eligible for Medicare, even if the member is not enrolled in Medicare. As of June 30, 2000, 1,334 retirees were enrolled in the MUS plan. Funding for the retiree health plan is on a pay-as-you-go basis. Based on amounts recorded through June 2000, estimated expenditures of \$5,064,814 were recognized for postemployment health care benefits. Of this amount \$3,271,809 was paid by retirees through premiums and the balance of \$1,793,005 was paid by the MUS.

8. DEFERRED COMPENSATION PLAN

The administration of the State of Montana Deferred Compensation Program was transferred to the PERB effective July 1, 1999. The Deferred Compensation plan is a voluntary, tax-deferred retirement plan designed to supplement State Service Retirement, Social Security and other retirement plans and savings. The State of Montana has offered this plan since 1976. Internal Revenue Service Code (Section 457) and MCA (Title 19, chapter 50) govern the plan. Assets of the deferred compensation plan are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries.

All employees of the State, including the Montana University System and contracted employees, are eligible to participate. The compensation deferred is not available to employees until separation from State service, retirement, death, or upon an unforeseeable emergency, when still employed and meeting IRS specified criteria. Participating

employees are able to direct their deferrals into two primary investment options; (1) a "fixed" or stable value option which guarantees both principal (the payroll deferrals) and a quarterly rate of earnings; and (2) a "variable" option which currently consists of twenty-three mutual funds, and five lifestyle/profile funds. Participating employees are allowed to participate in both options and, under the variable option, as many of the offered funds as they choose. As of June 30, 2000, the net assets of the Plan were \$199,302,000.

9. RISK MANAGEMENT

There are two Primary Government public entity risk pools and two Component Unit public entity risk pools that are reported within the Enterprise Fund Type: Primary Government pools include Hail Insurance and Subsequent Injury Funds; Component Unit pools include State Compensation Insurance (New Fund) and State Compensation Insurance (Old Fund). Unpaid claims and claim adjustment expenses are estimated based on the ultimate cost of settling the claims including the effects of inflation and other societal/economic factors. There are three Primary Government Other Than Public Entity Risk Pools reported within the Internal Service Fund Type: Group Employees Comprehensive Medical and Dental Plan, Montana University System (MUS) Group Benefits Plan and Property and Casualty Insurance Plans. In all of these funds there are no significant reductions in insurance coverage from the prior year, nor any insurance settlements exceeding insurance coverage. None of these funds have acquisition costs; therefore, no cost is amortized for the period. These funds use the accrual basis of accounting. By statute, these funds cannot invest in common stock. Investments are recorded at fair value. Premiums and discounts are amortized using the straight-line method over the life of the securities.

A. Public Entity Risk Pools

(1) Hail Insurance - Any Montana producer engaged in growing crops subject to destruction or damage by hail may participate in the Hail Insurance program. The Hail Insurance program issued 1622 policies during the 2000 growing season. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs and claims paid for hail damage. Depending upon the actuarial soundness of the reserve fund and the damage in a season, producers may receive a premium refund. Anticipated investment income is considered in computing a premium deficiency of which there is none.

A claim must be submitted to the State Board of Hail Insurance within fourteen days of a loss occurrence. The claim must indicate whether the grain is stemming, in the boot, heading out, in the milk, in the stiff dough, ready to bind, or combine. If beans, peas or other crops are damaged, the growth-stage must also be indicated. Inspection of a crop will occur as promptly as possible after claim receipt. The liability on all insured crops expires after October 1. The insurance only covers loss or damage to growing grain which exceeds 5% destruction by hail.

The fund recorded a liability of \$456,585 based on estimated claims through June 30, 2000. Any crop insurance liability is paid to producers within one year of occurrence; therefore, liabilities are not discounted. The fund has no excess insurance, reinsurance, or annuity contracts.

(2) Subsequent Injury - This fund provides benefits to workers, certified as disabled at the time of hiring, who are subsequently injured on the job and entitled to benefits under the Workers Compensation or Occupational Disease Act at the time of injury. The liability of the insurer for payment of compensation benefits is limited to 104 weeks of benefits actually paid. This fund will reimburse the insurer for all benefits paid after this 104 week time period. In Montana, there are 2,493 individuals with certified disabilities.

Workers compensation insurance premium experience modification factors are influenced by the 2-year limitation and employers may experience an insurance premium reduction. Therefore, this fund provides employers with a potential incentive for hiring a person with a certified disability.

This fund makes no provision for insured events of the current year. All Montana insurers are annually assessed a percentage of their paid losses sufficient to cover paid losses reimbursed from the fund in the preceding calendar year and the expenses of administration, less other income. An estimated liability is recorded based on a projected cost analysis (case-by-case) of each injured person with a certified disability. As of June 30, 2000, the amount of this liability was estimated to be \$2,279,139.

(3) State Compensation Insurance (New Fund) - Liability coverage to employers for injured employees who are insured under the Workers Compensation and Occupational Disease Acts of Montana and workers compensation claims occurring on or after July 1, 1990, are reported in the New Fund. The New Fund must insure any employer who desires coverage. At fiscal year-end, approximately 23,481 employers were insured with the New Fund. Montana state governmental agencies must obtain their workers compensation coverage through the New Fund. Anticipated investment income is considered for computing a premium deficiency and employers must pay premiums to the New Fund within specified time frames.

An actuarial study prepared by Tillinghast-Towers Perrin, as of June 30, 2000, has estimated liabilities and the ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not

reported. Because actual claim costs depend on such complex factors as inflation and changes in the law, claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and societal factors.

A provision for inflation is implicit in the calculation of estimated future claim costs because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. As of June 30, 2000, \$314,900,000 of unpaid claims and claim adjustment expenses was presented at face value. When the New Fund purchases annuity contracts, the claim is settled in full and on a final basis, and all liability of the New Fund is terminated.

The New Fund uses reinsurance agreements to reduce its exposure to large losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the fund as direct insurer. The New Fund did not deduct any claim liabilities related to potential reinsurance recoverable. Statute requires the New Fund set premiums at least annually at a level sufficient to ensure adequate funding of the insurance program during the period the rates will be in effect. Statute also requires the New Fund to establish a minimum surplus balance of 25% of annual premium revenue.

(4) State Compensation Insurance (Old Fund) - The liability and payment of workers compensation claims for incidents occurring before July 1, 1990 are reported in the Old Fund. Funding for claim payments was accumulated through an Old Fund Liability Tax (OFLT) imposed on employer payroll, employee wages and sole proprietor and subchapter S shareholder distributive income. In 1999, the 56th Legislature determined that the fund was adequately funded and discontinued the OFLT. This fund does not compute a premium deficiency.

An actuarial study prepared by Tillinghast-Towers Perrin, as of June 30, 2000, was used to estimate liabilities and the ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. At June 30, 2000, \$167,915,000 of unpaid claims and claim adjustment expenses was presented at a net present value of \$117,945,000, discounted at a 5.5% rate. Prior to 1999, the unpaid claims and unpaid claim adjustment expenses were presented at face value. Total Old Fund surplus as of June 30, 2000, was \$18,573,293 compared to \$14,376,735 as of June 30, 1999, for a change of \$4,196,558.

(5) Changes in Claims Liabilities For the Past Two Years - As indicated above, these funds establish liabilities for both reported and unreported insured events including estimates of future payments of losses and related claim adjustment expenses. The following tables present changes (in thousands) in those aggregate liabilities during the past two years. All information in these tables is presented at face value and has not been discounted.

Primary Government	Hail Insurance		Subsequent Injury	
	2000	1999	2000	1999
Unpaid claims and claim adjustment expenses at beginning of year	\$ 200	\$ 475	\$2,106	\$1,017
Incurred claims and claim Adjustment expenses:				
Provision for insured events of the current year	2,275	2,221	-	-
Increase (Decrease) in provision for insured events of prior years	259	(129)	406	1,324
Total incurred claims and claim adjustment expenses	2,534	2,092	406	1,324
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(1,818)	(1,762)	-	-
Claims and claim adjustment expenses attributable to insured events of prior years	(459)	(605)	(233)	(235)
Total payment	(2,277)	(2,367)	(233)	(235)
Total unpaid claims and claim adjust. exp. at end of the year	\$ 457	\$ 200	\$2,279	\$2,106

Component Units	State Compensation Insurance (New Fund)		State Compensation Insurance (Old Fund)	
	2000	1999	2000	1999
Unpaid claims and claim adjustments expenses at beginning of year	\$303,500	\$310,687	\$185,064	\$194,401
Incurred claims and claim adjustment expenses:				
Provision for insured events of the current year	74,482	69,390	-	-
Increase (Decrease) in provision for insured events of prior years	(6,049)	(15,791)	(3,728)	3,686
Total incurred claims and claim adjustment expenses	68,433	53,599	(3,728)	3,686
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(13,177)	(14,878)	-	-
Claims and claim adjustment expenses attributable to insured events of prior years	(43,856)	(45,908)	(13,421)	(13,023)
Total payment	(57,033)	(60,786)	(13,421)	(13,023)
Total unpaid claims and claim Adjust. exp. at end of the year	\$314,900	\$303,500	\$167,915	\$185,064

(6) Risk Management Trend Information

The following table only presents risk management trend information for the State Compensation Insurance (New Fund). Only the New Fund has a three to five year development cycle contemplated by GASB Statement 10. The State Compensation Insurance (Old Fund) does not charge a premium for its services; its funding source is the old fund liability tax. The Hail Insurance Fund pays claims within a calendar year cycle that parallels the growing season from spring planting to fall harvesting; therefore, it has no three to five year development cycle. State statute limits the payment of claims and the collection of premiums (and penalties) for the Subsequent Injury Fund from any developmental cycle.

The table below illustrates how the earned revenues (net of reinsurance) of the New Fund and its investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of the fiscal year (in thousands). Section 3 shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred. Section 4 shows the cumulative amounts paid as of the end of successive years for each policy year. Section 6 shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. Section 7 compares the latest reestimated incurred claims amount to the amount originally established (Section 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. This table will be expanded and revised as data for successive policy years develops.

	State Compensation Insurance (New Fund)				
	1991	1992	1993	1994	1995
1. Premiums and Investment Revenue					
Earned	\$117,443	\$159,499	\$210,725	\$227,455	\$186,580
Ceded	231	270	289	318	269
Net Earned	\$117,212	\$159,229	\$210,436	\$227,137	\$186,311
2. Unallocated expenses including overhead	\$ 9,567	\$ 6,663	\$ 7,924	\$ 9,046	\$ 15,147

State Compensation Insurance (New Fund)					
	1991	1992	1993	1994	1995
3. Estimated losses and expenses end of accident year					
Incurred	\$133,819	\$183,425	\$186,480	\$199,890	\$164,628
Ceded	-	-	-	-	-
Net Incurred	\$133,819	\$183,425	\$186,480	\$199,890	\$164,628
4. Net Paid (cumulative) as of:					
End of policy year	\$ 17,618	\$ 20,244	\$ 18,347	\$ 18,693	\$ 18,137
One year later	44,335	50,576	46,343	45,947	40,473
Two years later	64,079	68,837	62,717	60,971	52,073
Three years later	74,901	77,950	71,666	67,576	58,722
Four years later	81,747	83,173	76,280	72,212	62,419
Five years later	85,924	86,461	80,165	75,799	65,919
Six years later	88,532	89,370	82,981	78,306	
Seven years later	91,235	91,902	85,357		
Eight years later	93,381	94,131			
Nine years later	95,699				
5. Re-estimated ceded losses and expenses	-	-	-	-	-

State Compensation Insurance (New Fund)					
	1996	1997	1998	1999	2000
1. Premiums and Investment Revenue					
Earned	\$130,898	\$98,610	\$83,345	\$73,625	\$69,388
Ceded	519	348	303	260	855
Net Earned	\$130,379	\$98,262	\$83,042	\$73,365	\$68,533
2. Unallocated expenses including overhead	\$ 18,234	\$13,454	\$15,266	\$20,355	\$24,823
3. Estimated losses and expenses end of accident year					
Incurred	\$ 95,067	\$76,067	\$64,983	\$64,645	\$65,957
Ceded	-	-	-	838	-
Net Incurred	\$ 95,067	\$76,067	\$64,983	\$63,807	\$65,957
4. Net Paid (cumulative) as of:					
End of policy year	\$ 15,818	\$12,589	\$12,943	\$13,723	\$13,177
One year later	32,890	28,451	28,222	29,976	
Two years later	42,361	35,706	35,753		
Three years later	47,283	39,680			
Four years later	50,267				
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
5. Re-estimated ceded losses and expenses	1,183	3,521	1,414	882	-

State Compensation Insurance (New Fund)					
	1991	1992	1993	1994	1995
6. Re-estimated net incurred losses and expense:					
End of policy year	\$133,819	\$183,425	\$186,480	\$199,890	\$164,628
One year later	166,980	184,968	184,030	184,920	124,123
Two years later	160,272	175,218	167,052	135,472	107,074
Three years later	151,554	161,184	133,017	116,756	95,456
Four years later	141,389	135,775	120,583	107,656	94,517
Five years later	130,250	125,084	111,208	105,052	92,231

	State Compensation Insurance (New Fund)				
	1991	1992	1993	1994	1995
Six years later	121,568	119,780	109,415	106,039	
Seven years later	118,856	120,472	111,683		
Eight years later	118,948	120,397			
Nine years later	118,489				

7. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	(\$15,330)	(\$63,028)	(\$74,842)	(\$93,851)	(\$72,397)
---	-------------------	-------------------	-------------------	-------------------	-------------------

	State Compensation Insurance (New Fund)				
	1996	1997	1998	1999	2000
6. Re-estimated net incurred losses and expense:					
End of policy year	\$95,067	\$76,067	\$64,983	\$63,807	\$65,957
One year later	88,923	67,235	64,308	64,348	
Two years later	77,286	59,054	60,467		
Three years later	73,864	60,811			
Four years later	74,022				
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					

7. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	(\$21,045)	(\$15,256)	(\$4,516)	541	-
---	-------------------	-------------------	------------------	------------	----------

B. Other Than Public Entity Risk Pools

(1) Group Employee Comprehensive Medical and Dental Plan - This plan is fully self-insured with the State assuming the risk for claims incurred by employees of the State, elected officials, retirees and their dependents, with four exceptions. The three outside insured products are: vision care insured by the Vision Service Plan, the Yellowstone Community Health Plan, an insured community health option (CHO) available to state employees in four counties in the Billings area and the New West Plan, an insured CHO available to state employees in 25 counties in the Missoula, Deer Lodge, Helena, Billings, Dillon and Havre areas. Premiums are collected through payroll deductions, deductions through the Public Employees Retirement Division, and self-payment and are recorded as revenue in the Employees Group Benefits Internal Service Fund. At June 30, 2000, estimates for claims liabilities, which include incurred but not reported claims, were \$7,080,097 based on a formula provided by Buck Consultants, a consulting actuarial firm. A liability is reported in the accompanying financial statements for these estimated claims.

(2) Montana University System (MUS) Group Benefits Plan - This plan was authorized by the Regents to provide medical, dental, and vision insurance coverage to employees of the Montana University System, the Montana Higher Education Student Assistance Corporation (MHESAC), and the State Bar of Montana, as well as their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured. Blue Cross/Blue Shield is the claims administrator on the plan. Managed Care Montana (VRI) has a contract for utilization management. The utilization management program consists of hospital pre-authorization, case management and medical necessity review. Premiums are collected from employees through payroll deductions and recorded in the MUS Group Insurance Internal Service Fund. The claims liability is calculated by Buck Consultants and estimated to be \$2,270,533 as of June 30, 2000, based on prior year experience. A liability is reported in the accompanying financial statements for these estimated claims.

(3) Property & Casualty Insurance Plans - This self-insurance plan provides coverage for general liability, automobile liability, automobile physical damage, foster care liability and State-administered foreclosure housing units. The State self-insures the \$150,000 deductible per occurrence for most property insurance as well as various deductible amounts for other state property. The State also self-insures against losses of property below \$150,000 of value, with State agencies paying the first \$1,000. Commercial property insurance protects approximately \$2.1 billion of State-owned buildings and contents. The State property insurance includes separate earthquake and flood protection coverage (each in the amount of \$100 million) with deductibles of \$1 million for earthquake and \$500,000 for flood per occurrence. Premiums are collected from all State agencies including Component Units and recorded as revenue in the Administration Insurance Internal Service Fund.

An annual actuarial study, prepared by Tillinghast-Towers Perrin Company, and issued for the accident period July 1, 1991, through June 30, 2000, is the basis for estimating the liability for unpaid claims and is supported by historical

loss data. The June 30, 2000, estimated claims liability of \$25,346,068, discounted and assumes an annual rate of return of 4%, including those claims incurred but not reported, and is reported in the accompanying financial statements.

(4) Changes in Claims Liabilities For the Past Two Years - These funds establish liabilities for both reported and incurred but not reported claims. The following table presents changes in the balances of claims liabilities during the past two fiscal years (in thousands):

	Group Employees Medical & Dental		MUS Group Benefits		Prop. & Casualty Insurance	
	2000	1999	2000	1999	2000	1999
Amount of claims liabilities at the beginning of each fiscal year	\$ 6,903	\$ 6,501	\$ 1,878	\$ 1,942	\$17,100	\$13,771
Incurring claims:						
Provision for insured events of the current year	48,724	46,100	24,380	19,710	5,784	4,997
Increases (Decreases) in provision for insured events of prior years	177	402	393	(64)	12,128	4,438
Total incurred claims	48,901	46,502	24,773	19,646	17,192	9,435
Payments:						
Claims attributable to insured events of the current year	(48,724)	(46,100)	(19,710)	(19,710)	(1,237)	(562)
Claims attributable to insured events of prior years	-	-	-	-	(8,428)	(5,544)
Total Payments	(48,724)	(46,100)	(24,380)	(19,710)	(9,665)	(6,106)
Total claims liability at end of each fiscal year	\$ 7,080	\$ 6,903	\$ 2,271	\$ 1,878	\$25,347	\$17,100

10. COMMITMENTS

A. Highway Construction - At June 30, 2000, the Department of Transportation had contractual commitments of approximately \$136.3 million for construction of various highway projects. Funding for these highway projects is to be provided from federal grants and matching state special revenue funds.

B. Capital Construction - At June 30, 2000, the Department of Administration, Architecture & Engineering Division, had commitments of approximately \$17.2 million for capital projects construction. The Primary Government will fund \$16.1 million of these projects with the remaining \$1.1 million coming from higher education funds.

C. Proprietary Fund Commitments - Budgets are administratively established in the Enterprise and Internal Service Funds, excluding depreciation, compensated absences and bad debt expense. Appropriations may be committed for goods/services that are not received as of fiscal year-end. These executory commitments are included in unreserved retained earnings in the accompanying financial statements as follows (in thousands):

Primary Government	Amount
<u>Enterprise Funds</u>	
Liquor Warehouse	\$ 26
Hail Insurance	26
Subtotal-Enterprise Funds	\$ 52
<u>Internal Service Funds</u>	
Highway Equipment	\$6,679
FWP Equipment	27
ISD	754
Bad Debt Division	1
Administration Insurance	2
Administration Supply	73
Publications & Graphics	14
Buildings & Grounds	171
Labor Central Services	52

Primary Government	Amount
Commerce Central Services	42
DEQ Indirect Cost Pool	55
FWP Warehouse Inventory	16
Justice Legal	1
LGA Administration	2
Subtotal-Internal Service Funds	<u>\$7,889</u>
Total-Primary Government	<u>\$7,941</u>
Component Units	
State Compensation Ins - New Fund	<u>302</u>
Total-Proprietary Fund Types-Reporting Entity	<u><u>\$8,243</u></u>

11. LEASES/INSTALLMENT PURCHASES PAYABLE

The State has entered into various capital and operating leases for land, buildings, equipment and computer software. Lease contracts are required by law to contain a clause indicating continuation of the lease is subject to funding by the Legislature. It is expected that in the normal course of operations most of these leases will be replaced by similar leases.

A. Capital Leases/Installment Purchases - Changes in capitalized leases/installment purchases are as follows (in thousands):

<u>Primary Government</u>	Balance July 1, 1999	Additions (Deductions)	Balance June 30, 2000
General Long-Term Obligations	\$ 1,380	\$ 1,621*	\$3,001
Proprietary Fund Types			
Enterprise Fund	\$ 5,025	\$(5,025)	\$ -
Internal Service Fund	4,728	(1,858)	2,870
Total Proprietary	9,753	(6,883)	2,870
Total-Primary Government	<u>\$11,133</u>	<u>\$(5,262)</u>	<u>\$5,871</u>
<u>Component Units</u>			
State Fund	\$ -	\$ 42	\$ 42
Pension Trust Fund	227	1,932	2,159
Higher Education Funds	1,157	229	1,386
Total-Component Units	<u>\$ 1,384</u>	<u>\$ 2,203</u>	<u>\$3,587</u>
Total Capitalized Leases/ Installment Purchases	<u>\$12,517</u>	<u>\$(3,058)</u>	<u>\$9,458</u>

*This amount consists of \$847,000 of additions as inceptions; \$2,236,000 of additions as adjustments; and \$(1,462,000) as deductions.

Future minimum lease payments under capital leases/installment purchases are as follows (in thousands):

Fiscal Year Ending June 30	Primary Government			Component Units			Totals
	General Long-Term Obligations	Proprietary Fund Types		State Fund	Pension	Higher Education Funds	
		Enterprise	Internal Service				
2001	\$ 974	\$-	\$1,849	\$11	\$ 432	\$ 533	\$ 3,799
2002	870	-	855	11	432	453	2,621
2003	518	-	266	11	432	380	1,607
2004	471	-	57	11	432	115	1,086
2005	69	-	1	8	432	35	545

Fiscal Year Ending June 30	Primary Government			Component Units			Totals
	General Long-Term Obligations	Proprietary Fund Types		State Fund	Pension	Higher Education Funds	
		Enterprise	Internal Service				
2006+	386	-	-	-	400	-	786
Total minimum pmts	\$3,288	\$-	\$3,027	\$52	\$2,560	\$1,516	\$10,443
Less: Interest	287	-	157	10	401	130	985
Present value of minimum payments	\$3,001	\$-	\$2,870	\$42	\$2,159	\$1,386	\$ 9,458

B. Operating Leases - Total rental payments of primary government and component units for operating leases in fiscal year 2000 were \$6,824,000 and \$469,000, respectively. Future rental payments under operating leases are as follows (in thousands):

Fiscal Year Ending June 30	Primary Government	Component Units	Totals
2001	\$ 7,620	\$374	\$ 7,994
2002	5,999	238	6,237
2003	4,771	98	4,869
2004	4,271	62	4,333
2005	3,993	50	4,043
2006+	22,977	12	22,989
Total future rental payments	\$49,631	\$834	\$50,465

12. STATE DEBT

A. General Information - The State has no constitutional limit on its power to issue obligations or incur debt other than a provision that no debt may be created to cover deficits incurred because appropriations exceeded anticipated revenues. The Board of Examiners (consisting of the Governor, Secretary of State and Attorney General) is authorized, pursuant to various enabling acts, to issue bonds and notes of the State.

B. Short-Term Debt - The Board of Examiners, upon recommendation of the Department of Administration, may issue notes in anticipation of the receipt of taxes and revenues. No notes may be issued to refund outstanding notes. The notes must be redeemed by the end of the fiscal year in which issued.

The Board of Investments (BOI) of the State of Montana is authorized to issue Municipal Finance Consolidation Act Bonds which may not aggregate more than \$75 million. The purpose of the bonds is to provide funds for the BOI to make loans to eligible local government units. The bonds are not in any way a debt or liability of the State of Montana. The bonds are limited obligations of the BOI payable solely from repayments of principal and interest on loans made by the BOI to participating local government units, investment income under the indenture and an irrevocable pledge by the BOI. The BOI has no taxing power. Bondholders may elect to have their bonds purchased by the Trustee on March 1 of each year until maturity. These issues are considered to be demand bonds and have been classified as short-term debt. The amounts issued and outstanding at June 30, 2000, were as follows (in thousands):

Series	Amount Issued	Balance June 30, 2000
1991	\$ 5,000	\$ 4,650
1992	6,500	6,165
1994	7,500	7,140
1995	7,500	7,310
1997	10,000	9,915
1998	12,500	12,430
2000	1,500	1,500
Total		\$49,110

C. Long-Term Debt - The full faith, credit and taxing powers of the State are pledged for the payment of all general obligation debt. Revenue bonds and mortgage bonds are secured by a pledge from the facilities to which they relate and by certain other revenues, fees and assets of the State and the various colleges and universities. Long-term debt

(excluding bonds/notes of Enterprise Funds and Internal Service Funds discussed elsewhere in this footnote; Leases - Note 11 and Compensated Absences - Note 1) of the State at June 30, 2000, was as follows (in thousands):

General Obligation Debt	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 2000
				FY 2001	In Year of Maturity (13)	
Long-Range Bldg Program	1985A	\$ 8,550	8.0	\$ 150	\$ 150 (2001)	\$ 150
Water Development Program (1)	1989B	500	8.55	25	50 (2010)	350
Water Development Program (1)	1991A	750	8.0	50	90 (2007)	480
Wastewater Treatment Works	1991B	2,595	6.0-6.8	95	215 (2014)	2,060
GO Refunding	1992	31,330	5.25-6.2	380	390 (2010)	4,250
Energy Conservation Program (2)	1993A	1,500	4.4-4.75	160	180 (2004)	675
Long-Range Bldg Program	1993B	3,185	4.0-4.25	265	310 (2004)	1,140
Renewable Resource Development (1)	1993C	750	5.25-5.65	80	95 (2004)	350
Long-Range Bldg Program	1994A	22,540	4.2-6.0	925	1,725 (2014)	17,820
Wastewater Treatment Works	1994B	2,200	4.9-6.1	80	180 (2016)	1,925
Long-Range Bldg Program	1994C	21,955	5.125-7.0	815	1,000 (2005)	4,520
Energy Conservation Program (2)	1994D	1,600	5.125-5.5	160	200 (2005)	900
Renewable Resource Development (1)	1994E	750	7.7-8.1	75	105 (2005)	445
Energy Conservation Program (2)	1996A	1,650	4.0-4.4	155	195 (2006)	1,050
Renewable Resource Development (1)	1996B	1,250	5.75-6.1	115	155 (2006)	810
Wastewater Treatment Works	1996C	2,765	4.55-5.75	105	120 (2017)	2,505
Long-Range Bldg Program	1996D	30,075	5.75-6.0	1,050	2,370 (2017)	27,230
Renewable Resource Development (1)	1996E	1,000	6.95-7.75	90	130 (2007)	765
Renewable Resource Development (1)	1997A	2,000	6.8-8.0	90	210 (2013)	1,835
Long-Range Bldg Program	1997B	12,640	4.6-5.0	700	595 (2018)	11,315
Wastewater Treatment Works	1998A	3,510	3.9-5.15	120	260 (2019)	3,395
Long-Range Bldg Program	1998B	34,545	3.7-4.85	1,225	2,555 (2018)	32,170
Information Technology	1998C	41,390	4.5-5.0	4,595	4,075 (2008)	32,630
Long-Range Bldg Program	1998D	14,855	4.4-5.0	90	1,720 (2015)	14,550
Energy Conservation Program (2)	1998E	1,250	4.05-4.6	110	150 (2008)	1,025
Renewable Res. Prgm Loans-Taxable	1999	1,035	6.0-6.5	45	105 (2015)	1,035
Long-Range Bldg Program	1999C	16,990	4.0-5.0	580	1,250 (2019)	16,220
Drinking Revolving Fund (10)	1998F	3,065	3.6-4.85	110	230 (2019)	3,065
Renewable Resource Development (1)	2000	1,107	4.0	50	106 (2020)	1,107
Drinking Water Revolving Fund (10)	2000A	2,990	4.25-5.6	-	240 (2021)	2,990
Pollution control Revolving Fund (10)	2000B	3,325	4.25-5.6	-	270 (2021)	3,325
Long-Range Bldg Program	2000C	17,195	5.0-5.5	1,275	1,320 (2019)	17,195
Information Technology	2000D	18,000	5.25	1,960	2,250 (2010)	18,000
Information Technology	2000E	800	5.6	280	270 (2003)	800
Renewable Resource Development (1)	2000F	187	4.0	43	55 (2003)	187
Total General Obligation Debt		<u>\$309,829</u>		<u>\$16,048</u>		<u>\$228,269</u>
Special Revenue Bonds						
Water Conservation (3)	-	\$ 50	5.0	\$ 2	\$ 1 (2012)	\$ 25
Broadwater Power Project (4)(6)	1990A	3,800	9.5	465	505 (2002)	970
Broadwater Power Project (4)(5)	1991A	21,735	6.4-6.875	-	2,135 (2018)	21,735
Water Development Program (4)	1992A	11,955	5.4-6.1	935	1,000 (2006)	6,265
Water Development Program (4)	1992B	9,375	5.2-6.0	375	795 (2013)	7,215
Department of Transportation	1993	72,375	4.9-5.05	11,885	3,705 (2004)	41,155
Renewable Resource Program (4)	1996A	14,985	4.25-5.2	1,015	110 (2017)	11,300
Renewable Resource Program (4)	1997A	1,205	6.5-7.3	35	110 (2017)	1,145
Renewable Resource Program (4)	1997B	2,660	4.3-5.375	85	210 (2017)	2,495
Developmental Center Project (9)	1994	13,100	5.3-6.4	335	1,015 (2019)	11,780
State Hospital Project (9)	1997	25,915	4.15-5.0	680	1,820 (2022)	25,260
Total Special Revenue Bonds		<u>\$177,155</u>		<u>\$15,812</u>		<u>\$129,345</u>
Middle Creek Dam Project (7)		\$ 2,990	8.125	\$ 35	124 (2034)	\$ 3,061
Treasure State Endowment (8)		4,134	5.85	778	778 (2001)	778
Tongue River Dam Project (12)		11,300	-	290	290 (2039)	11,010
Dept. of Justice INTERCAP Loan (11)		500	5.6	50	50 (2007)	350
Dept. Of Environmental Quality INTERCAP Loan (11)		1,212	5.6	109	75 (2008)	960

Special Revenue Bonds	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 2000
				FY 2001	In Year of Maturity (13)	
Dept. Of Corrections Resident Accounting System Loan (14)		320	5.73	57	71 (2005)	320
Natural Resrce. Damage Lit. Pgm. (15)		530	-	-	-	530
Total Notes Payable		<u>\$ 20,986</u>		<u>\$ 1,319</u>		<u>\$ 17,009</u>
Total Special Revenue Debt						<u>\$146,354</u>

- (1) All Water Development Program Bonds and the Renewable Resource Development Bonds are secured additionally by a pledge of, and payable from, certain coal severance taxes. Series 1988, 1989B, 1991A and 1993C bonds are also secured by a pledge of loan repayments from loans made from the bond proceeds.
- (2) Bonds issued for financing the design, construction and installation of energy conservation projects at various State buildings.
- (3) Bonds sold to Farmers Home Administration.
- (4) Issued by the Department of Natural Resources and Conservation (DNRC) and backed by a pledge of coal severance taxes and project revenues.
- (5) First payment of \$795,000 is due in 2003.
- (6) Bonds were sold to the Montana Board of Investments.
- (7) U.S. Bureau of Reclamation loan to Montana Department of Natural Resources & Conservation. The outstanding balance includes \$257,748 of interest owed.
- (8) Board of Investments Treasure State Endowment loan from the Coal Tax Trust Fund to the State of Montana Department of Commerce.
- (9) Montana Health Facility Authority Loan to the Department of Public Health and Human Services for the Montana Developmental Center Project and the Montana State Hospital Project.
- (10) Provide matching funds to enable the State to obtain capitalization grants from the U.S. Environmental Protection Agency for water system development loans to state political subdivisions.
- (11) Montana Board of Investments loans to Departments from the INTERCAP loan program.
- (12) Northern Cheyenne Tribe loan to the Montana Dept. of Natural Resources & Conservation (DNRC). The loan will not accrue interest and will be repaid over 39 years. Loan repayment is secured by the issuance of a coal severance tax bond to the tribe.
- (13) Year of Maturity refers to fiscal year.
- (14) Norwest loan to provide funds for the development of a Y2K compliant resident accounting system.
- (15) Board of Investments loan to the Department of Justice for the Natural Resource Damage Litigation Program. Loan repayment is secured by a pledge of amounts to be recovered in the ongoing litigation with Atlantic Richfield Company.

Board of Regents Issues Higher Education Units- Component Unit	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 2000
				FY 2001	In Year of Maturity	
University of Montana-Missoula (U of M)	1993A/1998E 1999F	\$110,816	3.8-5.8	\$2,095	\$ 760 (2026)	\$ 101,193
Montana State University-Bozeman (MSU)	1987A/1993A 1996D/1996B 1998E/1998F	87,677	3.90-8.0	3,065	5,590 (2022)	77,412
Montana Tech of the U of M	1995C/1998E 1999F	17,208	4.0-5.75	380	932 (2024)	13,001
MSU – Billings	1996D/1998F	18,955	3.9-5.625	560	1,070 (2026)	17,170
MSU – Northern	1994C/1998F	3,450	3.9-6.0	175	100 (2015)	2,775
Western Montana College of the U of M (WMC)	1993A/1998 1999F	7,846	4.0-5.75	85	858 (2024)	7,398
Helena College of Technology of the University of Montana (HCT)	1999F	<u>757</u>	4.15-5.75	<u>5,489</u>	85 (2024)	<u>749</u>
		<u>\$246,709</u>		<u>\$11,849</u>		<u>\$219,698</u>
Add: Unamortized Premium						18
Less: Unamortized Discount						<u>(2,269)</u>
Total Higher Education Bonded Debt						<u>\$217,447</u>

**Board of Regents Issues
Higher Education Units-
Component Unit**

Board of Regents Issues Higher Education Units- Component Unit	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 2000
				FY 2001	In Year of Maturity	
Higher Ed Nonbonded Debt						
U of M - Missoula, Bookstore Note		\$ 500	Variable	\$ -	\$ 500 (2005)	\$ 500
U of M - Missoula, INTERCAP Program Note		1515	Variable	236	53 (2010)	1,269
U of M - First Interstate Mortgage		281	8.5	7	28 (2017)	263
U of M -Montana College of Technology INTERCAP Program Note		541	Variable	89	27 (2007)	539
MSU - Bozeman, Fiber Note		746	5.9	159	98 (2001)	256
MSU - Bozeman, INTERCAP Program Note		1467	Variable	170	9 (2010)	1,404
MSU - Bozeman, Athletics Dept		78	5.48	17	17 (2001)	17
MSU - Bozeman, Information Tech Center		58	5.31-5.54	19	16 (2002)	38
MSU - Bozeman, Media & Theater Arts		44	5.63	9	10 (2002)	19
MSU - Bozeman, Renne Library		371	4.95-5.34	102	33 (2003)	210
MSU - Bozeman, Physics Dept		22	4.95	8	8 (2001)	8
MSU - Bozeman, University Relations		9	4.95-6.24	3	2 (2002)	4
MSU - Bozeman, Burns Center		32	6.24	10	11 (2002)	21
MSU - Bozeman, Call Center		69	5.34	22	21 (2002)	45
MSU - Billings, INTERCAP Program Note		391	Variable	34	7 (2010)	359
MSU - Billings, Athletic Note		20	8.7	5	6 (2003)	16
MSU - Yucca Escrow		85	7.75	17	7 (2005)	85
MSU - Northern, INTERCAP Program Note		1,579	Variable	167	28 (2007)	950
MSU - Northern, Athletic Van Note		13	6.5	2	2 (2005)	10
MSU - Northern, Voice Mail Note		49	6.5	-	18 (2002)	49
MSU - Northern, Student Services Loan		24	6.5	-	5 (2005)	24
MSU - College of Technology, Great Falls INTERCAP Program Note		28	Variable	9	5 (2003)	24
MSU - College of Technology, Great Falls, Note		100	5.38	22	22 (2001)	22
Total Higher Education Nonbonded Debt		\$ 8,022		\$ 1,107		\$ 6,132
Total Higher Education Funds						\$223,578

Debt service requirements (principal and interest) for long-term notes/bonds payable reported in the General Long-Term Obligations Account Group and Higher Education Funds are as follows (in thousands):

Fiscal Year Ending June 30	General Obligation Debt	Special Revenue Bonds	Higher Ed Bonded Debt	Non- Bonded Debt	Total Requirements
2001	\$ 26,327	\$ 22,560	\$ 20,120	\$ 3,282	\$ 72,289
2002	25,356	22,530	20,260	1,694	69,840
2003	24,805	22,725	20,153	1,449	69,132
2004	23,508	12,913	20,128	1,480	58,029
2005	22,853	9,102	20,035	1,129	53,119
2006+	197,913	95,056	318,671	21,411	633,051
Totals	<u>\$320,762</u>	<u>\$184,886</u>	<u>\$419,367</u>	<u>\$30,445</u>	<u>\$955,460</u>

A summary of changes in long-term liabilities payable reported in the General Long-Term Obligations Account Group for the fiscal year ending June 30, 2000, was as follows (in thousands):

	Balance July 1, 2000	Additions(1)	Reductions	Balance June 30, 2001
Early Retirement Benefits	\$ 231	\$ 83	\$ 87	\$ 227
Arbitrage Rebate Tax	807	218	-	1,025
General Obligation Debt	197,020	43,604	12,355	228,269
Special Revenue Debt	163,348	1,130	18,124	146,354
Totals	<u>\$361,406</u>	<u>\$45,035</u>	<u>\$30,566</u>	<u>\$375,875</u>

(1) Loan and Bond Proceed amounts recorded in the financial statements for General Obligation and Special Revenue Debt include the effects of bond discounts and premiums. The additions in long-term debt include new issues of bonds and loans with a face value of \$44,768,984 that were issued at par. Proceeds of \$800,000 for the Series 2000E Information Technology General Obligation Bonds have been recorded by the Montana University System, a component unit of the State of Montana.

D. Early Retirement Benefits Note - The 1993 Montana State Legislature granted an early retirement incentive. The incentive consisted of an additional three years of employer and employee contributions paid by the employer agency to the State of Montana Public Employees Retirement System. The payments may be made over a period of time not to exceed ten years at an interest rate of 8%. Debt Service requirements are as follows (in thousands):

	Principal Payments		Balance June 30, 2000
	FY 2001	In Year of Maturity	
Primary Government:			
General Obligation Debt	\$45	\$47	\$227
Component Unit:			
Higher Education Units	9	10	38
Total	\$54	\$57	\$265

E. Refunded and Early Retired Bonds

During fiscal year 2000, the Department of Natural Resources and Conservation (DNRC) used current available resources to retire early \$345,000 of Series 1988A Water Development Program General Obligation Bonds, \$790,000 of Series 1988A Water Development Program Revenue Bonds and to pre-pay \$250,000 of Series 1992A Water Development Program Revenue Bonds.

On November 12, 1999, The University of Montana, a Component Unit of the State of Montana, issued \$69,240,000 of Series F 1999 Revenue Bonds with interest ranging from 3.80% to 6.00%. The proceeds from the issue were used for the purpose of restructuring Series 1995B, 1995C, and 1996D Facilities Improvement Revenue Bonds, and for the acquisition, construction, remodeling, improvement and equipping of certain facilities and properties at the various University of Montana campuses. The University issued \$58,205,000 of the Series F 1999 Revenue Bonds to advance refund and restructure \$58,609,000 of outstanding Series 1995B, 1995C, and 1996D Facilities Improvement Revenue Bonds with an average interest rate of 5.2%. Series 1995B and 1996D were entirely advanced refunded and all but \$4,545,000 of the Series 1995C was advanced refunded. The advanced refunded bonds are considered legally defeased and as a result, the liability for those bonds has been removed from the Net Investment In Plant of Indebtedness sub-fund group in the Plant Funds. The debt service cash flows for Series F 1999 Revenue Bonds exceeded the debt service cash flows for the advance refunded bonds by approximately \$23 million. The net economic loss for the University from the advance refunding was approximately \$813,000.

During fiscal year 2000, the Housing Authority Board issued \$147,695,000 of Single Family bonds. Series 1999A was issued on August 4, 1999 in the amount of \$60,000,000 and Series 2000A was issued on March 8, 2000, in the amount of \$87,695,000. In conjunction with the issuance of the 1999A bonds, the Board refunded the 1989A bond issue on October 1, 1999. Single Family bond issue Series 2000A refunded the 1990A and 1990B bond issues. The Housing Authority deferred \$449,400 of costs related to the refunding of the 1989A, 1990A and 1990B bonds. The refunding of the 1989A bonds resulted in an economic gain of \$1,165,513 and difference in cash flows of \$547,672. The refunding of the 1990A and 1990B bonds resulted in an economic gain of \$1,525,893 and difference in cash flows of \$1,272,241.

In prior years, the State of Montana and the Board of Regents of Higher Education have issued general obligation and revenue refunding bonds, the proceeds of which were used to defease certain bond issues already outstanding. The proceeds of the refunding issues were placed in escrow accounts and invested in U.S. Treasury Obligations that, together with interest earned thereon, will be sufficient for future payment of principal and interest on the refunded issues. Accordingly, the debt is considered defeased for financial reporting purposes and the liability for the defeased bonds is not included in the financial statements. At June 30, 1999, the in-substance defeased bonds outstanding was as follows (in thousands):

General Obligation	\$10,830
Higher Education Revenue	31,390
Total	<u>\$42,220</u>

F. Propriety & Pension Funds

(1) **Economic Development & Municipal Finance Consolidation Act Bonds (EDB)** - This program is directed by the nine-member Board of Investments which is attached to the Department of Commerce for administrative purposes. This program assists Montana's small businesses and local governments in obtaining long-term, fixed rate financing through private Montana lending institutions. Outstanding obligations are as follows (in thousands):

Program	Series	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 2000
				FY 2001	In Year of Maturity	
Municipal Finance Consolidation Act Bonds (Irrigation Program) (a)	1988	\$ 4,976	6.60-7.75	\$495	\$130 (2014)	\$ 3,024
Municipal Finance Consolidation Act Bonds (School District Pooled Refunding Program) (b)	1991	6,234	4.75-6.5	398	294 (2005)	1,547
Total Bonds Payable		\$11,210		\$893		\$4,571
Conservation Reserve Enhancement Program (CRP Notes) (c)		10,982	6.90-9.92	1,196	331 (2009)	10,983
Total Bonds/Notes Payable		\$22,192		\$2,089		\$15,554

- (a) These bonds were issued to obtain funds for the Board of Investments, State of Montana, to purchase the refunding bonds of participating Irrigation Districts for the purpose of prepaying the U.S. Department of Interior, Bureau of Reclamation Projects Loans. The Irrigation Bonds and the interest thereon are payable solely from the collection of a special tax or assessment which is a lien against real property in the Irrigation District. The Irrigation Bonds are not obligations of the State of Montana. However, the Irrigation Bonds are limited obligations of the Board of Investments due to an irrevocable pledge to lend money for deposit by the Trustee of the Irrigation District Pooled Loan Program Reserve Account E in an amount equal to any deficiencies therein on any payment date. The indenture does not permit the issuance of additional bonds.
- (b) These bonds were issued for the purpose of providing funds for the Board of Investments, State of Montana, to purchase the general obligation refunding bonds of participating Montana School Districts. The School District Refunding Bonds and the interest thereon are payable from real property taxes levied within the school district. These bonds are limited obligations of the Board of Investments, and are not a debt or liability of the State of Montana, and neither the faith and credit nor the taxing power of the State is pledged to the payment of principal or interest on the bonds.
- (c) These bonds and notes were issued for the purpose of providing funds for the Board of Investments, State of Montana, to make loans to participating farmers and ranchers under its Conservation Reserve Enhancement Program. The Series 1991 Bonds are not in any way a debt or liability of the State of Montana, and neither the full faith and credit, nor the taxing power of the State of Montana is pledged to the payment of the principal or interest on the Series 1991 Bonds. However, the 1991 Bonds are limited obligations of the Board of Investments. The Bond Anticipation Notes (BAN), which matured on November 15, 1992, were reissued to correspond with maturities per the underlying loans. On November 15, 1994, eleven BANs were reissued to comply with statutory requirements limiting the maturity of notes to five years from issuance date. The outstanding BANS as of November 15, 1996 were reissued as loans to comply with statutory requirements. The board now issues CRP bonds for the duration of the CRP contract purchased.

Debt service requirements (principal & interest) for EDB are as follows (in thousands):

2001	2002	2003	2004	2005	2006+	Totals
\$3,175	\$2,998	\$2,877	\$2,723	\$2,492	\$6,601	<u>\$20,866</u>

(2) **Internal Service Bonds/Notes Payable** - State agencies may obtain long-term financing for Internal Service Funds through the Board of Investments INTERCAP loan program. Outstanding obligations at June 30, 2000, follow (in thousands):

Department	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 2000
			FY 2001	In Year of Maturity	
Department of Transportation - Motor Pool	\$9,954	5.6	\$2,001	\$758 (2004)	\$6,007
TOTAL BONDS/NOTES PAYABLE	\$9,954		\$2,001		\$6,007

Debt service requirements (principal & interest) for Internal Service Funds are as follows (in thousands):

2001	2002	2003	2004	2005	2006+	Total
\$2,274	\$2,010	\$1,239	\$758	\$-	\$-	\$6,281

(3) **Pension Trust Fund Bonds/Notes Payable** - State agencies may obtain long-term financing for Pension Trust Funds through the Board of Investments INTERCAP loan program. Outstanding obligations at June 30, 2000, follow (in thousands):

Department	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 2000
			FY 2001	In Year of Maturity	
Public Employees Retirement System (a Component Unit of the State of Montana)	\$430	5.6	\$-	\$72 (2009)	\$430
Total Bonds/Notes Payable	\$430		\$-		\$430

Debt service requirements (principal & interest) for Pension Trust Funds are as follows (in thousands):

2001	2002	2003	2004	2005	2006+	Total
\$16	\$-	\$51	\$55	\$58	\$266	\$446

(4) **Enterprise Fund Notes Payable** - State agencies may obtain long-term financing for Enterprise Funds. Outstanding obligations at June 30, 2000, were as follows (in thousands):

Department	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 2000
			FY 2001	In Year of Maturity	
Montana State Lottery (administered by the Department of Commerce)	\$5,025	5.12	\$953	\$1,110 (2004)	\$4,120
Total Bonds/Notes Payable	\$5,025		\$953		\$4,120

Debt service requirements (principal & interest) for Enterprise Funds are as follows (in thousands):

2001	2002	2003	2004	2005	2006+	Total
\$1,146	\$1,146	\$1,146	\$1,146	\$-	\$-	\$4,584

(5) **Board of Housing (BOH) (Housing Authority) - Component Unit - Revenue Bonds** - The Montana Board of Housing is authorized to have an aggregate of \$975 million of housing mortgage bonds outstanding. The bonds are payable from mortgage loan repayments and investment earnings. All bonds issued to date are secured by federally insured or guaranteed mortgages. Statutory provisions exist wherein the Governor shall include in the executive budget submitted to the legislature the sum required to fund possible future deficiencies in required reserves; however, the legislature is not legally required to appropriate funding for such deficiencies. None of the outstanding bonds were issued under these provisions. BOH Revenue Bonds (net) outstanding at June 30, 2000, were as follows (in thousands):

Program	Series	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 2000
				FY 2001	In Year of Maturity	
Single Family I	1997A	\$ 91,360	4.0-6.15	885	\$ 955 (2038)	\$ 83,330
	1999A	60,000	4.35-5.75	-	1,970 (2032)	59,100
	2000A	87,695	4.15-6.45	145	3,150 (2032)	87,695
Subtotal		\$ 239,055		\$1,030		\$230,125
Single Family II	1983C	\$ 114,998	5.75-10.7	\$ -	\$ 815 (2010)	\$ 7,978
	1984A	75,002	7.0-11.5	-	5 (2010)	2
	1985A	40,000	5.5-9.75	1,252	4,330 (2016)	6,198
	1985B	74,997	5.7-9.75	-	265 (2011)	2,470
	1992RA	22,520	5.65-6.5	-	10 (2033)	22,520
	1994A	25,725	3.1-6.1	1,370	420 (2025)	12,070
	1994B	40,815	3.8-6.9	1,230	75 (2025)	8,820
	1994C	20,000	4.5-6.8	110	130 (2027)	4,265
	1995A	33,580	4.75-6.55	355	670 (2027)	19,565
	1995B	88,000	4.2-6.4	690	1,460 (2036)	85,220
	1996A	65,000	4.7-6.375	775	1,945 (2029)	53,475
	1998A	51,780	4.0-5.45	385	265 (2031)	49,815
	1998B	65,000	4.65-5.35	450	340 (2031)	64,335
Subtotal		\$ 717,417		\$6,617		\$336,733
Single Family III	1988B1-B2	\$ 25,000	6.2-8.9	\$ 105	\$ 85 (2020)	\$ 2,420
Single Family VII	1990C1-C2	25,000	6.45-8.95	100	300 (2022)	4,635
Single Family VIII	1991A1-A2	25,000	5.2-8.275	225	540 (2023)	7,165
Single Family IX	1991B1-B2	25,000	5.5-8.4	225	545 (2023)	7,710
Single Family X	1992A1-A2	25,000	4.45-7.85	305	685 (2024)	10,390
Multifamily	1978A	4,865	6.125	60	425 (2020)	2,600
	1992A	9,725	2.95-6.55	200	50 (2024)	8,600
	1996A	890	4.10-6.15	15	60 (2027)	845
	1998A	1,625	3.5-4.7	70	40 (2030)	1,565
	1999A	9,860	4.95-8.45	70	425 (2041)	9,860
Subtotal		\$ 26,965		\$ 415		\$ 23,470
Total		\$1,108,437		\$9,022		\$622,648
Add: Deferred amount on refunding						(20)
Add: Unamortized bond premiums						(52)
Total BOH Bonds Payable (net)						\$622,576

Debt service requirements (principal & interest) for all BOH programs are as follows (in thousands):

2001	2002	2003	2004	2005	2005+	Total
\$46,836	\$45,975	\$48,188	\$49,342	\$47,501	\$1,101,071	\$1,338,913

G. No-Commitment Debt - Information is presented below for financing authorities participating in debt issues. The State has no obligation for this debt. Accordingly, these bonds and notes are not reflected in the accompanying financial statements.

(1) Montana Board of Investments (BOI) - The BOI is authorized to issue industrial revenue bonds to finance projects for qualifying borrowers. Assets and revenues of the borrower are pledged to repay the bonds. The industrial revenue bonds issued by BOI do not constitute a debt, liability, obligation or pledge of faith and credit of the State of Montana. At June 30, 2000, outstanding industrial revenue bonds were as follows (in thousands):

Project	Date of Issue	Amount Issued	Amount Outstanding
Montana Cenex	August 1985	\$ 3,925	\$ 3,925
Colstrip	October 1989	60,800	60,800
Yellowstone Energy (BGI)	July 1993	118,345	118,045
Total		\$183,070	\$182,770

(2) Beginning Farm Loan Program - The Montana Department of Agriculture is authorized to request issuance of bonds by the Montana Board of Investments to finance projects for beginning farmers within the State, if it appears, after a properly noticed public hearing, that the project is in the public interest of the State. These non-recourse, industrial development revenue bonds do not constitute a debt, liability, or obligation of the State of Montana. The amount issued and outstanding at June 30, 2000, was as follows: Jorgensen Project - issued \$81,600; outstanding \$9,835.

(3) Montana Health Facility Authority (MHFA) - Component Unit - The MHFA is authorized to issue bonds and notes to finance projects for qualifying health institutions. The following obligations issued by MHFA do not constitute a debt, liability, obligation or pledge of faith and credit of the State of Montana. At June 30, 2000, the MHFA had issued bonds and notes as follows (in thousands):

Project	Date of Issue		Amount Issued	Amount Outstanding
West Mont Home Health Services	June	1985	\$ 440	\$ 50
MHFA 1985 Pooled Loan Projects	December	1985	66,900	35,900
Community Provider Pooled Loans	October	1988	1,461	397
Community Provider Pooled Loan	July	1990	5,858	3,909
Deaconess Medical Center (Series A)	February	1991	18,000	18,000
Deaconess Medical Center (Series B)	February	1991	18,000	18,000
Sisters of Providence	May	1991	45,020	5,575
Deaconess Medical Center	September	1991	\$ 32,650	\$ 26,250
Community Provider Pooled Loans	September	1991	3,944	2,885
Hospital Pooled Loans	August	1992	4,645	1,930
Richland Opportunities	January	1993	200	155
Bozeman Deaconess Foundation	June	1993	14,900	9,310
Sisters of Charity	January	1994	50,915	39,705
Deaconess-Billings Clinic	January	1994	58,870	58,870
Residential Support Services	March	1994	50	34
St. Johns Retirement Home	October	1994	2,000	1,895
North Valley Hospital (Series D) (1)	October	1994	1,310	775
Northern MT (1)	October	1995	5,645	4,615
Northern MT	November	1995	6,090	5,500
Toole County Hospital	August	1996	1,635	1,390
Marcus Daily Memorial Hospital	August	1996	1,860	1,585
Glendive Community Hospital	August	1996	1,590	1,355
Mission Ridge	August	1996	17,835	17,835
Community Medical Center-Missoula	August	1996	20,730	19,495
Benefis	September	1996	16,680	11,670
St. Peters Hospital	January	1997	19,875	16,140
Regional Services (Beartooth Industries)	September	1997	260	246
Alternatives, Inc.	November	1997	2,925	2,745
Big Horn	February	1998	1,425	1,335
Lewis & Clark County (Cooney)	February	1998	1,730	1,615
North Valley	February	1998	1,890	1,595
Lewis & Clark County (Clinic)	February	1998	860	800
Sisters of Charity	March	1998	137,800	136,550
EMC MHC	May	1998	44	6
Opportunity Resources, Inc.	June	1998	400	377
Kalispell Regional Hospital	August	1998	19,630	18,615
Bozeman Deaconess	August	1998	13,500	12,630
Missoula Correctional (Prerelease)	October	1998	5,580	5,580
Great Falls Prerelease	October	1998	1,300	1,235
Community Medical 99 (Missoula)	January	1999	2,300	1,802
Providence Svc. (St. Pat & Joe)	July	1999	25,025	25,025
Sidney Health Center	August	1999	11,500	11,500
St. Patrick Hospital (GE PP)	December	1999	1,714	1,661
MLP OO – Marcus Daly	March	2000	3,444	3,444
Hillcrest Senior Living	March	2000	17,170	17,170
Missoula Correctional	October	1999	31	31
BSW, Inc. (99)	July	1999	71	58
Powell County Hospital	January	2000	86	81
Mineral Community Health Center	April	2000	24	24
Residential Support Services	January	2000	179	178
Opportunity Resources	May	2000	493	493
Total			\$666,484	\$548,021

(1) The Board of Investments (BOI) and the MHFA have entered into a capital reserve account agreement for certain bond issues. In accordance with the agreement, the BOI irrevocably committed to lend the MHFA funds sufficient to ensure timely payments of principal and interest on the bonds. If necessary, the loans will be made by the BOI from the Coal Severance Tax Permanent Trust Fund, a Trust Fund Bond Pool participant, or any other legally available funds administered by the BOI.

13. INTERFUND TRANSACTIONS

During the course of normal operations, the State has numerous transactions between funds to finance operations, provide services, construct assets, service debt, etc. Montana statutes include a provision for interfund loans when the expenditure of an appropriation is necessary and the cash balance in the account from which the appropriation was made is insufficient to pay the expenditure. To the extent that certain transactions between funds are not paid or received as of June 30, 2000, interfund receivables/payables (Due From/To Other Funds) are recorded. The schedule below presents all interfund balances outstanding at June 30, 2000, (in thousands) and interfund activity for the fiscal year then ended:

Within Primary Government and Component Units	Interfund Loans/Advances		From Other Funds	To Other Funds	Operating Transfers		Residual Equity Transfers	
	Receivable	Payable			In	Out	In	Out
General	\$ 70,418	\$ -	\$ 33,871	\$ 15,507	\$107,270	\$ 15,577	\$ 228	\$ -
Special Revenue								
State	25,853	8,325	15,162	15,934	44,100	27,022	7,071*	-
Federal	16	82,304	2,592	11,942	1,776	22,243	-	-
Debt Service								
Coal Tax Bonds	-	-	-	7	415	787	-	-
Long-Range Building Program	-	-	-	544	10,229	315	-	-
Water Development	-	-	-	-	2,432	70	-	-
Highway Revenue Bonds	-	-	-	-	13,536	-	-	-
Health Care Debt Service	-	-	-	-	1,561	85	-	-
Information Technology Bonds	-	-	100	-	5,793	-	-	-
SRS Bldg.	-	-	-	-	-	-	-	27
Energy Bonds	-	-	-	194	-	194	-	-
Capital Projects								
Long-Range Building Program	-	66	740	2,824	5,323	3,893	-	-
Federal/Private Construction Grts	-	-	-	-	2,825	-	-	-
Capital Land Grant	-	-	212	-	1,921	451	-	-
Information Technology Project	-	1,600	55	178	-	100	-	-
Enterprise								
Economic Development Bonds	-	-	-	14	-	-	-	-
Liquor Warehouse	76	-	372	8,672	-	19,548	-	-
Hail Insurance	-	-	-	42	-	26	-	-
State Lottery	-	-	2	1,578	-	5,841	-	-
Prison Ranch	147	-	47	63	-	18	-	-
Prison Industries	-	147	197	58	-	-	-	-
Uninsured Employers	-	-	-	-	-	-	-	6,774
Montana Career Info. Systems	-	-	-	1	-	-	-	-
Sec. of State Business Services	90	-	2	88	-	-	-	-
Historical Soc. Publications	-	9	-	18	54	-	-	-
Surplus Property	-	-	-	68	-	-	-	-
West Yellowstone Airport	-	-	-	4	14	-	-	-
Local Govt. Audits	-	-	-	12	-	-	-	-
Def. Comp. Administration	-	-	-	-	-	-	-	1
Flexible Spending Administration	-	150	147	-	-	-	-	-
Internal Service								
Highway Equipment	-	-	49	210	-	-	-	-
Employees Group Benefits	-	-	1,950	26	-	-	-	-
ISD	40	-	2,728	444	-	44	-	-
MUS Group Insurance	-	-	14	6	-	-	-	-
Administration Insurance	-	60	53	102	12	316	-	-
FWP Equipment	-	-	102	5	255	-	-	-
Motor Pool	-	616	423	72	-	-	-	-
Administration Supply	-	-	170	16	-	-	-	-
Publications & Graphics	-	-	395	44	-	-	-	-
Buildings & Grounds	-	-	82	82	44	411	-	-
Labor Central Services	97	-	744	323	-	-	-	-

Within Primary Government and Component Units	Interfund Loans/Advances		From Other Funds	To Other Funds	Operating Transfers		Residual Equity Transfers	
	Receivable	Payable			In	Out	In	Out
Commerce Central Services	-	-	147	106	-	-	-	-
DEQ Indirect Cost Pool	-	-	395	94	-	-	-	-
Mail & Messenger	-	-	190	17	-	-	-	-
Payroll Processing	-	-	-	20	-	-	-	-
Warrant Processing	-	15	52	28	-	-	-	-
Investment Division	-	-	26	95	-	-	-	-
Aircraft Operation	-	-	23	13	355	-	-	-
Justice Legal	-	140	136	53	-	-	-	-
OPI Central Services	-	-	215	112	-	-	-	-
Personnel Training	-	20	31	8	-	-	-	-
Records Management	-	90	19	23	-	-	-	-
FWP Office Supply	-	-	5	1	-	-	-	-
Debt Collection/CSC	-	1,342	28	318	-	346	-	-
Administration Legal	-	-	-	3	-	-	-	-
Local Govt. Administration	-	-	8	6	-	-	-	-
Administration DP Unit	-	-	1	4	-	-	-	-
<u>Expendable Trusts</u>								
Unemployment Insurance	-	20	9	-	-	-	-	-
Rural Development	-	-	-	4	-	-	-	-
Escheated Property	-	-	-	6	-	304	-	-
Historical Society General	9	-	-	1	-	-	-	-
Woodville Highway Replacement	-	26	-	-	-	-	-	-
Rural Physician	-	-	-	-	-	-	-	627
Wildlife Mitigation	-	-	-	24	15	47	-	-
Research & Commercialization	-	-	-	-	2,350	-	-	-
<u>Nonexpendable Trusts</u>								
Coal Tax Trust	-	79	-	8,129	-	44,631	-	-
Land Grants	-	-	299	7,718	14	50,911	-	-
Resource Indemnity	-	-	-	1,230	-	7,200	-	-
Parks Trust	-	-	-	90	-	961	-	-
Cultural Trust	-	-	-	46	-	254	-	-
Real Property	-	-	24	54	-	509	-	-
Noxious Weed Management	-	-	19	398	1,125	316	-	-
Thomas Teakle Trust	-	-	-	-	-	3	-	-
<u>Agency</u>								
Investment Pool	-	-	-	35	-	-	-	-
Land Grant Interest	-	-	-	8	-	-	-	-
Performance Deposits	430	-	28	903	-	-	-	-
Central Payroll	-	11	19,277	2,746	-	-	-	-
Custodial Accounts	-	-	6	45	-	-	-	-
Child Support Collections	-	-	53	-	-	-	-	-
Unclaimed Property	-	-	1	-	-	-	-	-
Intergovernmental	-	-	508	8	-	-	-	-
Uncleared Collections	-	-	35	73	-	-	-	-
Debt Collection/CSC	-	-	8	16	-	-	-	-
Stock Estray Fund	-	6	-	-	-	-	-	-
<u>Component Units</u>								
<u>Enterprise Funds</u>								
Housing Authority	-	-	-	27	-	-	-	-
Health Facilities Authority	-	-	-	6	-	-	-	-
State Comp. Insurance - New	-	-	488	405	-	-	-	-
State Comp. Insurance - Old	-	-	-	498	-	-	-	-
<u>Expendable Trust Fund</u>								
Employees Deferred Comp.	-	2,150	40	20	-	-	1	-
<u>Pension Trusts</u>								
Teachers Retirement	-	-	167	30	-	-	-	-
PERS	-	-	390	68	-	-	-	-
Municipal Police	-	-	39	37	-	-	-	-
Firefighters Unified	-	-	22	30	-	-	-	-
Sheriffs	-	-	-	29	-	-	-	-
Highway Patrol	-	-	7	15	-	-	-	-
Judges	-	-	-	3	-	-	-	-
Game Wardens	-	-	8	19	-	-	-	-

Within Primary Government and Component Units	Interfund Loans/Advances		From Other Funds	To Other Funds	Operating Transfers		Residual Equity Transfers	
	Receivable	Payable			In	Out	In	Out
Volunteer Firefighters	-	-	-	28	-	-	-	-
Higher Education								
Current Funds								
General Operating	7,530	1,605	1,350	13,030	1,180	1,725	-	-
Designated	14,676	63	3,111	2,152	4,587	3,542	129	-
Auxiliary	55	297	463	1,612	1,274	11,617	-	-
Restricted	2,200	15,196	1,092	6,517	553	111	-	-
Fiduciary								
Student Loans	-	-	121	7	-	5	-	-
Endowments	-	-	-	-	39	3	-	-
Agency	-	7,250	18,322	3,132	-	-	-	-
Plant								
Unexpended	2,081	2,225	556	1,192	2,535	7,452	349	-
Renewal & Replacement	64	41	1,749	335	7,152	2,157	-	349
Retirement of Indebtedness	139	-	1,568	538	23,323	13,027	-	-
Investment in Plant	-	69	-	-	-	-	-	-
Totals	\$123,921	\$123,921	\$111,245	\$111,245	\$242,062	\$242,062	\$7,778	\$7,778

* 4,342 of the Residual Equity Transfer is reflected in Contributed Capital on the Balance Sheet

Between Primary Govt. and Component Units	Due From Comp. Units	Due To Primary Govt.	Due To Comp. Units	Due From Primary Govt.	Transfer From Comp. Units	Transfer To Primary Govt.	Transfer To Comp. Units	Transfer From Primary Govt.
General	\$ 774	\$ -	\$11,501	\$ -	\$ -	\$ -	\$110,608	\$ -
Special Revenue								
State	928	-	1,106	-	582	-	14,879	-
Federal	27	-	897	-	-	-	-	-
Debt Service								
Long-Range Building	-	-	-	-	11	-	-	-
Capital Projects								
Long Range Building	45	-	20	-	-	-	-	-
Enterprise								
Liquor Stores	1	-	-	-	-	-	-	-
State Lottery	-	-	9	-	-	-	-	-
Prison Industries	14	-	-	-	-	-	-	-
Flex Spending Admin.	64	-	-	-	-	-	-	-
Internal Service								
ISD	220	-	19	-	-	-	-	-
MUS Group Insurance	587	-	17	-	-	-	-	-
Motor Pool	1	-	-	-	-	-	-	-
Administration Supply	39	-	-	-	-	-	-	-
Publications & Graphics	9	-	-	-	-	-	-	-
Labor Central Services	11	-	-	-	-	-	-	-
Commerce Central Services	11	-	-	-	-	-	-	-
DEQ Indirect Cost Pool	8	-	-	-	-	-	-	-
Mail & Messenger	1	-	-	-	-	-	-	-
Warrant Processing	17	-	-	-	-	-	-	-
Investment Division	48	-	1	-	-	-	-	-
Justice Legal	3	-	-	-	-	-	-	-
OPI Central Services	5	-	-	-	-	-	-	-
Records Management	1	-	-	-	-	-	-	-
Debt Collection/CSC	3	-	-	-	-	-	-	-
Nonexpendable Trusts								
Coal Tax Trust	300	-	-	-	-	-	-	-
Land Grants	-	-	378	-	-	-	2,286	-
Agency								
Land Grant Interest	-	-	22	-	-	-	-	-
Central Payroll	5	-	559	-	-	-	-	-
Child Support Collections	9	-	-	-	-	-	-	-
Debt Collection/CSC	1	-	1	-	-	-	-	-

Between Primary Govt. and Component Units	Due From Comp. Units	Due To Primary Govt.	Due To Comp. Units	Due From Primary Govt.	Transfer From Comp. Units	Transfer To Primary Govt.	Transfer To Comp. Units	Transfer From Primary Govt.
Component Units								
<u>Enterprise Funds</u>								
Housing Authority	-	19	-	-	-	-	-	-
Health Facilities Authority	-	1	-	-	-	-	-	-
State Compensation Ins. - New	-	798	-	3	-	-	-	-
State Compensation Ins. - Old	-	2	-	11	-	-	-	-
Employees Deferred Comp.	-	-	-	502	-	-	-	-
<u>Pension Trusts</u>								
Teachers Retirement	-	25	-	133	-	-	-	-
PERS	-	43	-	27	-	-	-	-
Municipal Police	-	-	-	5,909	-	-	-	-
Firefighters Unified	-	-	-	5,278	-	-	-	-
Highway Patrol	-	-	-	214	-	-	-	-
<u>Higher Education</u>								
<u>Current Funds</u>								
General Operating	-	640	-	236	-	582	-	125,417
Designated	-	442	-	136	-	-	-	-
Auxiliary	-	14	-	-	-	-	-	261
Restricted	-	4	-	1,050	-	-	-	-
<u>Fiduciary</u>								
Agency	-	993	-	891	-	-	-	-
<u>Plant</u>								
Unexpended	-	49	-	140	-	-	-	995
Renewal and Replacement	-	102	-	-	-	-	-	70
Retirement of Debt	-	-	-	-	-	11	-	1,030
Totals	\$3,132	\$3,132	\$14,530	\$14,530	\$593	\$593	\$127,773	\$127,773

14. FUND DEFICITS

The following funds have a deficit fund balance/retained earnings found on the operating statements for June 30, 2000, (in thousands):

Primary Government

Enterprise Fund

West Yellowstone Airport
Department of Agriculture
Subsequent Injury

Deficit

\$ (590)
(176)
(288)

Internal Service Fund

Bad Debt Division
Records Management
Payroll Processing
Administration Insurance
Justice Legal
Personnel Training
Administration - Legal
Local Government Admin
Total Fund Deficits - Primary Government

(1,282)
(49)
(41)
(23,769)
(56)
(11)
(21)
(39)

\$ (26,322)

Component Units

Proprietary Fund Type

State Comp. Ins. (Old Fund)

\$(135,908)

Higher Education Funds

General Operating Subfund
Total Fund Deficits - Component Units

(23,918)

\$(159,826)

The deficit-retained earnings in the Administration Insurance Fund, Subsequent Injury and the State Compensation Insurance-Old Fund are due to recording the expense for estimated claims including claims incurred but not reported. Refer to Note 9 for further discussion of these funds. The deficit fund balance in the General Operating Subfund is due to the expense associated with the recording of compensated absences.

15. RESERVED FUND BALANCES FOR TRUSTS

The Special Revenue fund balance reserved for trusts is for the Department of Environmental Quality federal Office of Surface Mining Trust Fund of \$6,551,852.

The Nonexpendable Coal Tax Trust Fund reserved for trust principal is comprised of the following: Permanent Coal Tax Trust \$566,748,147; Treasure State Endowment Fund \$67,362,284; and the School Bond Contingency Loan Fund \$2,177,964. All other nonexpendable funds reserved for trust principal total \$518,097,199.

16. SEGMENT INFORMATION

Selected financial information concerning all enterprise operations for the fiscal year ended June 30, 2000, is as follows (in thousands):

	Economic Development Bonds	Liquor Warehouse	Hail Insurance	State Lottery	Other* Enterprise	Total Enterprise
Operating Revenues:						
Charges for Services	\$ 7	\$ 42,532	\$ -	\$ 29,959	\$ 9,860	\$ 82,358
Investment Earnings	459	-	302	278	124	1,163
Financing Income	3,763	-	-	-	-	3,763
Contributions/Premiums	-	-	2,603	-	5,691	8,294
Grants/Contracts/Donations	-	-	-	16	-	16
Taxes	-	11,861	-	-	-	11,861
Other Revenues	-	95	86	8	139	328
Operating Expenses:						
Depreciation	1	65	-	594	223	883
Amortization	-	1	-	164	10	175
Other	3,509	33,466	2,943	23,633	15,679	79,230
Operating Income (Loss)	719	20,956	48	5,870	(98)	27,495
Nonoperating Revenues (Expenses)	-	-	-	(29)	(332)	(361)
Oper. Trans. In (Out)	-	(19,548)	(26)	(5,841)	50	(25,365)
Net Income (Loss)	\$ 719	\$ 1,408	\$ 22	\$ -	\$ (380)	\$ 1,769
Current Assets	\$ 12,885	\$ 15,947	\$ 5,023	\$ 3,672	\$ 11,331	\$ 48,858
Current Liabilities	(52,514)	(13,089)	(1,080)	(5,360)	(1,322)	(73,365)
Net Working Capital	\$(39,629)	\$ 2,858	\$ 3,943	\$(1,688)	\$ 10,009	\$ 24,507
Total Assets	\$ 70,759	\$ 16,847	\$ 9,520	\$ 9,893	\$ 17,038	\$ 124,057
Total Liabilities	66,261	13,232	3,048	9,655	4,229	96,425
Fund Equity	\$ 4,498	\$ 3,615	\$ 6,472	\$ 238	\$ 12,809	\$ 27,632
Long-Term Obligations	\$ 13,747	\$ 143	\$ 1,968	\$ 4,295	\$ 2,907	\$ 23,060
Current Capital Contribution	-	-	-	-	514	514
Acquisition of Fixed Assets	\$ 3	\$ 96	\$ -	\$ 23	\$ 91	\$ 213
Disposal of Fixed Assets	\$ -	\$ 113	\$ -	\$ 195	\$ 26	\$ 334

1. The Economic Development Bond Program, administered by the Board of Investments, assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.
2. The Liquor Division of the Department of Revenue administers the State liquor operations (Liquor Warehouse). This fund accounts for liquor licensing activities and the sale and distribution of alcoholic beverages.
3. The Hail Insurance Fund provides benefit payments to producers for crop acreage insured and accounts for premium assessments paid (See Note 9).

4. The State Lottery accounts for the operations of Montana's lottery which began in June 1987. Included in Other Assets, as presented on the Balance Sheet, is \$2,102,185 which is not a current asset.

* Other Enterprise is composed of the following funds (listed by administering agency):

Department of Agriculture
Department of Agriculture

Secretary of State
Business Services

Department of Corrections
Prison Ranch Industries
Womens Prison Industries
Swan River Vocational Training

Department of Commerce
Local Government Audits

Montana Historical Society
Historical Society Publications

Department of Administration
Surplus Property
Flexible Spending
Deferred Compensation Admin.

Department of Transportation
West Yellowstone Airport

Department of Labor and Industry
Montana Career Info. System
Subsequent Injury
Uninsured Employers

Judiciary
Judiciary Law Library

Commissioner of Higher Education
Flexible Spending

17. CONTRIBUTED CAPITAL

During fiscal year 2000, contributed capital changed by the following amounts (in thousands):

	<u>Primary Government</u>		<u>Component Units</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Proprietary Fund Type</u>
Beginning Balance - July 1, 1999	\$4,413	\$7,335	\$154,468
Additions:			
Contributed Capital Transfers-in	651	4,930	-
Deletions:			
Contributed Capital Transfers-out	(137)	(21)	-
Ending Balance - June 30, 2000	\$4,927	\$12,244	\$154,468

18. RELATED PARTY TRANSACTIONS

The Montana Board of Regents, an agency within the State, is the guarantor of the loans owned by the Montana Higher Education Student Assistance Corporation (MHESAC), a private non-profit corporation. The Board of Regents and MHESAC have four common board members. Approximately 42.56% of the Regents' outstanding loan volume, or \$285,886,322 is held by MHESAC. During fiscal year 2000 MHESAC undertook a reorganization under which its operating staff and assets were transferred to the Student Assistance Foundation of Montana (SAF) and MHESAC entered into agreements with SAF to provide management and loan servicing to MHESAC. The Board of Regents and SAF have four common board members. Lewis & Clark County owns the building that houses the staff of the Board of Regents and the Office of the Commissioner of Higher Education (OCHE). Upon satisfaction of the financing obligations, SAF has the option to purchase the building. OCHE paid MHESAC & SAF during fiscal year 2000 for its share of various costs such as personnel costs for employees of MHESAC and SAF who performed services that were of direct benefit to the State; equipment leases, computer maintenance costs, utilities, and other shared operating expenses. The total amount of these expenses for fiscal year 2000 amounted to \$390,933. In the future OCHE will make such payments solely to SAF. Prior to the reorganization MHESAC employees were allowed to participate in the University System group insurance plan and MHESAC also paid OCHE reimbursement for certain services. MHESAC ceased participation in the group insurance plan and no longer receives services from OCHE. Presently SAF employees are allowed to participate in the University System group insurance plan and SAF also pays OCHE reimbursement for services such as telephones, postage, and computer services. During fiscal year 2000, MHESAC and SAF paid OCHE a total of \$503,132.

There is a foundation affiliated with each university and college unit which solicits contributions and manages those funds for the benefit of that unit. Although each foundation is a separate legal entity, each unit exercises significant influence over its affiliated foundation. The units generally provide the foundations with office space, some staff and related office expenses and an annually contracted fee. The units paid their foundations approximately \$681,293 in fiscal year 2000. In return the universities received from their foundations approximately \$12,606,834 during fiscal year 2000 for scholarships and academic/institutional support. In addition to support from their affiliated foundations, the University of Montana-Missoula, Montana State University-Billings and Montana State University-Bozeman

received a total of \$1,548,068 from their related athletic associations/booster organizations and affiliated museums and public broadcasting radio stations.

The Department of Administration, Personnel Division, has a staff member that serves as Director of the Montana Association of Health Care Purchasers for no remuneration. The Department pays this Association \$1,000 per year to maintain its membership. This staff member also serves as Director of Community Health Options which is a health purchasing cooperative whose purpose is to consolidate demand for health coverage to encourage more cost-effective health plans, negotiate more favorable rates and create economies of scale by combining administration of health care plans.

19. CONTINGENCIES

A. Litigation - The State is party to legal proceedings, which normally occur in government operations. The legal proceedings are not, in the opinion of the State's legal counsel and the Department of Administration, likely to have a material adverse impact on the State's financial position, except where listed below.

The State of Montana is involved in a lawsuit with the potential for substantial recovery of monetary relief against private parties. *State of Montana v. Atlantic Richfield Co.*, No CV-83-317-H-PHG(D.Mont.), is a case where natural resource damage claims have been asserted under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 with respect to environmental injury to Clark Fork River Basin. The State and Atlantic Richfield recently settled a portion of the case for \$215 million, but unresolved is a claim by the State for \$180 million. Atlantic Richfield has filed a counterclaim against the State, the amount of which is unspecified and therefore could reduce or exceed the States remaining claim. The State believes it has meritorious defenses to the counterclaim. Any recovery in this litigation must be used under federal law to further reclamation and recovery efforts or to offset attorney fees and assessment costs incurred by the State.

B. Federal Contingencies:

Federal Financial Assistance - The State receives federal financial assistance for specified purposes which are subject to review and audit in accordance with the Single Audit Act Amendments of 1996. Any disallowances resulting from these audits would become the liability of the State. There are no disallowances reported as of June 30, 2000.

USDA Commodities - In fiscal year 2000, the State distributed \$5,397,031 in commodities. The value of the commodities stored in the State's warehouses was \$2,282,857 at June 30, 2000, for which the State is liable in the event of loss.

C. Miscellaneous Contingencies:

Commitment Fees - The Board of Investments (BOI) and the Montana Health Facility Authority (MHFA) have entered into a capital reserve account agreement for certain bond issues. In accordance with the agreement, the BOI irrevocably committed to lend the MHFA funds sufficient to ensure timely payments of principal and interest on the bonds. If necessary, the loans will be made by the BOI from the Coal Severance Tax Permanent Trust Fund. The total amount of these bonds outstanding as of June 30, 2000 was \$34,936,798.

The BOI has issued INTERCAP bonds backed by commitments from the Coal Severance Tax Permanent Trust Fund. The total amount of these bonds outstanding as of June 30, 2000 was \$49,110,000.

Gain Contingencies - Certain natural resource and corporation tax assessments are not reported on the State's financial statements because they are being protested administratively. As of June 30, 2000, the following assessments (by fund type) were outstanding (in thousands):

Taxes	General	Special Revenue	Debt Service	Nonexpendable Trust
Corporation	\$ 7,224	\$ -	\$ -	\$ -
Coal Severance	-	-	-	-
Metal Mines	10	7	-	-
Oil & Gas	8,563	514	-	-
Resource Indemnity	-	463	-	393
Totals	\$15,797	\$ 984	\$ -	\$ 393

Collectibility of these contingencies is dependent upon the decisions of the court, other authorities, or agreed upon settlements. Interest related to Corporation Tax Assessments is distributed to the General Fund.

Loss Contingencies - Certain corporation(s) have requested refunds that are not reported on the State's financial statements as of June 30, 2000. As of June 30, 2000, \$6,268,810 of General Fund corporation tax refunds was outstanding.

20. SUBSEQUENT EVENTS

On June 29, 2000, Montana Health Facility Authority issued \$2,245,000 of Prerelease Center Revenue Bonds, Series 2000 for the Boyd Andrew Community Services Project. Proceeds were received on or about July 19, 2000.

On June 29, 2000, Board of Investments issued \$30,000,000 of Exempt Facility Revenue Bonds, Series 2000 for the Stillwater Mining Company Project. Proceeds were received on or about July 6, 2000.

On August 11, 2000, Montana Board of Housing issued \$71,940,000 of Single Family Mortgage Bonds, 2000 Series B. Proceeds were received on or about September 14, 2000.

On August 24, 2000, Montana Higher Education Student Assistance Corporation issued \$119,380,000 in student loan revenue bonds. Proceeds were received on or about September 7, 2000.

On August 31, 2000, Board of Investments issued \$15,000,000 of Municipal Finance Consolidation Act Bonds, Series 2000. Proceeds were received on or about September 13, 2000.

On Monday, February 26, 2001, a lawsuit was filed by Montanans for the Responsible Use of the School Trust (MonTRUST) against Barbara Ranf as State Treasurer of the State of Montana and the State Board of Land Commissioners. The lawsuit contends that depositing school trust revenues into the General Fund violates the Constitution and the Enabling Act of Montana because these revenues lose their character as a trust asset.

Montana



Combining, Individual Fund and Account Group Statements/Schedules

The financial statements that follow provide detailed information on the financial position and results of operations, by fund, for each fund type. Budget basis schedules provide comparisons of the legally established budget with actual data on the budgetary basis for expenditures/ expenses and transfers out. These schedules were compiled from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS).

Barrel Vault and Skylight Under Construction - Looking north from the top of the grand stair at the removal of the fourth floor so that the barrel vault and skylight can be re-built in their original location.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. A brief description of each Special Revenue Fund follows:

State - This fund accounts for money from State and other sources that are earmarked for the purpose of defraying particular costs of an agency, program or function.

Federal - This fund accounts for money from federal sources that is used for the operation of State government.

STATE OF MONTANA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
June 30, 2000
(Expressed in Thousands)

	State	Federal	Totals
Assets:			
Cash/Cash Equivalents	\$ 193,283	\$ 55,590	\$ 248,873
Receivables (Net)	70,251	6,212	76,463
Interfund Loans Receivable	25,238	16	25,254
Due from Other Governments	3,537	125,135	128,672
Due from Component Units	928	27	955
Due from Other Funds	15,162	2,592	17,754
Inventories	23,255	4,819	28,074
Long-Term Notes/Loans Receivable	78,765	665	79,430
Advances to Other Funds	615	-	615
Equity in Pooled Investments	123,879	-	123,879
Investments	92,185	5,637	97,822
Securities Lending Collateral	22,512	1	22,513
Other Assets	1,163	1,387	2,550
Total Assets	\$ 650,773	\$ 202,081	\$ 852,854
Liabilities/Fund Balances:			
Liabilities:			
Accounts Payable	\$ 77,588	\$ 62,416	\$ 140,004
Interfund Loans Payable	8,325	82,108	90,433
Advances from Other Funds	-	196	196
Due to Other Governments	1,000	4,549	5,549
Due to Component Units	1,106	897	2,003
Due to Other Funds	15,934	11,942	27,876
Deferred Revenue	22,566	8,088	30,654
Property Held in Trust	1,038	289	1,327
Securities Lending Liability	22,512	1	22,513
Other Liabilities	34	13	47
Total Liabilities	150,103	170,499	320,602
Fund Balances:			
Reserved for:			
Encumbrances	25,592	15,736	41,328
Inventories	23,255	-	23,255
Long-Term Loans	78,765	665	79,430
Long-Term Advances	615	-	615
Trusts	-	6,622	6,622
Federal Loans	-	-	-
Unreserved:			
Designated	175	-	175
Undesignated	372,268	8,559	380,827
Total Fund Balances	500,670	31,582	532,252
Total Liabilities/Fund Balances	\$ 650,773	\$ 202,081	\$ 852,854

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	State	Federal	Totals
Revenues:			
Licenses/Permits	\$ 96,752	\$ -	\$ 96,752
Taxes:			
Natural Resource	38,057	-	38,057
Corporate Income	8,406	-	8,406
Property	8,496	-	8,496
Fuel	189,247	-	189,247
Other	69,823	16	69,839
Charges for Services/Fines/Forfeits	212,901	24,848	237,749
Investment Earnings	13,678	1,357	15,035
Securities Lending Income	1,390	88	1,478
Sale of Documents/Merchandise/Property	5,472	1	5,473
Rentals/Leases/Royalties	423	-	423
Contributions/Premiums	5,195	106	5,301
Grants/Contracts/Donations	12,000	74	12,074
Federal	2,068	1,061,304	1,063,372
Federal Indirect Cost Recoveries	12	2,009	2,021
Other Revenues	1,345	599	1,944
Total Revenues	665,265	1,090,402	1,755,667
Intrafund Revenues	(997)	(4,936)	(5,933)
Net Revenues	664,268	1,085,466	1,749,734
Expenditures:			
Current:			
General Government	63,552	2,559	66,111
Public Safety/Corrections	64,762	18,367	83,129
Transportation	198,021	243,773	441,794
Health/Social Services	72,480	582,120	654,600
Education/Cultural	5,466	112,637	118,103
Resource Development/Recreation	51,509	15,298	66,807
Economic Development/Assistance	34,758	71,289	106,047
Debt Service:			
Principal Retirement	2,316	356	2,672
Interest/Fiscal Charges	375	21	396
Capital Outlay	24,394	8,441	32,835
Securities Lending	1,340	84	1,424
Total Expenditures	518,973	1,054,945	1,573,918
Intrafund Expenditures	(997)	(4,936)	(5,933)
Net Expenditures	517,976	1,050,009	1,567,985
Excess of Revenues Over (Under) Expenditures	146,292	35,457	181,749
Other Financing Sources (Uses):			
Loan Proceeds	402	981	1,383
Bond Proceeds	7,609	-	7,609
Inception of Lease/Installment Contract	198	271	469
General Fixed Asset Sale Proceeds	29	2	31
Operating Transfers In	44,100	1,776	45,876
Transfers from Component Units	582	-	582
Operating Transfers Out	(27,022)	(22,243)	(49,265)
Transfers to Component Units	(14,879)	-	(14,879)
Total Other Financing Sources (Uses)	11,019	(19,213)	(8,194)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	157,311	16,244	173,555
Fund Balances - July 1 - As Previously Reported	340,865	15,156	356,021
Prior Period Adjustments	(775)	182	(593)
Fund Balances - July 1 - As Restated	340,090	15,338	355,428
Increase (Decrease) in Inventories	540	-	540
Residual Equity Transfers	2,729	-	2,729
Fund Balances - June 30	\$ 500,670	\$ 31,582	\$ 532,252

STATE OF MONTANA
SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL WITH RECONCILIATION OF UNRESERVED FUND BALANCE PER THE
STATEWIDE BUDGETING AND ACCOUNTING SYSTEM (SABHRS) TO BUDGET BASIS STATEMENT IN THE GPFS
SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	State Special Revenue Fund			Federal Special Revenue Fund			Totals Year Ended June 30		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Licenses/Permits	\$ 96,580	\$ 97,054	\$ 474	\$ -	\$ -	\$ -	\$ 96,580	\$ 97,054	\$ 474
Taxes:									
Natural Resource	53,804	21,533	(32,271)	-	-	-	53,804	21,533	(32,271)
Corporate Income	8,892	8,406	(486)	-	-	-	8,892	8,406	(486)
Property	8,535	8,496	(39)	-	-	-	8,535	8,496	(39)
Fuel	180,893	170,677	(10,216)	-	-	-	180,893	170,677	(10,216)
Other	68,106	69,791	1,685	-	-	-	68,106	69,791	1,685
Charges for Services/Fines/Forfeits	87,297	56,519	(30,778)	5,836	24,573	18,737	93,133	81,092	(12,041)
Investment Earnings	4,384	5,287	903	2,850	1,357	(1,493)	7,234	6,644	(590)
Sale of Documents/Merchandise/Property	6,497	5,479	(1,018)	-	-	-	6,497	5,479	(1,018)
Rentals/Leases/Royalties	261	412	151	-	-	-	261	412	151
Contributions/Premiums	9,299	5,195	(4,104)	-	106	106	9,299	5,301	(3,998)
Grants/Contracts/Donations	13,166	7,660	(5,506)	1,733	36	(1,697)	14,899	7,696	(7,203)
Federal	1,549	2,057	508	1,192,742	1,012,935	(179,807)	1,194,291	1,014,992	(179,299)
Federal Indirect Cost Recoveries	28	12	(16)	1,449	1,987	538	1,477	1,999	522
Other Revenues	1,547	932	(615)	904	439	(465)	2,451	1,371	(1,080)
Total Revenues	540,838	459,510	(81,328)	1,205,514	1,041,433	(164,081)	1,746,352	1,500,943	(245,409)
Expenditures:									
Current:									
General Government	78,440	68,714	9,726	4,692	2,692	2,000	83,132	71,406	11,726
Public Safety/Corrections	71,291	64,449	6,842	62,942	18,997	43,945	134,233	83,446	50,787
Transportation	208,668	183,354	25,314	281,757	244,878	36,879	490,425	428,232	62,193
Health/Social Services	132,135	64,873	67,262	593,981	534,419	59,562	726,116	599,292	126,824
Education/Cultural	7,065	5,043	2,022	195,900	113,924	81,976	202,965	118,967	83,998
Resource Development/Recreation	79,031	48,226	30,805	17,905	15,814	2,091	96,936	64,040	32,896
Economic Development/Assistance	49,480	29,878	19,602	92,465	69,114	23,351	141,945	98,992	42,953
Debt Service:									
Principal Retirement	1,886	2,347	(461)	640	364	276	2,526	2,711	(185)
Interest/Fiscal Charges	375	375	-	23	23	-	398	398	-
Capital Outlay	29,375	24,990	4,385	6,155	7,416	(1,261)	35,530	32,406	3,124
Total Expenditures	657,746	492,249	165,497	1,256,460	1,007,641	248,819	1,914,206	1,499,890	414,316
Excess of Revenue Over (Under) Expenditures	(116,908)	(32,739)	84,169	(50,946)	33,792	84,738	(167,854)	1,053	168,907
Other Financing Sources (Uses):									
Loan Proceeds	509	402	(107)	500	981	481	1,009	1,383	374
Bond Proceeds	-	6,546	6,546	-	-	-	-	6,546	6,546
General Fixed Asset Sale Proceeds	56	29	(27)	-	2	2	56	31	(25)
Operating Transfers In	26,487	34,281	7,794	37,347	5,593	(31,754)	63,834	39,874	(23,960)
Operating Transfers Out	(8,212)	(38,603)	(30,391)	(52,957)	(7,652)	45,305	(61,169)	(46,255)	14,914
Transfers to Component Units	(14,879)	(14,879)	-	-	-	-	(14,879)	(14,879)	-
Total Other Financing Sources (Uses)	3,961	(12,224)	(16,185)	(15,110)	(1,076)	14,034	(11,149)	(13,300)	(2,151)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (Budgetary Basis)	(112,947)	(44,963)	67,984	(66,056)	32,716	98,772	(179,003)	(12,247)	166,756
Reconciliation of Budgetary/GAAP Reporting:									
1. Adjust Expenditures for Encumbrances.	-	(21,888)	(21,888)	-	2,055	2,055	-	(19,833)	(19,833)
2. Adjustments for Nonbudgeted Activity	-	224,112	224,112	-	(18,531)	(18,531)	-	205,581	205,581
3. Intrafund Elimination - Revenues/Trans In	-	(997)	(997)	-	(4,936)	(4,936)	-	(5,933)	(5,933)
4. Intrafund Elimination - Expenditures/Trans Ou	-	997	997	-	4,936	4,936	-	5,933	5,933
5. Securities Lending Income	-	1,390	1,390	-	88	88	-	1,478	1,478
6. Securities Lending Costs	-	(1,340)	(1,340)	-	(84)	(84)	-	(1,424)	(1,424)
Excess Of Revenues/Other Sources Over (Under) Expenditures/Other Uses (GAAP Basis)	(112,947)	157,311	270,258	(66,056)	16,244	82,300	(179,003)	173,555	352,558
Unreserved Fund Balances - July 1	237,870	237,870	-	(8,476)	(8,476)	-	229,394	229,394	-
Residual Equity Transfers	-	2,729	2,729	-	-	-	-	2,729	2,729
Prior Period Adjustments	-	(775)	(775)	-	182	182	-	(593)	(593)
Decrease (Increase):									
Encumbrances Reserve	-	(1,312)	(1,312)	-	(9,600)	(9,600)	-	(10,912)	(10,912)
Advances to Other Funds Reserve	-	(479)	(479)	-	-	-	-	(479)	(479)
Long-Term Loans Reserve	-	(22,900)	(22,900)	-	(308)	(308)	-	(23,208)	(23,208)
Trusts/Endowments/Fed Loans Reserve	-	-	-	-	10,516	10,516	-	10,516	10,516
Unreserved Fund Balances - June 30	\$ 124,923	\$ 372,444	\$ 247,521	\$ (74,532)	\$ 8,558	\$ 83,090	\$ 50,391	\$ 381,002	\$ 330,611

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term obligation principal and interest. A brief description of each Debt Service Fund follows:

Coal Tax Bonds - Moneys in this fund are pledged for the payment of principal and interest on all State of Montana coal severance tax bonds.

Long-Range Building Program - This fund accounts for the payment of all long-range building program bonds and interest.

Water Development - This fund accounts for coal severance taxes pledged to retire bonds sold to make loans/grants for water development projects and activities, as prioritized by the Legislature.

Highway Revenue Bonds - This fund accounts for gasoline taxes pledged for payment of principal and interest on bonds issued for the purpose of constructing highways in Montana.

Health Facility Bonds - This fund accounts for funds from services provided to patients at the Montana Developmental Center and Montana State Hospital to pay off bonds issued by the Montana Health Facility.

Information Technology Bonds - This fund accounts for the accumulation and payment of resources for Information Technology bond debt service requirements.

Department of Social and Rehabilitation Services (SRS) Building - The building occupied by SRS is owned by the Teachers Retirement System and is leased to the State through a lease-purchase agreement. This fund accounts for the lease payments to the retirement system.

Renewable Resource - This fund accounts for coal severance taxes pledged to retire bonds that were sold to provide funds to finance renewable resource projects.

Water Conservation Bonds - This fund accounts for Water Conservation Bonds issued for four projects: Sidney, Little Dry, South Side Canal and Petrolia.

Energy Bonds - This fund accounts for General Obligation bonds issued for State Building Energy Conservation Projects.

STATE OF MONTANA
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
 June 30, 2000
 (Expressed in Thousands)

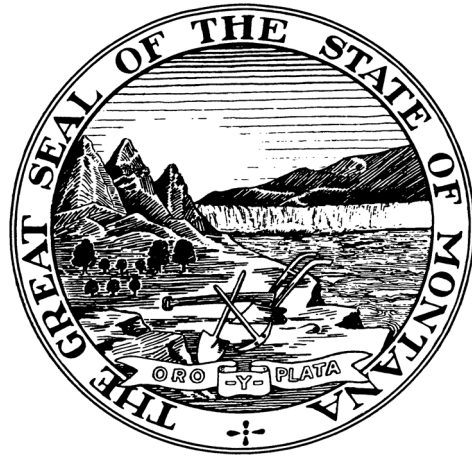
	Coal Tax Bonds	Long-Range Building Program	Water Development	Highway Revenue Bonds
Assets:				
Cash/Cash Equivalents	\$ 7,325	\$ 3,154	\$ 1,885	12,909
Receivables (Net)	181	543	624	-
Due from Other Funds	-	-	-	-
Long-Term Notes/Loans Receivable	25,652	-	7,539	-
Investments	1,621	-	2,544	-
Securities Lending Collateral	1,674	-	-	-
Total Assets	<u>\$ 36,453</u>	<u>\$ 3,697</u>	<u>\$ 12,592</u>	<u>12,909</u>
Liabilities/Fund Balances:				
Liabilities:				
Accounts Payable	\$ 9	\$ 30	\$ -	-
Due to Other Funds	7	544	-	-
Securities Lending Liability	1,674	-	-	-
Total Liabilities	<u>1,690</u>	<u>574</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for Long-Term Loans	25,652	-	7,539	-
Reserved for Debt Service	6,248	-	-	-
Unreserved, Designated	2,863	3,123	5,053	12,909
Total Fund Balances	<u>34,763</u>	<u>3,123</u>	<u>12,592</u>	<u>12,909</u>
Total Liabilities/Fund Balances	<u>\$ 36,453</u>	<u>\$ 3,697</u>	<u>\$ 12,592</u>	<u>12,909</u>

	Health Care Debt Service	IT Bonds	Renewable Resource	Water Conservation Bonds	Energy Bonds	Totals
\$	5,264	\$ 124	\$ 89	\$ -	\$ 251	31,001
	-	-	8	-	-	1,356
	-	100	-	-	-	100
	-	-	-	59	-	33,250
	-	-	-	-	-	4,165
	-	-	-	-	-	1,674
\$	5,264	\$ 224	\$ 97	\$ 59	\$ 251	71,546
\$	965	\$ 81	\$ -	\$ -	\$ -	1,085
	-	-	-	-	194	745
	-	-	-	-	-	1,674
	965	81	-	-	194	3,504
	-	-	-	59	-	33,250
	-	-	-	-	-	6,248
	4,299	143	97	-	57	28,544
	4,299	143	97	59	57	68,042
\$	5,264	\$ 224	\$ 97	\$ 59	\$ 251	71,546

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Coal Tax Bonds	Long-Range Building Program	Water Development	Highway Revenue Bonds
Revenues:				
Taxes:				
Gas/Oil/Coal Production	\$ -	\$ -	301	\$ -
Charges for Services/Fines/Forfeits	-	544	3	-
Investment Earnings	1,717	738	2,407	396
Securities Lending Income	67	35	3	19
Federal	-	128	-	-
Sale of Documents/Merchandise/Property	2,601	-	-	-
Total Revenues	4,385	1,445	2,714	415
Expenditures:				
General Government	-	51	-	-
Resource Development/Recreation	-	-	1	-
Principal Retirement	3,877	6,140	1,245	11,355
Interest/Fiscal Charges	3,169	6,243	1,188	2,315
Securities Lending	65	34	3	18
Total Expenditures	7,111	12,468	2,437	13,688
Excess of Revenues Over (Under) Expenditures	(2,726)	(11,023)	277	(13,273)
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Transfers from Component Units	-	11	-	-
Operating Transfers In	415	10,229	2,432	13,536
Operating Transfers Out	(787)	(315)	(70)	-
Total Other Financing Sources (Uses)	(372)	9,925	2,362	13,536
Excess of Revenues/Other Sources Over (Under) Expenditures/ Other Uses	(3,098)	(1,098)	2,639	263
Fund Balances - July 1 - As Previously Reported	37,853	4,250	9,953	12,646
Prior Period Adjustments	8	(29)	-	-
Fund Balances - July 1 - As Restated	37,861	4,221	9,953	12,646
Residual Equity Transfers	-	-	-	-
Fund Balances - June 30	\$ 34,763	\$ 3,123	\$ 12,592	\$ 12,909

	Health Care Debt Service	IT Bonds	SRS Bldg	Renewable Resource	Water Conservation Bonds	Energy Bonds	Totals
\$	- \$	- \$	- \$	- \$	- \$	- \$	301
	-	-	-	-	-	799	1,346
	553	20	-	20	3	94	5,948
	-	1	-	-	-	4	129
	-	-	-	-	-	-	128
	-	-	-	-	-	-	2,601
	553	21	-	20	3	897	10,453
	-	-	-	-	-	-	51
	-	-	-	-	-	-	1
	990	4,430	-	-	2	565	28,604
	2,074	1,722	-	-	1	182	16,894
	-	1	-	-	-	4	125
	3,064	6,153	-	-	3	751	45,675
	(2,511)	(6,132)	-	20	-	146	(35,222)
	-	35	-	-	-	-	35
	-	-	-	-	-	-	11
	1,561	5,793	-	-	-	-	33,966
	(85)	-	-	-	-	(194)	(1,451)
	1,476	5,828	-	-	-	(194)	32,561
	(1,035)	(304)	-	20	-	(48)	(2,661)
	5,334	447	27	77	59	105	70,751
	-	-	-	-	-	-	(21)
	5,334	447	27	77	59	105	70,730
	-	-	(27)	-	-	-	(27)
\$	4,299 \$	143 \$	- \$	97 \$	59 \$	57 \$	68,042



CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major governmental general fixed assets. A brief description of each Capital Projects Fund follows:

Long-Range Building Program - This fund is maintained to account for resources received and expended for the State's long-range building program. The long-range building program includes costs for the acquisition, construction and improvement of major fixed assets financed by general obligation bonds and interest earned on bond proceeds.

Information Technology Project - This fund accounts for resources received and expended for Information Technology projects for various upgrade and replacement activities.

Federal/Private Construction Grants - This fund accounts for federal grants, private donations and federal matching funds that are restricted to general fixed asset construction.

Capital Land Grant - This fund accounts for revenues and expenditures from the capital land grant. Revenues are dedicated for the purpose of constructing capital buildings or additions thereto. Revenues may be transferred to a Debt Service Fund for the payment of principal and interest on bonds issued for capital building construction.

STATE OF MONTANA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
June 30, 2000
(Expressed in Thousands)

	Long-Range Building	IT Projects	Federal/ Private Construction Grants	Capital Land Grant	Totals
Assets:					
Cash/Cash Equivalents	\$ 32,670	\$ 20,498	\$ 146	\$ 426	53,740
Receivables (Net)	1,030	-	-	-	1,030
Due from Component Units	45	-	-	-	45
Due from Other Funds	740	55	-	212	1,007
Securities Lending Collateral	1	1	-	-	2
Other Assets	13	-	-	3	16
Total Assets	\$ 34,499	\$ 20,554	\$ 146	\$ 641	55,840
Liabilities/Fund Balances:					
Liabilities:					
Accounts Payable	\$ 3,328	\$ 368	\$ -	\$ 10	3,706
Interfund Loans Payable	66	1,600	-	-	1,666
Due to Component Units	20	-	-	-	20
Due to Other Funds	2,824	178	-	-	3,002
Property Held in Trust	117	-	-	-	117
Securities Lending Liability	1	1	-	-	2
Total Liabilities	6,356	2,147	-	10	8,513
Fund Balances:					
Reserved for Encumbrances	888	20	-	4	912
Unreserved	27,255	18,387	146	627	46,415
Total Fund Balances	28,143	18,407	146	631	47,327
Total Liabilities/Fund Balances	\$ 34,499	\$ 20,554	\$ 146	\$ 641	55,840

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Long-Range Building	IT Projects	Federal/ Private Construction Grants	Capital Land Grant	Totals
Revenues:					
Taxes:					
Natural Resource	\$ 3,788	\$ -	\$ -	\$ -	3,788
Cigarette/Tobacco	1,837	-	-	-	1,837
Charges for Services/Fines/Forfeits	73	-	-	-	73
Investment Earnings	514	330	-	-	844
Securities Lending Income	24	16	-	-	40
Total Revenues	6,236	346	-	-	6,582
Expenditures:					
Current:					
General Government	5	11,004	-	97	11,106
Public Safety/Corrections	-	395	2,825	-	3,220
Resource Development/Recreation	18	-	-	-	18
Economic Development/Assistance	-	360	-	-	360
Debt Service Interest/Fiscal Charges	5	-	-	-	5
Capital Outlay	38,437	239	19	1,264	39,959
Securities Lending	23	15	-	-	38
Total Expenditures	38,488	12,013	2,844	1,361	54,706
Excess of Revenues Over (Under) Expenditures	(32,252)	(11,667)	(2,844)	(1,361)	(48,124)
Other Financing Sources (Uses):					
Bond Proceeds	17,195	18,000	-	-	35,195
Operating Transfers In	5,323	-	2,825	1,921	10,069
Operating Transfers Out	(3,893)	(100)	-	(451)	(4,444)
Total Other Financing Sources (Uses)	18,625	17,900	2,825	1,470	40,820
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	(13,627)	6,233	(19)	109	(7,304)
Fund Balances - July 1 - As Previously Reported	41,770	12,174	165	522	54,631
Fund Balances - June 30	\$ 28,143	\$ 18,407	\$ 146	\$ 631	\$ 47,327

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that provide goods or services to the public on a user charge basis. A brief description of each Enterprise Fund follows:

Economic Development Bonds - This operation is directed by the nine-member Board of Investments, administered by the Department of Commerce. This fund accounts for the Industrial Development Bond (IDB) Program and the Montana Cash Anticipation Program. This program assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

Liquor Warehouse - This fund accounts for activities related to the sale and distribution of alcoholic beverages and licensing within the State. Profits and license fees are used to finance General Fund expenditures.

Hail Insurance - Any producer engaged in the growing of crops subject to damage by hail may participate in the hail insurance program. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs and benefits paid by the Department of Agriculture.

State Lottery - This fund accounts for the operations of Montana's lottery.

Montana State Prison Ranch/Industries, Swan River Vocational Training and Women's Prison Industries - These operations provide training and employment for inmates. The products produced are sold to State agencies, non-profit organizations and other customers in accordance with State policies.

Uninsured Employers - This fund accounts for fines and penalties collected from employers that do not carry workers compensation coverage and benefits paid to their employees who are injured on the job.

Subsequent Injury - This fund accounts for the assessments collected from employers and benefits paid to workers who are certified as vocationally handicapped and are injured on the job.

Montana Career Information System - A private organization that collects and distributes labor market and educational data in software and books to various schools and agencies. The MCIS is funded through a combination of user fees and state grants.

Secretary of State Business Services - This fund accounts for the Business and Government Services activities and the Administrative Code Program of the Secretary of State's Office.

Historical Society Publications - This fund accounts for the Historical Society's sales from "Montana, The Magazine of Western History", books, publications and merchandise from the Historical Society store.

Surplus Property - The Department of Administration accounts for intragovernmental sales of state

and federal surplus property to State agencies, local governments and certain other non-profit organizations in this fund.

West Yellowstone Airport - This fund, administered by the Department of Transportation, accounts for operations of the airport at West Yellowstone. User airlines are assessed rent and landing fees.

Judiciary Law Library - This fund accounts for fees collected for on-line law library references and searches and the related administrative costs.

Local Government Audits - This fund accounts for the costs incurred by the Department of Commerce for audits of local governments required under Section 2-7-501 through 522 of the Montana Code Annotated and the fees assessed the local governments for the audits.

Deferred Compensation Administration Expenses - This fund accounts for the fees collected from the Deferred Compensation Plan participants for the administration of the plan and the related costs incurred in administering the plan.

Flexible Spending Administration - This fund accounts for the fees collected from the participants in the Flexible Spending programs and the related administrative costs of the plans administered by the Department of Administration and the Commissioner of Higher Education.

Department of Agriculture - This fund accounts for fees collected from persons importing, possessing or controlling alfalfa leaf-cutting bees and the costs incurred in certifying that the bees are disease free, and the application fees from the operations of the Beginning Farm Loan Program.

STATE OF MONTANA
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
June 30, 2000
(Expressed in Thousands)

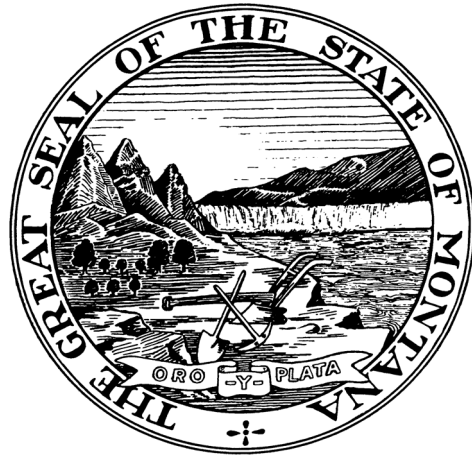
	Economic Development Bonds	Liquor Warehouse	Hail Insurance	State Lottery	Prison Ranch	Prison Industries
Assets:						
Cash/Cash Equivalents	\$ 4,780	\$ 3,178	\$ 3,456	\$ 1,749	\$ 2,145	240
Receivables (Net)	1,691	11,709	1,597	684	114	201
Interfund Loans Receivable	-	76	-	-	147	-
Due from Other Funds	-	372	-	2	47	197
Due from Component Units	-	1	-	-	-	14
Inventories	-	556	-	1,123	2,856	898
Long-Term Loans/Notes Receivable	57,578	-	-	-	-	-
Investments	5,855	-	2,978	-	-	-
Securities Lending Collateral	-	-	1,489	-	-	-
Land	-	-	-	-	690	-
Buildings/Improvements	-	1,736	-	82	2,675	763
Equipment	6	299	-	4,166	1,578	334
Other Fixed Assets	-	-	-	-	-	-
Accumulated Depreciation	(2)	(1,137)	-	(998)	(2,302)	(529)
Intangible Assets	-	2	-	957	173	-
Deferred Charges	851	-	-	-	-	-
Other Assets	-	55	-	2,128	-	1
Total Assets	\$ 70,759	\$ 16,847	\$ 9,520	\$ 9,893	\$ 8,123	2,119
Liabilities/Fund Equity:						
Liabilities:						
Accounts Payable	\$ 1,267	\$ 3,150	\$ 58	\$ 663	\$ 87	151
Lottery Prizes Payable	-	-	-	2,964	-	-
Interfund Loans Payable	-	-	-	-	-	147
Due to Other Governments	-	-	46	-	-	-
Due to Component Units	-	-	-	9	-	-
Due to Other Funds	14	8,672	42	1,578	63	60
Deferred Revenue	89	1,267	934	146	-	98
Bonds/Notes Payable (Net)	64,664	-	-	4,120	-	-
Property Held in Trust	-	55	-	2	-	-
Securities Lending Liability	-	-	1,489	-	-	-
Compensated Absences Payable	14	88	22	173	113	92
Estimated Insurance Claims	-	-	457	-	-	-
Arbitrage Rebate Tax Payable	213	-	-	-	-	-
Total Liabilities	66,261	13,232	3,048	9,655	263	548
Fund Equity:						
Contributed Capital	23	1,915	-	238	21	255
Retained Earnings:						
Unreserved	4,475	1,700	6,472	-	7,839	1,316
Total Fund Equity	4,498	3,615	6,472	238	7,860	1,571
Total Liabilities/Fund Equity	\$ 70,759	\$ 16,847	\$ 9,520	\$ 9,893	\$ 8,123	2,119

Subsequent Injury	MT Career Info Sys	Secretary of State Business Services	Historical Society Publications	Surplus Property	West Yellowstone Airport	Judiciary Law Library
\$ 552	\$ 35	\$ 1,119	\$ 71	\$ 79	\$ 320	14
31	-	1	36	50	-	-
-	-	90	-	-	-	-
-	-	2	-	-	-	-
-	-	-	-	-	-	-
-	-	14	392	750	-	-
-	-	-	-	3	-	-
1,411	-	-	-	-	-	-
246	-	-	-	-	-	-
-	-	-	-	-	110	-
-	-	-	-	130	487	-
-	-	46	26	194	71	-
-	-	-	-	-	1,147	-
-	-	(19)	(9)	(118)	(1,371)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1	-	1	-	-
\$ 2,240	\$ 35	\$ 1,254	\$ 516	\$ 1,089	\$ 764	14
\$ 3	\$ -	\$ 65	\$ 13	\$ 8	\$ 1	2
-	-	-	-	-	-	-
-	-	-	9	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1	88	18	68	4	-
-	7	29	122	-	-	9
-	-	-	-	-	-	-
-	-	40	-	-	-	-
246	-	-	-	-	-	-
-	1	103	60	30	4	-
2,279	-	-	-	-	-	-
-	-	-	-	-	-	-
2,528	9	325	222	106	9	11
-	-	-	39	799	1,345	-
(288)	26	929	255	184	(590)	3
(288)	26	929	294	983	755	3
\$ 2,240	\$ 35	\$ 1,254	\$ 516	\$ 1,089	\$ 764	14

(Continued on Next Page)

STATE OF MONTANA
COMBINING BALANCE SHEET - Continued
ENTERPRISE FUNDS
June 30, 2000
(Expressed in Thousands)

	Local Government Audits	Flexible Spending Admin	Dept of Agriculture	Swan River Vocational Training	Womens Prison Industries	Totals
Assets:						
Cash/Cash Equivalents	\$ 385	\$ 242	10	2	2	18,379
Receivables (Net)	-	1	-	-	-	16,115
Interfund Loans Receivable	-	-	-	-	-	313
Due from Other Funds	-	147	-	-	-	767
Due from Component Units	-	64	-	-	-	79
Inventories	-	-	-	-	-	6,589
Long-Term Loans/Notes Receivable	-	-	-	-	-	57,581
Investments	-	-	-	-	-	10,244
Securities Lending Collateral	-	-	-	-	-	1,735
Land	-	-	-	-	-	800
Buildings/Improvements	-	-	-	-	-	5,873
Equipment	7	-	-	-	-	6,727
Other Fixed Assets	-	-	-	-	-	1,147
Accumulated Depreciation	(6)	-	-	-	-	(6,491)
Intangible Assets	-	-	-	-	-	1,132
Deferred Charges	-	-	-	-	-	851
Other Assets	-	30	-	-	-	2,216
Total Assets	\$ 386	484	10	2	2	124,057
Liabilities/Fund Equity:						
Liabilities:						
Accounts Payable	\$ -	9	-	-	-	5,477
Lottery Prizes Payable	-	-	-	-	-	2,964
Interfund Loans Payable	-	149	-	-	-	305
Due to Other Governments	-	-	-	-	-	46
Due to Component Units	-	-	-	-	-	9
Due to Other Funds	12	-	-	-	-	10,620
Deferred Revenue	-	2	-	-	-	2,703
Bonds/Notes Payable (Net)	-	-	-	-	-	68,784
Property Held in Trust	-	-	-	-	-	97
Securities Lending Liability	-	-	-	-	-	1,735
Compensated Absences Payable	36	-	-	-	-	736
Estimated Insurance Claims	-	-	-	-	-	2,736
Arbitrage Rebate Tax Payable	-	-	-	-	-	213
Total Liabilities	48	160	-	-	-	96,425
Fund Equity:						
Contributed Capital	106	-	186	-	-	4,927
Retained Earnings:						
Unreserved	232	324	(176)	2	2	22,705
Total Fund Equity	338	324	10	2	2	27,632
Total Liabilities/Fund Equity	\$ 386	484	10	2	2	124,057



STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

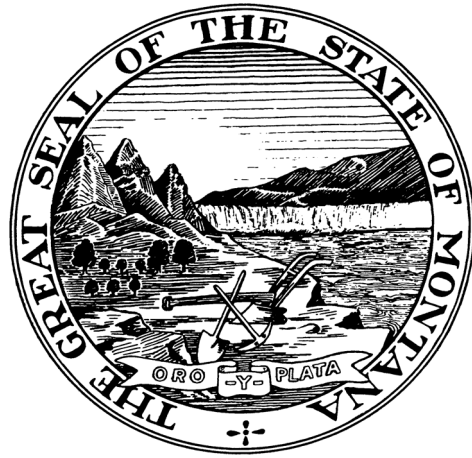
	Economic Development Bonds	Liquor Warehouse	Hail Insurance	State Lottery	Prison Ranch	Prison Industries	Uninsured Employers
Operating Revenues:							
Charges for Services	\$ 7	\$ 42,532	\$ -	\$ 29,959	\$ 3,343	\$ 2,661	-
Investment Earnings	459	-	302	278	-	-	-
Securities Lending Income	-	-	82	6	-	-	-
Financing Income	3,763	-	-	-	-	-	-
Contributions/Premiums	-	-	2,603	-	-	-	-
Grants/Contracts/Donations	-	-	-	16	-	-	-
Taxes	-	11,861	-	-	-	-	-
Other Operating Revenues	-	95	4	2	-	-	-
Total Operating Revenues	4,229	54,488	2,991	30,261	3,343	2,661	-
Operating Expenses:							
Personal Services	148	589	201	1,258	855	1,303	-
Contractual Services	70	296	86	4,558	75	21	-
Supplies/Materials	20	32,413	7	793	1,104	1,385	-
Benefits/Claims (Note 3)	-	-	2,524	-	-	-	-
Depreciation	1	65	-	594	158	37	-
Amortization	-	1	-	164	10	-	-
Utilities/Rent	32	66	6	100	94	57	-
Communications	24	40	6	728	8	9	-
Travel	6	12	26	27	8	17	-
Repair/Maintenance	7	26	1	48	261	45	-
Lottery Prize Payments	-	-	-	15,575	-	-	-
Interest Expense	3,095	-	-	232	-	-	-
Securities Lending Expense	-	-	78	6	-	-	-
Arbitrage Rebate Tax	88	-	-	-	-	-	-
Other Operating Expenses	19	24	8	308	254	16	-
Total Operating Expenses	3,510	33,532	2,943	24,391	2,827	2,890	-
Operating Income (Loss)	719	20,956	48	5,870	516	(229)	-
Nonoperating Revenues (Expenses):							
Gain (Loss) Sale of Fixed Assets	-	-	-	(29)	-	-	-
Increase (Decrease) Value of Livestock	-	-	-	-	(332)	-	-
Total Nonoperating Revenues (Expenses)	-	-	-	(29)	(332)	-	-
Income (Loss) Before Operating Transfers	719	20,956	48	5,841	184	(229)	-
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	(19,548)	(26)	(5,841)	(18)	-	-
Net Income (Loss)	719	1,408	22	-	166	(229)	-
Retained Earnings - July 1 - As Previously Reported	3,856	230	6,450	-	7,652	1,544	6,710
Prior Period Adjustments	(100)	62	-	-	21	1	64
Retained Earnings - July 1- As Restated	3,756	292	6,450	-	7,673	1,545	6,774
Residual Equity Transfers	-	-	-	-	-	-	(6,774)
Retained Earnings - June 30	\$ 4,475	\$ 1,700	\$ 6,472	\$ -	\$ 7,839	\$ 1,316	-

	Subsequent Injury	MT Career Info Sys	Secretary of State Business Services	Historical Society Publications	Surplus Property	West Yellowstone Airport	Judiciary Law Library	Local Government Audits
\$	- \$	136	\$ 2,270	\$ 653	\$ 397	61 \$	- \$	248
	73	-	47	-	-	-	-	-
	26	-	2	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	5	4	-	62	40	-
	99	136	2,324	657	397	123	40	248
	-	50	1,117	350	216	39	-	161
	1	27	891	73	31	12	37	13
	-	13	90	291	162	5	-	7
	232	-	-	-	-	-	-	-
	-	-	10	5	13	-	-	-
	-	-	-	-	-	-	-	-
	-	5	84	18	20	13	-	18
	-	5	107	34	21	1	-	6
	-	7	36	18	16	2	-	1
	-	-	9	9	7	9	-	1
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	25	-	2	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	9	11	22	8	1	-	40
	258	116	2,357	820	494	82	37	247
	(159)	20	(33)	(163)	(97)	41	3	1
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	(159)	20	(33)	(163)	(97)	41	3	1
	-	-	-	54	-	14	-	-
	-	-	-	-	-	-	-	-
	(159)	20	(33)	(109)	(97)	55	3	1
	(129)	6	956	364	281	(641)	-	231
	-	-	6	-	-	(4)	-	-
	(129)	6	962	364	281	(645)	-	231
	-	-	-	-	-	-	-	-
\$	(288)\$	26 \$	929 \$	255 \$	184 \$	(590)\$	3 \$	232

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - Continued
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Def Comp Admin	Flexible Spending Admin	Dept of Agriculture	Swan River Vocational Training	Womens Prison Industries	Totals
Operating Revenues:						
Charges for Services	\$ -	\$ 86	\$ 5	\$ -	\$ -	\$ 82,358
Investment Earnings	-	4	-	-	-	1,163
Securities Lending Income	-	-	-	-	-	116
Financing Income	-	-	-	-	-	3,763
Contributions/Premiums	-	5,691	-	-	-	8,294
Grants/Contracts/Donations	-	-	-	-	-	16
Taxes	-	-	-	-	-	11,861
Other Operating Revenues	-	-	-	-	-	212
Total Operating Revenues	-	5,781	5	-	-	107,783
Operating Expenses:						
Personal Services	(1)	-	3	-	-	6,289
Contractual Services	-	93	-	-	-	6,284
Supplies/Materials	-	-	1	-	-	36,291
Benefits/Claims (Note 3)	-	5,602	-	-	-	8,358
Depreciation	-	-	-	-	-	883
Amortization	-	-	-	-	-	175
Utilities/Rent	-	-	-	-	-	513
Communications	-	-	-	-	-	989
Travel	-	-	-	-	-	176
Repair/Maintenance	-	-	-	-	-	423
Lottery Prize Payments	-	-	-	-	-	15,575
Interest Expense	-	-	-	-	-	3,327
Securities Lending Expense	-	-	-	-	-	111
Arbitrage Rebate Tax	-	-	-	-	-	88
Other Operating Expenses	-	86	-	-	-	806
Total Operating Expenses	(1)	5,781	4	-	-	80,288
Operating Income (Loss)	1	-	1	-	-	27,495
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	(29)
Increase (Decrease) Value of Livestock	-	-	-	-	-	(332)
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	(361)
Income (Loss) Before Operating Transfers	1	-	1	-	-	27,134
Operating Transfers In	-	-	-	-	-	68
Operating Transfers Out	-	-	-	-	-	(25,433)
Net Income (Loss)	1	-	1	-	-	1,769
Retained Earnings - July 1 - As Previously Reported	-	324	(177)	2	2	27,661
Prior Period Adjustments	-	-	-	-	-	50
Retained Earnings - July 1 - As Restated	-	324	(177)	2	2	27,711
Residual Equity Transfers	(1)	-	-	-	-	(6,775)
Retained Earnings - June 30	\$ -	\$ 324	\$ (176)	\$ 2	\$ 2	\$ 22,705



STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Economic Development Bonds	Liquor Warehouse	Hail Insurance	State Lottery	Prison Ranch	Prison Industries	Uninsured Employers
Cash Flows from Operating Activities:							
Receipts from Sales and Services	\$ 6	\$ 40,112	\$ 2,415	\$ 31,120	\$ 3,335	\$ 2,694	\$ -
Payments to Suppliers for Goods and Services	(176)	(30,841)	(91)	(6,962)	(1,390)	(1,288)	-
Payments to Employees	(146)	(560)	(213)	(1,236)	(862)	(1,276)	-
Cash Payments for Claims	-	-	(2,268)	-	-	-	-
Cash Payments for Prizes	-	-	-	(16,013)	-	-	-
Other Operating Revenues	-	95	4	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(316)	8,806	(153)	6,909	1,083	130	-
Cash Flows from Noncapital Financing Activities:							
Payment of Principal and Interest on Bonds and Notes	(6,428)	-	-	-	(71)	-	-
Proceeds from Issuance of Bonds and Notes	3,202	-	-	-	-	-	-
Collection of Taxes	-	11,862	-	-	-	-	-
Transfers to Other Funds	-	(19,945)	(8)	(7,178)	-	(1)	-
Transfers from Other Funds	-	-	-	-	-	-	-
Proceeds from Interfund Loans	(4)	-	-	-	18	-	-
Payments of Interfund Loans	-	(74)	-	-	-	(18)	-
Residual Equity Transfers to Other Funds	-	-	-	-	-	-	(1,374)
Net Cash Provided by (Used for) Noncapital Financing Activities	(3,230)	(8,157)	(8)	(7,178)	(53)	(19)	(1,374)
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Fixed Assets	(3)	-	-	(23)	(157)	(43)	-
Proceeds from Sale of Fixed Assets	-	-	-	4	-	-	-
Principal and Interest Payments on Bonds and Notes	-	-	-	(1,146)	-	-	-
Net Cash Used for Capital and Related Financing Activities	(3)	-	-	(1,165)	(157)	(43)	-
Cash Flows from Investing Activities:							
Purchase of Investments	(1,517)	-	(2,988)	-	-	-	-
Proceeds from Sales or Maturities of Investments	1,353	-	2,963	-	-	-	-
Proceeds from Securities Lending Transactions	-	-	79	7	-	-	-
Interest and Dividends on Investments	505	-	340	125	-	-	-
Payment of Securities Lending Costs	-	-	(74)	(5)	-	-	-
Collections of Principal and Interest on Loans	21,271	-	-	-	-	-	-
Cash Payments for Loans	(21,628)	-	-	-	-	-	-
Arbitrage Rebate Tax	(45)	-	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	(61)	-	320	127	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(3,610)	649	159	(1,307)	873	68	(1,374)
Cash and Cash Equivalents, July 1	8,390	2,529	3,297	3,056	1,272	172	1,374
Cash and Cash Equivalents, June 30	\$ 4,780	\$ 3,178	\$ 3,456	\$ 1,749	\$ 2,145	\$ 240	\$ -

Subsequent Injury	MT Career Info Sys	Secretary of State Business Services	Historical Society Publications	Surplus Property	West Yellowstone Airport	Judicial Law Library	Local Government Audits
\$ 9	\$ 138	\$ 2,238	\$ 650	\$ 210	\$ 122	\$ 40	249
(1)	(68)	(1,160)	(429)	(203)	(41)	(26)	(85)
(6)	(58)	(1,127)	(349)	(218)	(35)	-	(159)
(59)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(57)	12	(49)	(128)	(211)	46	14	5
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	53	-	15	-	-
-	-	90	9	-	-	-	-
-	-	(90)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	62	-	15	-	-
-	-	(1)	-	(75)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(1)	-	(75)	-	-	-
(297)	-	-	-	-	-	-	-
141	-	-	-	-	-	-	-
25	-	2	-	-	-	-	-
95	-	49	-	-	-	-	-
(24)	-	(2)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(60)	-	49	-	-	-	-	-
(117)	12	(1)	(66)	(286)	61	14	5
669	23	1,120	137	365	259	-	380
\$ 552	\$ 35	\$ 1,119	\$ 71	\$ 79	\$ 320	\$ 14	\$ 385

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS - Continued
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Def Comp Admin	Flexible Spending Admin	Dept of Agriculture	Swan River Vocational Training	Womens Prison Industries	Totals
Cash Flows from Operating Activities:						
Receipts from Sales and Services	\$ -	\$ 5,633	\$ 5	\$ -	\$ -	\$ 88,976
Payments to Suppliers for Goods and Services	-	(188)	(1)	-	-	(42,950)
Payments to Employees	(1)	-	(3)	-	-	(6,249)
Cash Payments for Claims	-	(5,602)	-	-	-	(7,929)
Cash Payments for Prizes	-	-	-	-	-	(16,013)
Other Operating Revenues	-	-	-	-	-	99
Net Cash Provided by (Used for) Operating Activities	(1)	(157)	1	-	-	15,934
Cash Flows from Noncapital Financing Activities:						
Payment of Principal and Interest on Bonds and Notes	-	-	-	-	-	(6,499)
Proceeds from Issuance of Bonds and Notes	-	-	-	-	-	3,202
Collection of Taxes	-	-	-	-	-	11,862
Transfers to Other Funds	-	-	-	-	-	(27,132)
Transfers from Other Funds	-	-	-	-	-	68
Proceeds from Interfund Loans	-	325	-	-	-	438
Payments of Interfund Loans	-	(250)	-	-	-	(432)
Residual Equity Transfers to Other Funds	(1)	-	-	-	-	(1,375)
Net Cash Provided by (Used for) Noncapital Financing Activities	(1)	75	-	-	-	(19,868)
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Fixed Assets	-	-	-	-	-	(302)
Proceeds from Sale of Fixed Assets	-	-	-	-	-	4
Principal and Interest Payments on Bonds and Notes	-	-	-	-	-	(1,146)
Net Cash Used for Capital and Related Financing Activities	-	-	-	-	-	(1,444)
Cash Flows from Investing Activities:						
Purchase of Investments	-	-	-	-	-	(4,802)
Proceeds from Sales or Maturities of Investments	-	-	-	-	-	4,457
Proceeds from Securities Lending Transactions	-	-	-	-	-	113
Interest and Dividends on Investments	-	4	-	-	-	1,118
Payment of Securities Lending Costs	-	-	-	-	-	(105)
Collections of Principal and Interest on Loans	-	-	-	-	-	21,271
Cash Payments for Loans	-	-	-	-	-	(21,628)
Arbitrage Rebate Tax	-	-	-	-	-	(45)
Net Cash Provided by (Used for) Investing Activities	-	4	-	-	-	379
Net Increase (Decrease) in Cash and Cash Equivalents	(2)	(78)	1	-	-	(4,999)
Cash and Cash Equivalents, July 1	2	320	9	2	2	23,378
Cash and Cash Equivalents, June 30	\$ -	\$ 242	\$ 10	\$ 2	\$ 2	\$ 18,379

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS - Continued
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Economic Development Bonds	Liquor Warehouse	Hail Insurance	State Lottery	Prison Ranch	Prison Industries	Uninsured Employers
Reconciliation of Operating Income to Net							
Cash Provided by Operating Activities:							
Operating Income (Loss)	\$ 719	\$ 20,956	\$ 48	\$ 5,870	\$ 516	\$ (229)	-
Adjustments to Reconcile Operating Income							
to Net Cash Provided by (Used for)							
Operating Activities:							
Depreciation	1	65	-	594	158	37	-
Amortization	-	1	-	164	10	-	-
Taxes	-	(11,861)	-	-	-	-	-
Interest Expense	3,095	-	-	232	-	-	-
Securities Lending Expense	-	-	78	6	-	-	-
Interest on Investments	(459)	-	(302)	(278)	-	-	-
Securities Lending Income	-	-	(82)	(6)	-	-	-
Financing Income	(3,763)	-	-	-	-	-	-
Arbitrage Rebate Tax	88	-	-	-	-	-	-
Change in Assets and Liabilities:							
Decr (Incr) in Accounts Receivable	-	(2,517)	626	1,069	(11)	(54)	-
Decr (Incr) in Due from Other Funds	-	21	2	2	36	32	-
Decr (Incr) in Due from Component Units	-	(1)	-	-	-	48	-
Decr (Incr) in Inventories	-	70	-	(378)	336	160	-
Decr (Incr) in Intangible Assets	-	-	-	(6)	-	-	-
Decr (Incr) in Long-Term Loans/Notes Receivable	-	-	-	-	-	-	-
Decr (Incr) in Other Assets	2	-	-	74	-	-	-
Incr (Decr) in Accounts Payable	(2)	321	(1)	(108)	31	77	-
Incr (Decr) in Lottery Prizes Payable	-	-	-	(394)	-	-	-
Incr (Decr) in Due to Other Funds	4	1,647	9	(8)	4	(19)	-
Incr (Decr) in Due to Component Units	-	-	-	8	-	-	-
Incr (Decr) in Due to Other Governments	-	-	35	-	-	-	-
Incr (Decr) in Deferred Revenue	-	89	(815)	75	-	62	-
Incr (Decr) in Property Held in Trust	-	-	-	(2)	-	-	-
Incr (Decr) in Compensated Absences Payable	(1)	15	(8)	(5)	3	16	-
Incr (Decr) in Estimated Claims	-	-	257	-	-	-	-
Net Cash Provided by (Used for)							
Operating Activities	\$ (316)	\$ 8,806	\$ (153)	\$ 6,909	\$ 1,083	\$ 130	-
Schedule of Noncash Transactions:							
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	\$ -	\$ 23	\$ -	\$ -	-
Asset Acquisitions from Contributed							
Capital Transfers from Other Funds	-	-	-	-	-	-	-
Asset Disposals from Contributed Capital	-	-	-	-	-	-	(1)
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ 23	\$ -	\$ -	(1)

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS - Continued
ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Subsequent Injury	MT Career Info Sys	Secretary of State Business Services	Historical Society Publications	Surplus Property
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ (159)	\$ 20	\$ (33)	\$ (163)	\$ (97)
Adjustments to Reconcile Operating Income to Net Cash Provided By (used for)					
Operating Activities:					
Depreciation	-	-	10	5	13
Amortization	-	-	-	-	-
Taxes	-	-	-	-	-
Interest Expense	-	-	-	-	-
Securities Lending Expense	25	-	2	-	-
Interest On Investments	(73)	-	(47)	-	-
Securities Lending Income	(26)	-	(2)	-	-
Financing Income	-	-	-	-	-
Arbitrage Rebate Tax	-	-	-	-	-
Change in Assets And Liabilities:					
Decr (Incr) in Accounts Receivable	9	-	1	(1)	(15)
Decr (Incr) in Due from Other Funds	-	2	31	14	20
Decr (Incr) in Due from Component Units	-	-	1	-	-
Decr (Incr) in inventories	-	-	9	67	-
Decr (Incr) in intangible Assets	-	-	-	-	-
Decr (Incr) in Other Assets	-	-	13	-	-
Incr (Decr) in Accounts Payable	(1)	(1)	35	(4)	6
Incr (Decr) in Lottery Prizes Payable	-	-	-	-	-
Incr (Decr) in Due to Other Funds	(5)	(6)	(9)	(37)	(130)
Incr (Decr) in Due to Component Units	-	-	-	-	(4)
Incr (Decr) in Due to Other Governments	-	-	-	-	-
Incr (Decr) in Deferred Revenue	-	2	(1)	(19)	-
Incr (Decr) in Property Held in Trust	-	-	(36)	-	-
Incr (Decr) in Compensated Absences Pay	(1)	(5)	(23)	10	(4)
Incr (Decr) in Estimated Claims	174	-	-	-	-
Net Cash Provided By (used for)					
Operating Activities	<u>\$ (57)</u>	<u>\$ 12</u>	<u>\$ (49)</u>	<u>\$ (128)</u>	<u>\$ (211)</u>
Schedule Of Noncash Transactions:					
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	\$ -	\$ -	-
Asset Acquisitions from Contributed					
Capital Transfers from Other Funds	-	-	-	-	652
Asset Disposals from Contributed Capital	-	-	-	-	(137)
Total Noncash Transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>515</u>

West Yellowstone Airport	Judicial Law Library	Local Government Audits	Def Comp Admin	Flexible Spending Admin	Dept of Agriculture	Swan River Vocational Training	Womens Prison Industries	Totals
\$ 41	\$ 3	1	1	-	1	-	-	\$ 27,495
-	-	-	-	-	-	-	-	883
-	-	-	-	-	-	-	-	175
-	-	-	-	-	-	-	-	(11,861)
-	-	-	-	-	-	-	-	3,327
-	-	-	-	-	-	-	-	111
-	-	-	-	(4)	-	-	-	(1,163)
-	-	-	-	-	-	-	-	(116)
-	-	-	-	-	-	-	-	(3,763)
-	-	-	-	-	-	-	-	88
-	-	3	-	2	-	-	-	(888)
-	-	-	-	(144)	-	-	-	16
-	-	-	-	1	-	-	-	49
-	-	-	-	-	-	-	-	264
-	-	-	-	-	-	-	-	(6)
-	-	1	-	(2)	-	-	-	88
2	3	-	-	(7)	-	-	-	351
-	-	-	-	-	-	-	-	(394)
1	-	-	(1)	-	-	-	-	1,450
-	-	-	-	-	-	-	-	4
-	-	-	-	-	-	-	-	35
-	8	-	-	(3)	-	-	-	(602)
-	-	-	-	-	-	-	-	(38)
2	-	-	(1)	-	-	-	-	(2)
-	-	-	-	-	-	-	-	431
\$ 46	\$ 14	\$ 5	(1)	(157)	1	-	-	\$ 15,934
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	23
-	-	-	-	-	-	-	-	652
-	-	-	-	-	-	-	-	(138)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. A brief description of each Internal Service Fund follows:

Office Supplies & Equipment - Four internal service funds under the Departments of Fish, Wildlife and Parks (FWP Equipment, FWP Warehouse Inventory & FWP Office Supply) and Transportation (Highway Equipment) are used to account for inter- and intradepartmental sales and use of office supplies and equipment.

Employees Group Benefits - This fund receives employee (excluding higher education units) withholdings and State contributions to the medical self-insurance plan. The State contracted with Blue Cross and Blue Shield of Montana to oversee the administrative functions of the program.

Information Services Division (ISD) - State agencies and private users are assessed a fee for their use of the State's phone system, centralized data processing and systems design services provided by the Department of Administration.

MUS Group Insurance - This fund accounts for employee contributions to the Montana University System's (MUS) medical/dental self-insurance plan.

Admin. Insurance - The Department of Administration accounts for the State's property self-insurance program (including liability, property, flood, etc.) in this fund.

Motor Pool - State employee transportation is provided by the Department of Transportation through a pool of vehicles. The cost of operating the Motor Pool are recovered through rental rates charged to user agencies based on the average operating costs per mile for each class of vehicle.

Admin. Supply - The Department of Administration accounts for the intragovernmental sales of office supplies and paper products to State agencies in this fund.

Publications & Graphics - Agencies are assessed a fee for duplicating, typesetting, forms design and graphic arts services.

Buildings & Grounds - Rent proceeds from State agencies are used to pay maintenance, security and landscaping costs for State-owned property.

Central Services - Funds are used by the Departments of Commerce, Labor and Industry and Office of Public Instruction for administrative services provided on a cost recovery basis to programs within the departments.

DEQ Indirect Cost Pool - This fund is used to account for funds collected as indirect costs from the operating units of the Department of Environmental Quality and used to fund the Department's indirect cost pool operations that provide services to the Department.

Mail & Messenger - This fund accounts for costs associated with intrastate government mail and package delivery.

Payroll Processing - This fund accounts for the payments received from State agencies for the costs associated with the processing of payroll warrants.

Warrant Processing - This fund accounts for the payments received from State agencies for the costs associated with the processing of all warrants other than payroll.

Investment Division - This fund accounts for costs associated with operations of the Board of Investments. The Board assists agencies in the investment of State funds. Costs of administering and accounting for each investment fund are allocated based on the dollar volume of investments held by user agencies.

Aircraft Operations - The Department of State Lands accounts for fees charged to users of State aircraft in this fund.

Legal Services - The Attorney General's Office and the Department of Justice charge other State agencies a fee for legal assistance. The Departments of Administration and Health & Environmental Quality fund legal services with intradepartmental fees.

Personnel Training - This fund accounts for fees charged State agencies for training State employees. The fees are used by the Department of Administration to pay instructors and purchase training materials.

Records Management - State agencies are assessed a fee for records storage and microfilm services provided by the Office of the Secretary of State.

Debt Collection/Customer Service Center (CSC) – The Debt Collection component of this fund accounts for fees charged for the collection of bad debts. The Customer Service Center (CSC) provides customer assistance and registration, mail and remittance processing, data capture, collection of accounts receivable, account maintenance, and record retention services.

Local Government Admin. - This fund accounts for the costs incurred by the Administrator of the Local Government Assistance Division in the Department of Commerce and the allocation of these costs to other programs within the division.

Statewide Fueling Network - This fund accounts for the costs associated with the development of a statewide fueling network which will allow State agencies and local governments to utilize a single fueling network and management information system for all fueling transactions.

Natural Gas Procurement - State agencies are charged for the centralized payment of natural gas procurement and associated administrative costs as provided by the Department of Administration.

Admin. DP Unit - This fund accounts for data processing support costs incurred by General Fund and non-General Fund divisions within the Department of Administration.

STATE OF MONTANA
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2000
(Expressed in Thousands)

	Highway Equipment	Employees Group Benefits	ISD	MUS Group Insurance	Admin Insurance	FWP Equipment	Motor Pool
Assets:							
Cash/Cash Equivalents	\$ 1,561	\$ 2,363	\$ 1,283	\$ 8,735	\$ 379	\$ 176	\$ 397
Receivables (Net)	39	497	636	58	30	1	-
Interfund Loans Receivable	-	-	40	-	-	-	-
Due from Other Governments	3	-	-	-	-	1	1
Due from Component Units	-	-	220	587	-	-	1
Due from Other Funds	49	1,950	2,728	14	53	102	423
Inventories	-	-	-	-	-	-	-
Investments	-	24,929	-	-	1,684	-	-
Securities Lending Collateral	-	-	-	1	1,218	-	-
Land	-	-	-	-	-	-	236
Equipment	87,366	17	24,923	8	6	8,938	11,372
Construction in Progress	5,257	-	-	-	-	-	-
Accumulated Depreciation	(47,645)	(12)	(20,495)	(8)	(2)	(2,442)	(3,273)
Intangible Assets	-	-	362	-	-	-	-
Other Assets	-	-	20	-	-	5	-
Total Assets	\$ 46,630	\$ 29,744	\$ 9,717	\$ 9,395	\$ 3,368	\$ 6,781	\$ 9,157
Liabilities/Fund Equity:							
Liabilities:							
Accounts Payable	\$ 284	\$ 1,817	\$ 1,711	\$ 1,628	\$ 333	\$ 153	\$ 65
Interfund Loans Payable	-	-	-	-	60	-	616
Due to Component Units	-	-	19	17	-	-	-
Due to Other Funds	210	26	444	6	102	5	72
Deferred Revenue	-	-	178	50	-	-	-
Lease/Installment Purchase Payable	-	-	2,754	-	-	-	-
Bonds/Notes Payable	-	-	-	-	-	-	6,007
Property Held in Trust	-	-	3	-	-	-	-
Securities Lending Liability	-	-	-	1	1,218	-	-
Compensated Absences Payable	611	64	1,243	54	76	3	15
Estimated Insurance Claims	-	7,080	-	2,271	25,346	-	-
Other Liabilities	-	-	-	-	-	-	-
Total Liabilities	1,105	8,987	6,352	4,027	27,135	161	6,775
Fund Equity:							
Contributed Capital	7,139	-	1,592	-	2	2,382	-
Retained Earnings:							
Unreserved	38,386	20,757	1,773	5,368	(23,769)	4,238	2,382
Total Fund Equity	45,525	20,757	3,365	5,368	(23,767)	6,620	2,382
Total Liabilities/Fund Equity	\$ 46,630	\$ 29,744	\$ 9,717	\$ 9,395	\$ 3,368	\$ 6,781	\$ 9,157

	Admin Supply	Publications & Graphics	Buildings & Grounds	Labor Central Services	Commerce Central Services	DEQ Indirect Cost Pool	FWP Warehouse Inventory	Mail & Messenger
\$	67	\$ 361	\$ 774	\$ 299	\$ 573	\$ 400	\$ 27	348
	47	-	2	-	-	-	-	9
	-	-	-	97	-	-	-	-
	-	-	-	-	-	-	-	-
	39	9	-	11	11	8	-	1
	170	395	82	744	147	395	-	190
	492	130	-	-	-	-	168	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	153	1,210	222	322	211	254	-	476
	-	-	-	-	-	-	-	-
	(126)	(769)	(130)	(236)	(134)	(100)	-	(269)
	-	-	-	-	-	-	-	2
	6	-	-	-	5	-	-	169
\$	848	\$ 1,336	\$ 950	\$ 1,237	\$ 813	\$ 957	\$ 195	926
\$	127	\$ 96	\$ 271	\$ 13	\$ 10	\$ 129	\$ 1	4
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	16	44	82	323	106	94	-	17
	-	-	-	-	-	-	-	-
	-	53	-	-	-	-	-	63
	-	-	-	-	-	-	-	-
	-	-	1	-	36	-	-	-
	-	-	-	-	-	-	-	-
	53	88	112	150	373	283	-	50
	-	-	-	-	-	-	-	-
	-	-	-	275	11	-	-	-
	196	281	466	761	536	506	1	134
	-	-	5	11	47	271	85	-
	652	1,055	479	465	230	180	109	792
	652	1,055	484	476	277	451	194	792
\$	848	\$ 1,336	\$ 950	\$ 1,237	\$ 813	\$ 957	\$ 195	926

(Continued on Next Page)

STATE OF MONTANA
COMBINING BALANCE SHEET - Continued
INTERNAL SERVICE FUNDS
June 30, 2000
(Expressed in Thousands)

	Payroll Processing	Warrant Processing	Investment Division	Aircraft Operation	Justice Legal	OPI Central Services	Personnel Training
Assets:							
Cash/Cash Equivalents	\$ 100	\$ 4	\$ 349	\$ 170	\$ 113	\$ 224	3
Receivables (Net)	-	-	-	4	-	-	1
Interfund Loans Receivable	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-
Due from Component Units	-	17	48	-	3	5	-
Due from Other Funds	-	52	26	23	136	215	31
Inventories	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-
Equipment	-	47	84	25	-	-	6
Construction in Progress	-	-	-	-	-	-	-
Accumulated Depreciation	-	(37)	(45)	(20)	-	-	(5)
Intangible Assets	-	-	-	-	-	-	-
Other Assets	-	-	9	-	-	1	-
Total Assets	\$ 100	\$ 83	\$ 471	\$ 202	\$ 252	\$ 445	36
Liabilities/Fund Equity:							
Liabilities:							
Accounts Payable	\$ -	\$ 9	\$ 19	\$ 12	\$ 3	\$ 1	1
Interfund Loans Payable	-	15	-	-	140	-	20
Due to Component Units	-	-	1	-	-	-	-
Due to Other Funds	20	28	95	13	53	112	8
Deferred Revenue	-	-	-	-	-	-	1
Lease/Installment Purchase Payable	-	-	-	-	-	-	-
Bonds/Notes Payable	-	-	-	-	-	-	-
Property Held in Trust	-	-	-	-	-	-	-
Securities Lending Liability	-	-	-	-	-	-	-
Compensated Absences Payable	18	8	224	36	112	88	16
Estimated Insurance Claims	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-
Total Liabilities	38	60	339	61	308	201	46
Fund Equity:							
Contributed Capital	103	21	18	-	-	-	1
Retained Earnings:							
Unreserved	(41)	2	114	141	(56)	244	(11)
Total Fund Equity	62	23	132	141	(56)	244	(10)
Total Liabilities/Fund Equity	\$ 100	\$ 83	\$ 471	\$ 202	\$ 252	\$ 445	36

	Records Management	FWP Office Supply	Debt Collection/ CSC	Admin Legal	Local Government Admin	Statewide Fueling Network	Natural Gas Procurement	Admin DP Unit	Procurement Card Purchases	Totals
\$	75 \$	11 \$	360 \$	6 \$	1 \$	7 \$	4 \$	5 \$	4 \$	19,179
	36	-	371	-	-	-	-	-	-	1,731
	-	-	-	-	-	-	-	-	-	137
	-	-	-	-	-	-	-	-	-	5
	1	-	3	-	-	-	-	-	-	964
	19	5	28	-	8	-	-	1	-	7,986
	16	16	-	-	-	-	-	-	-	822
	-	-	-	-	-	-	-	-	-	26,613
	-	-	-	-	-	-	-	-	-	1,219
	-	-	-	-	-	-	-	-	-	236
	58	65	533	-	-	-	-	11	-	136,307
	-	-	-	-	-	-	-	-	-	5,257
	(46)	(46)	(69)	-	-	-	-	(2)	-	(75,911)
	-	-	126	-	-	-	-	-	-	490
	1	-	-	-	-	-	-	3	-	219
\$	160 \$	51 \$	1,352 \$	6 \$	9 \$	7 \$	4 \$	18 \$	4 \$	125,254
\$	38 \$	1 \$	22 \$	- \$	- \$	- \$	- \$	- \$	- \$	6,748
	90	-	1,342	-	-	-	-	-	-	2,283
	-	-	-	-	-	-	-	-	-	37
	23	1	318	3	6	-	-	4	-	2,231
	19	-	-	-	-	-	-	-	-	248
	-	-	-	-	-	-	-	-	-	2,870
	-	-	-	-	-	-	-	-	-	6,007
	-	-	-	-	-	-	-	-	-	40
	-	-	-	-	-	-	-	-	-	1,219
	33	-	419	24	42	-	-	9	-	4,204
	-	-	-	-	-	-	-	-	-	34,697
	-	-	-	-	-	-	-	-	-	286
	203	2	2,101	27	48	-	-	13	-	60,870
	6	25	533	-	-	3	-	-	-	12,244
	(49)	24	(1,282)	(21)	(39)	4	4	5	4	52,140
	(43)	49	(749)	(21)	(39)	7	4	5	4	64,384
\$	160 \$	51 \$	1,352 \$	6 \$	9 \$	7 \$	4 \$	18 \$	4 \$	125,254

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Highway Equipment	Employees Group Benefits	ISD	MUS Group Insurance	Admin Insurance	FWP Equipment	Motor Pool
Operating Revenues:							
Charges for Services	\$ 15,566	\$ -	\$ 29,500	\$ -	\$ -	\$ 1,264	\$ 3,430
Investment Earnings	-	1,151	-	402	260	-	-
Securities Lending Income	-	229	-	19	73	-	-
Premiums	-	54,766	-	26,663	6,533	-	-
Taxes	-	-	-	-	-	-	-
Other Operating Revenues	2	2,519	8	169	14	-	-
Total Operating Revenues	15,568	58,665	29,508	27,253	6,880	1,264	3,430
Intrafund Revenues	-	-	-	-	-	-	-
Net Operating Revenues	15,568	58,665	29,508	27,253	6,880	1,264	3,430
Operating Expenses:							
Personal Services	4,920	379	8,799	154	550	58	204
Contractual Services	671	1,340	2,302	1,839	3,350	66	152
Supplies/Materials	3,797	20	1,902	10	20	589	579
Benefits/Claims (Note 3)	-	60,917	-	24,471	15,687	-	-
Depreciation	4,775	3	2,013	-	1	426	1,419
Amortization	-	-	234	-	-	-	-
Utilities/Rent	66	18	4,591	9	26	29	73
Communications	10	48	7,115	2	19	3	2
Travel	36	5	146	3	21	-	-
Repair/Maintenance	2,580	-	729	-	1	439	174
Local Assistance	-	-	13	-	-	-	-
Interest Expense	-	-	191	-	-	-	388
Securities Lending Expense	-	215	-	18	68	-	-
Other Operating Expenses	144	137	494	256	23	12	4
Total Operating Expenses	16,999	63,082	28,529	26,762	19,766	1,622	2,995
Intrafund Expenses	-	-	-	-	-	-	-
Net Operating Expenses	16,999	63,082	28,529	26,762	19,766	1,622	2,995
Operating Income (Loss)	(1,431)	(4,417)	979	491	(12,886)	(358)	435
Nonoperating Revenues (Expenses):							
Gain (Loss) Sale of Fixed Assets	121	-	23	-	-	(95)	(18)
Federal Indirect Cost Recoveries	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	121	-	23	-	-	(95)	(18)
Income (Loss) Before Operating Transfers	(1,310)	(4,417)	1,002	491	(12,886)	(453)	417
Operating Transfers In	-	-	-	-	12	255	-
Operating Transfers Out	-	-	(44)	-	(316)	-	-
Net Income (Loss)	(1,310)	(4,417)	958	491	(13,190)	(198)	417
Retained Earnings - July 1 - As Previously Reported	39,935	23,742	827	4,877	(10,579)	4,436	1,372
Prior Period Adjustments	(239)	1,432	(12)	-	-	-	593
Retained Earnings - July 1 - As Restated	39,696	25,174	815	4,877	(10,579)	4,436	1,965
Retained Earnings - June 30	\$ 38,386	\$ 20,757	\$ 1,773	\$ 5,368	\$ (23,769)	\$ 4,238	\$ 2,382

	Admin Supply	Publications & Graphics	Buildings & Grounds	Labor Central Services	Commerce Central Services	DEQ Indirect Cost Pool	FWP Warehouse Inventory	Mail & Messenger
\$	4,220	\$ 5,305	\$ 5,404	\$ 929	\$ 2,961	\$ 1,542	\$ 85	3,687
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	1	2	1	4	6	9	-	1
	4,221	5,307	5,405	933	2,967	1,551	85	3,688
	-	-	-	-	-	-	-	(444)
	4,221	5,307	5,405	933	2,967	1,551	85	3,244
	341	803	961	1,199	2,318	1,679	-	402
	61	67	1,682	155	202	441	1	36
	3,948	4,129	177	149	65	124	102	34
	-	-	-	-	-	-	-	-
	5	99	15	26	18	28	-	56
	-	-	-	-	-	-	-	-
	88	83	1,686	100	103	84	1	49
	16	24	20	35	39	42	-	2,748
	1	3	11	10	19	20	-	2
	11	154	781	14	4	9	1	81
	-	-	-	13	-	-	-	-
	-	5	-	-	-	-	-	3
	-	-	-	-	-	-	-	-
	15	18	83	27	166	40	-	9
	4,486	5,385	5,416	1,728	2,934	2,467	105	3,420
	-	-	-	-	-	-	-	(444)
	4,486	5,385	5,416	1,728	2,934	2,467	105	2,976
	(265)	(78)	(11)	(795)	33	(916)	(20)	268
	-	(7)	(1)	-	-	-	-	(1)
	-	-	-	915	104	1,080	-	-
	-	(7)	(1)	915	104	1,080	-	(1)
	(265)	(85)	(12)	120	137	164	(20)	267
	-	-	44	-	-	-	-	-
	-	-	(411)	-	-	-	-	-
	(265)	(85)	(379)	120	137	164	(20)	267
	916	1,140	857	345	101	14	129	508
	1	-	1	-	(8)	2	-	17
	917	1,140	858	345	93	16	129	525
\$	652	\$ 1,055	\$ 479	\$ 465	\$ 230	\$ 180	\$ 109	792

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - Continued
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Payroll Processing	Warrant Processing	Investment Division	Aircraft Operation	Justice Legal	OPI Central Services	Personnel Training
Operating Revenues:							
Charges for Services	\$ 307	\$ 729	\$ 2,191	\$ 398	\$ 1,099	\$ 672	236
Investment Earnings	-	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-	-
Premiums	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	2	-
Other Operating Revenues	-	-	2	-	-	1	-
Total Operating Revenues	307	729	2,193	398	1,099	675	236
Intrafund Revenues	-	-	-	-	-	-	-
Net Operating Revenues	307	729	2,193	398	1,099	675	236
Operating Expenses:							
Personal Services	219	132	1,515	260	877	724	141
Contractual Services	107	164	165	37	111	191	33
Supplies/Materials	2	2	155	75	27	37	23
Benefits/Claims (Note 3)	-	-	-	-	-	-	-
Depreciation	-	5	9	1	-	-	-
Amortization	-	-	-	-	-	-	-
Utilities/Rent	8	6	115	67	36	108	11
Communications	8	417	74	8	12	53	9
Travel	-	-	40	17	11	6	12
Repair/Maintenance	-	1	34	459	5	38	-
Local Assistance	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	1	-	-
Securities Lending Expense	-	-	-	-	-	-	-
Other Operating Expenses	11	48	175	10	12	76	6
Total Operating Expenses	355	775	2,282	934	1,092	1,233	235
Intrafund Expenses	-	-	-	-	-	-	-
Net Operating Expenses	355	775	2,282	934	1,092	1,233	235
Operating Income (Loss)	(48)	(46)	(89)	(536)	7	(558)	1
Nonoperating Revenues (Expenses):							
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	668	-
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	668	-
Income (Loss) Before Operating Transfers	(48)	(46)	(89)	(536)	7	110	1
Operating Transfers In	-	-	-	355	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
Net Income (Loss)	(48)	(46)	(89)	(181)	7	110	1
Retained Earnings - July 1 - As Previously Reported	7	48	203	322	(63)	134	(12)
Prior Period Adjustments	-	-	-	-	-	-	-
Retained Earnings - July 1 - As Restated	7	48	203	322	(63)	134	(12)
Retained Earnings - June 30	\$ (41)	\$ 2	\$ 114	\$ 141	\$ (56)	\$ 244	(11)

	Records Management	FWP Office Supply	Debt Collection/ CSC	Admin Legal	Local Government Admin	Statewide Fueling Network	Natural Gas Procurement	Admin DP Unit	Procurement Card Purchases	Totals
\$	499	\$ 73	\$ 6,338	\$ 93	\$ 142	\$ 15	\$ -	\$ 119	\$ 6	86,810
	-	-	-	-	-	-	-	-	-	1,813
	-	-	-	-	-	-	-	-	-	321
	-	-	-	-	-	-	-	-	-	87,962
	-	-	-	-	-	-	-	-	-	2
	27	-	-	-	-	-	-	-	2	2,768
	526	73	6,338	93	142	15	-	119	8	179,676
	-	-	-	-	-	-	-	-	-	(444)
	526	73	6,338	93	142	15	-	119	8	179,232
	380	27	4,907	89	131	-	-	92	-	32,261
	142	1	1,451	3	1	-	-	6	-	14,777
	52	17	172	1	-	9	-	5	-	16,222
	-	-	-	-	-	-	-	-	-	101,075
	8	1	69	-	-	-	-	2	-	8,979
	-	-	19	-	-	-	-	-	-	253
	59	1	120	2	-	-	-	2	-	7,541
	15	1	360	-	-	2	-	1	-	11,083
	2	-	39	-	-	5	-	1	-	410
	8	11	99	-	-	-	-	-	4	5,637
	-	-	-	-	-	-	-	-	-	26
	-	-	-	-	-	-	-	-	-	588
	-	-	-	-	-	-	-	-	-	301
	2	-	63	3	13	-	-	3	-	1,850
	668	59	7,299	98	145	16	-	112	4	201,003
	-	-	-	-	-	-	-	-	-	(444)
	668	59	7,299	98	145	16	-	112	4	200,559
	(142)	14	(961)	(5)	(3)	(1)	-	7	4	(21,327)
	-	-	-	-	-	-	-	(1)	-	21
	-	-	-	-	-	-	-	-	-	2,767
	-	-	-	-	-	-	-	(1)	-	2,788
	(142)	14	(961)	(5)	(3)	(1)	-	6	4	(18,539)
	-	-	-	-	-	-	-	-	-	666
	-	-	(346)	-	-	-	-	-	-	(1,117)
	(142)	14	(1,307)	(5)	(3)	(1)	-	6	4	(18,990)
	89	10	25	(16)	(36)	5	3	13	-	69,352
	4	-	-	-	-	-	1	(14)	-	1,778
	93	10	25	(16)	(36)	5	4	(1)	-	71,130
\$	(49)	\$ 24	\$ (1,282)	\$ (21)	\$ (39)	\$ 4	\$ 4	\$ 5	\$ 4	52,140

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Highway Equipment	Employees Group Benefits	ISD	MUS Group Insurance	Admin Insurance	FWP Equipment
Cash Flows from Operating Activities:						
Receipts from Sales and Services	\$ 16,086	\$ 52,867	\$ 27,862	\$ 27,226	\$ 6,641	\$ 1,284
Payments to Suppliers for Goods and Services	(7,321)	(1,624)	(15,761)	(2,052)	(3,397)	(1,007)
Payments to Employees	(4,847)	(385)	(8,423)	(144)	(540)	(57)
Grant Receipts	-	-	-	-	-	-
Grant Payments	-	-	-	-	-	-
Cash Payments for Claims	-	(60,409)	-	(23,470)	(7,351)	-
Other Operating Revenue	-	2,425	8	111	11	-
Net Cash Provided by (Used for) Operating Activities	3,918	(7,126)	3,686	1,671	(4,636)	220
Cash Flows from Noncapital Financing Activities:						
Payment of Principal and Interest on Bonds and Notes	-	-	-	-	-	-
Proceeds from Issuance of Bonds and Notes	-	-	-	-	-	-
Transfers to Other Funds	-	-	(43)	-	(433)	-
Transfers from Other Funds	-	-	-	-	12	443
Contributed Capital Transfers from Other Funds	4,342	-	-	-	-	-
Proceeds from Interfund Loans	-	-	-	175	60	-
Payment of Interfund Loans	-	-	(40)	(175)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	4,342	-	(83)	-	(361)	443
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Fixed Assets	(9,484)	-	(717)	-	-	(1,676)
Proceeds from Sale of Fixed Assets	517	-	186	-	-	275
Principal and Interest Payments on Bonds and Notes	-	-	(2,308)	-	-	-
Net Cash Used for Capital and Related Financing Activities	(8,967)	-	(2,839)	-	-	(1,401)
Cash Flows from Investing Activities:						
Purchase of Investments	-	(7,955)	-	-	(1,690)	-
Proceeds from Sales or Maturities of Investments	-	10,969	-	-	5,246	-
Proceeds from Securities Lending Transactions	-	269	-	19	76	-
Interest and Dividends on Investments	-	3,283	-	401	305	-
Payment of Securities Lending Costs	-	(253)	-	(18)	(71)	-
Net Cash Provided by (Used for) Investing Activities	-	6,313	-	402	3,866	-
Net Increase (Decrease) in Cash and Cash Equivalents	(707)	(813)	764	2,073	(1,131)	(738)
Cash and Cash Equivalents, July 1	2,268	3,176	519	6,662	1,510	914
Cash and Cash Equivalents, June 30	\$ 1,561	\$ 2,363	\$ 1,283	\$ 8,735	\$ 379	\$ 176

Motor Pool	Admin Supply	Publications & Graphics	Buildings & Grounds	Labor Central Services	Commerce Central Services	DEQ Indirect Cost Pool	FWP Warehouse Inventory	Mail & Messenger	Payroll Processing
\$ 3,383	\$ 4,186	\$ 5,159	\$ 5,582	\$ 802	\$ 2,980	\$ 1,688	\$ 95	\$ 3,645	\$ 310
(884)	(4,022)	(4,538)	(4,227)	(420)	(601)	(641)	(105)	(2,981)	(130)
(204)	(330)	(802)	(935)	(1,262)	(2,220)	(1,673)	-	(398)	(217)
-	-	-	-	950	91	906	-	-	-
-	-	-	-	(13)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1	2	1	-	6	-	-	1	-
2,295	(165)	(179)	421	57	256	280	(10)	267	(37)
(2,385)	-	-	-	-	-	-	-	-	-
3,293	-	-	-	-	-	-	-	-	-
-	-	-	(468)	-	-	-	-	-	(377)
-	-	-	103	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
616	-	-	-	-	-	-	-	-	-
-	-	-	-	(97)	-	-	-	(77)	-
1,524	-	-	(365)	(97)	-	-	-	(77)	(377)
(3,592)	-	(112)	(37)	(48)	-	(80)	-	(42)	-
80	-	-	-	-	-	-	-	-	-
-	-	(16)	-	-	-	-	-	(33)	-
(3,512)	-	(128)	(37)	(48)	-	(80)	-	(75)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
307	(165)	(307)	19	(88)	256	200	(10)	115	(414)
90	232	668	755	387	317	200	37	233	514
\$ 397	\$ 67	\$ 361	\$ 774	\$ 299	\$ 573	\$ 400	\$ 27	\$ 348	\$ 100

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS - Continued
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Warrant Processing	Investment Division	Aircraft Operation	Justice Legal	OPI Central Services	Personnel Training
Cash Flows from Operating Activities:						
Receipts from Sales and Services	\$ 748	\$ 2,237	\$ 417	\$ 1,127	\$ 634	\$ 221
Payments to Suppliers for Goods and Services	(675)	(761)	(686)	(213)	(519)	(95)
Payments to Employees	(135)	(1,460)	(263)	(875)	(713)	(136)
Grant Receipts	-	-	-	-	568	-
Grant Payments	-	-	-	-	-	-
Cash Payments for Claims	-	-	-	-	-	-
Other Operating Revenue	-	2	-	-	1	-
Net Cash Provided by (Used for) Operating Activities	(62)	18	(532)	39	(29)	(10)
Cash Flows from Noncapital Financing Activities:						
Payment of Principal and Interest on Bonds and Notes	-	-	-	-	-	-
Proceeds from Issuance of Bonds and Notes	-	-	-	-	-	-
Transfers to Other Funds	(125)	-	-	-	-	-
Transfers from Other Funds	-	-	355	-	-	-
Contributed Capital Transfers from Other Funds	-	-	-	-	-	-
Proceeds from Interfund Loans	15	-	-	40	-	9
Payment of Interfund Loans	-	-	-	(135)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(110)	-	355	(95)	-	9
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Fixed Assets	-	(11)	-	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-
Principal and Interest Payments on Bonds and Notes	-	-	-	(1)	-	-
Net Cash Used for Capital and Related Financing Activities	-	(11)	-	(1)	-	-
Cash Flows from Investing Activities:						
Purchase of Investments	-	-	-	-	-	-
Proceeds from Sales or Maturities of Investments	-	-	-	-	-	-
Proceeds from Securities Lending Transactions	-	-	-	-	-	-
Interest and Dividends on Investments	-	-	-	-	-	-
Payment of Securities Lending Costs	-	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(172)	7	(177)	(57)	(29)	(1)
Cash and Cash Equivalents, July 1	176	342	347	170	253	4
Cash and Cash Equivalents, June 30	\$ 4	\$ 349	\$ 170	\$ 113	\$ 224	\$ 3

	Records Management	FWP Office Supply	Debt Collection/ CSC	Admin Legal	Local Government Admin	Statewide Fueling Network	Natural Gas Procurement	Admin DP Unit	Procurement Card Purchases	Totals
\$	521	\$ 69	\$ 5,955	\$ 93	\$ 140	\$ 16	\$ -	\$ 123	\$ 7	172,104
	(221)	(41)	(2,134)	(8)	(15)	(17)	-	(18)	(3)	(55,117)
	(375)	(27)	(4,342)	(78)	(125)	-	-	(91)	-	(31,057)
	-	-	-	-	-	-	-	-	-	2,515
	-	-	-	-	-	-	-	-	-	(13)
	-	-	-	-	-	-	-	-	-	(91,230)
	-	-	-	-	-	-	-	-	-	2,569
	(75)	1	(521)	7	-	(1)	-	14	4	(229)
	-	-	-	-	-	-	-	-	-	(2,385)
	-	-	-	-	-	-	-	-	-	3,293
	-	-	(346)	-	-	-	-	-	-	(1,792)
	-	-	-	-	-	-	-	-	-	913
	-	-	-	-	-	-	-	-	-	4,342
	-	-	1,342	-	-	-	-	-	-	2,257
	-	-	-	(2)	-	-	-	-	-	(526)
	-	-	996	(2)	-	-	-	-	-	6,102
	-	(5)	(142)	-	-	-	-	(11)	-	(15,957)
	-	-	-	-	-	-	-	-	-	1,058
	-	-	-	-	-	-	-	-	-	(2,358)
	-	(5)	(142)	-	-	-	-	(11)	-	(17,257)
	-	-	-	-	-	-	-	-	-	(9,645)
	-	-	-	-	-	-	-	-	-	16,215
	-	-	-	-	-	-	-	-	-	364
	-	-	-	-	-	-	-	-	-	3,989
	-	-	-	-	-	-	-	-	-	(342)
	-	-	-	-	-	-	-	-	-	10,581
	(75)	(4)	333	5	-	(1)	-	3	4	(803)
	150	15	27	1	1	8	4	2	-	19,982
\$	75	\$ 11	\$ 360	\$ 6	\$ 1	\$ 7	\$ 4	\$ 5	\$ 4	19,179

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS - Continued
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Highway Equipment	Employees Group Benefits	ISD	MUS Group Insurance	Admin Insurance	FWP Equipment
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	\$ (1,431)	\$ (4,417)	\$ 979	\$ 491	\$ (12,886)	\$ (358)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	4,775	3	2,013	-	1	426
Amortization	-	-	234	-	-	-
Interest on Investments	-	(1,151)	-	(402)	(260)	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Interest Expense	-	-	191	-	-	-
Securities Lending Expense	-	215	-	18	68	-
Securities Lending Income	-	(229)	-	(19)	(73)	-
Change in Assets and Liabilities:						
Decr (Incr) in Accounts Receivable	(38)	(45)	(617)	24	-	5
Decr (Incr) in Due from Other Governments	9	-	-	-	-	6
Decr (Incr) in Due from Other Funds	535	(1,947)	(806)	(9)	111	19
Decr (Incr) in Due from Component Units	-	-	23	1,067	-	2
Decr (Incr) in Inventories	-	-	-	-	-	-
Decr (Incr) in Other Assets	-	-	-	-	-	(5)
Incr (Decr) in Accounts Payable	(15)	273	940	650	202	122
Incr (Decr) in Due to Other Funds	29	2	140	(2)	(49)	3
Incr (Decr) in Due to Component Units	-	(1)	(24)	11	-	-
Incr (Decr) in Non-Capital Leases Payable	-	-	505	-	-	-
Incr (Decr) in Deferred Revenue	-	-	(204)	(559)	-	-
Incr (Decr) in Property Held in Trust	-	-	(1)	-	-	-
Incr (Decr) in Compensated Absences Payable	54	(6)	313	8	4	-
Incr (Decr) in Estimated Claims	-	177	-	393	8,246	-
Incr (Decr) in Other Liabilities	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	\$ 3,918	\$ (7,126)	\$ 3,686	\$ 1,671	\$ (4,636)	\$ 220
Schedule of Noncash Transactions:						
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	\$ 824	\$ -	\$ -	\$ -
Asset Acquisitions from Contributed Capital Transfers from Other Funds	4,342	-	-	-	-	-
Total Noncash Transactions	\$ 4,342	\$ -	\$ 824	\$ -	\$ -	\$ -

Motor Pool	Admin Supply	Publications & Graphics	Buildings & Grounds	Labor Central Services	Commerce Central Services	DEQ Indirect Cost Pool	FWP Warehouse Inventory	Mail & Messenger	Payroll Processing
\$ 435	\$ (265)	(78)	(11)	(795)	33	(916)	(20)	268	(48)
1,419	5	99	15	26	18	28	-	56	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	915	104	1,080	-	-	-
388	-	5	-	-	-	-	-	3	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(12)	-	(2)	-	-	-	-	5	-
-	-	-	-	-	-	-	-	-	-
(47)	(10)	(145)	231	(221)	24	(24)	9	(39)	2
(1)	(6)	(6)	-	(4)	(2)	(3)	-	1	-
-	40	-	-	-	-	-	-	-	-
-	(1)	-	9	-	5	-	-	(34)	-
35	77	(52)	155	(196)	(2)	76	1	2	-
65	-	(2)	5	129	2	37	-	2	11
-	(1)	-	-	(1)	(1)	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	1	-	4	-	-	-	-
1	8	-	18	(71)	60	2	-	3	(2)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	275	11	-	-	-	-
\$ 2,295	\$ (165)	(179)	421	57	256	280	(10)	267	(37)
\$ -	\$ -	64	-	-	-	-	-	-	-
-	-	-	-	-	26	-	-	-	-
\$ -	\$ -	64	-	-	26	-	-	-	-

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS - Continued
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Warrant Processing	Investment Division	Aircraft Operation	Justice Legal	OPI Central Services	Personnel Training
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	\$ (46)	\$ (89)	\$ (536)	7 \$	(558) \$	1
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	5	9	1	-	-	-
Amortization	-	-	-	-	-	-
Interest on Investments	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	668	-
Interest Expense	-	-	-	1	-	-
Securities Lending Expense	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Change in Assets and Liabilities:						
Decr (Incr) in Accounts Receivable	-	-	(3)	-	-	1
Decr (Incr) in Due from Other Governments	-	-	-	-	-	-
Decr (Incr) in Due from Other Funds	15	10	24	4	(140)	(17)
Decr (Incr) in Due from Component Units	3	38	-	(2)	(3)	-
Decr (Incr) in inventories	-	-	-	-	-	-
Decr (Incr) in Other Assets	-	4	-	-	(1)	-
Incr (Decr) in Accounts Payable	6	(5)	(14)	(1)	(1)	1
Incr (Decr) in Due to Other Funds	(42)	16	1	19	-	-
Incr (Decr) in Due to Component Units	-	1	-	-	-	-
Incr (Decr) in Non-Capital Leases Payable	-	-	-	-	-	-
Incr (Decr) in Deferred Revenue	-	-	-	-	-	1
Incr (Decr) in Property Held in Trust	-	-	-	-	-	-
Incr (Decr) in Compensated Absences Payable	(3)	34	(5)	11	6	3
Incr (Decr) in Estimated Claims	-	-	-	-	-	-
Incr (Decr) in Other Liabilities	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	\$ (62)	\$ 18	\$ (532)	39 \$	(29) \$	(10)
Schedule of Noncash Transactions:						
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	-
Asset Acquisitions from Contributed	-	-	-	-	-	-
Capital Transfers from Other Funds	-	-	-	-	-	-
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ -	\$ -	-

Records Management	FWP Office Supply	Debt Collections	Admin Legal	Local Government Admin	Statewide Fueling Network	Natural Gas Procurement	Admin DP Unit	Procurement Card Purchases	Totals
\$ (142)	\$ 14	\$ (961)	\$ (5)	\$ (3)	\$ (1)	\$ -	\$ 7	\$ 4	(21,327)
8	1	69	-	-	-	-	2	-	8,979
-	-	19	-	-	-	-	-	-	253
-	-	-	-	-	-	-	-	-	(1,813)
-	-	-	-	-	-	-	-	-	2,767
-	-	-	-	-	-	-	-	-	588
-	-	-	-	-	-	-	-	-	301
-	-	-	-	-	-	-	-	-	(321)
(34)	-	(370)	-	-	-	-	-	-	(1,086)
-	-	-	-	-	-	-	-	-	15
52	(5)	(14)	1	(2)	-	-	5	-	(2,384)
2	-	(3)	-	-	-	-	-	-	1,106
14	(8)	-	-	-	-	-	-	-	46
-	-	-	-	-	-	-	-	-	(23)
35	-	22	-	-	-	-	-	-	2,311
(16)	(1)	310	2	-	-	-	(1)	-	660
-	-	-	-	-	-	-	-	-	(16)
-	-	-	-	-	-	-	-	-	505
-	-	-	-	-	-	-	-	-	(762)
-	-	-	-	-	-	-	-	-	4
6	-	407	9	5	-	-	1	-	866
-	-	-	-	-	-	-	-	-	8,816
-	-	-	-	-	-	-	-	-	286
\$ (75)	\$ 1	\$ (521)	\$ 7	\$ -	\$ (1)	\$ -	14	\$ 4	(229)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	888
-	-	533	-	-	-	-	-	-	4,901
\$ -	\$ -	\$ 533	\$ -	\$ -	\$ -	\$ -	-	\$ -	5,789

TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (1) Expendable Trust Funds; (2) Nonexpendable Trust Funds; (3) Investment Trust Fund; and (4) Agency Funds.

STATE OF MONTANA
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUND TYPES
June 30, 2000
(Expressed in Thousands)

	Expendable Trusts	Non- expendable Trusts	Investment Trust	Agency	Totals
Assets:					
Cash/Cash Equivalents	\$ 187,465	\$ 47,567	\$ 481,727	\$ 128,579	\$ 845,338
Receivables (Net)	2,683	13,616	-	90,962	107,261
Interfund Loans Receivables	9	-	-	400	409
Due from Other Governments	-	-	-	75	75
Due from Component Units	-	300	-	15	315
Due from Other Funds	9	342	-	19,916	20,267
Advances to Other Funds	-	-	-	30	30
Equity in Pooled Investments	345	909,991	-	-	910,336
Long-Term Loans Receivable	2,875	7	-	-	2,882
Investments	7,776	138,114	-	-	145,890
Securities Lending Collateral	8	138,574	37	1	138,620
Land	-	51,260	-	-	51,260
Other Assets	-	-	-	18,273	18,273
Total Assets	\$ 201,170	\$ 1,299,771	\$ 481,764	\$ 258,251	\$ 2,240,956
Liabilities/Fund Balances:					
Liabilities:					
Accounts Payable	\$ 532	\$ 4,330	- \$	\$ 6,643	\$ 11,505
Interfund Loans Payable	46	79	-	17	142
Due to Component Units	-	378	-	582	960
Due to Other Funds	35	17,665	-	3,834	21,534
Deferred Revenue	-	29	-	-	29
Property Held in Trust	1,489	-	-	244,803	246,292
Securities Lending Liability	8	138,574	37	1	138,620
Other Liabilities	-	-	-	2,371	2,371
Total Liabilities	2,110	161,055	37	258,251	421,453
Fund Balances:					
Reserved for:					
Long-Term Loans	2,875	-	-	-	2,875
Trust Principal	-	1,138,716	-	-	1,138,716
Pool Participants	-	-	481,727	-	481,727
Unreserved	196,185	-	-	-	196,185
Total Fund Balances	199,060	1,138,716	481,727	-	1,819,503
Total Liabilities/Fund Balances	\$ 201,170	\$ 1,299,771	\$ 481,764	\$ 258,251	\$ 2,240,956

EXPENDABLE TRUST FUNDS

Expendable Trust Funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings may be expended. A brief description of each Expendable Trust Fund follows:

Employees Deferred Compensation - State employees may defer a part of their compensation for the purpose of investment. This fund accounts for employee withholdings transferred to investing entities for allocation to employee designated investment plans.

Unemployment Insurance - This fund accounts for employer contributions deposited with the Secretary of the Treasury of the United States to the credit of Montana's unemployment trust fund. Unemployment benefits are paid from this fund to eligible recipients. Administrative costs are paid from a Special Revenue Fund.

Wildlife Mitigation - This fund accounts for resources received and expended for wildlife mitigation projects.

Local Government Trust - This fund accounts for the portion of oil and gas severance, alcohol, gambling and financial institution corporation taxes that are distributed to local governments.

Rural Development - This fund accounts for programs authorized under the Bankhead Jones Farm Tenant Act. Resources are used by the Department of Agriculture under a federal use agreement for the purpose of aiding low income rural families.

Rail Construction - This fund accounts for principal and interest amounts used to provide loans or grants in accordance with the Federal Rail Administration guidelines for new rail rehabilitation projects in Montana.

Escheated Property - This fund accounts for property that has reverted to the State due to the absence of legal claimants or heirs.

Labor & Industry Compensation Insurance - This fund accounts for the proceeds from liquidated security bonds held on deposit from self-insured employers and other insurance companies in lieu of participating in the State Compensation Insurance. Administrative costs of operating the fund are paid from a Special Revenue Fund.

Historical Society General Trust - Deposits of the principal amounts of various stocks donated by numerous contributors in trust to the Society and the Charles Bair Memorial are accounted for in this fund. The principal can be expended for acquisitions approved by the Board of Trustees.

Woodville Highway Replacement - This fund accounts for money paid to the Montana Department of Transportation by the Anaconda Company to provide the government of Butte-Silver Bow with traffic facilities to replace the abandoned portion of U.S. Highway 91.

Rural Physician - This fund accounts for the fee assessments, educational debt payments and

administrative costs associated with the rural physician incentive program administered by the Board of Regents of Higher Education.

Haynes Trust - This fund accounts for principal and interest earnings for conservation and restoration of items in the Haynes collection donated to the society.

State Library Trust - This fund accounts for principal and interest earnings for donations to the State Library for their talking book library.

Cisco Academies - The trust distributes funds to support the ongoing needs of regional and local academies to train students in information technology skills.

School for Deaf & Blind - The School accounts for private donations in this fund.

STATE OF MONTANA
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
June 30, 2000
(Expressed in Thousands)

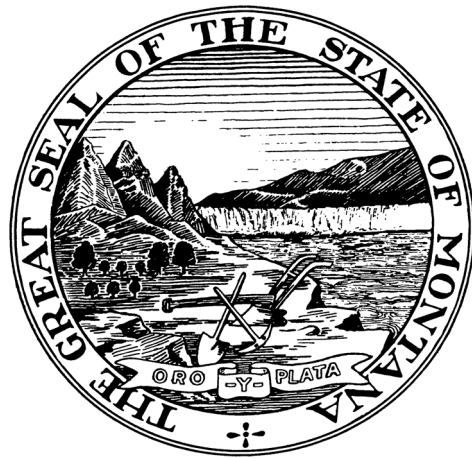
	Unemployment Insurance	Wildlife Mitigation	Rural Development	Research & Commercialization Trust	Rail Construction
Assets:					
Cash/Cash Equivalents	\$ 169,878	\$ 8,426	\$ 1,489	\$ 2,350	\$ 863
Receivables (Net)	2,533	121	29	-	-
Interfund Loans Receivables	-	-	-	-	-
Due from Other Funds	9	-	-	-	-
Equity in Pooled Investments	-	-	-	-	-
Long-Term Loans/Notes Receivable	-	-	1,782	-	1,093
Investments	-	7,776	-	-	-
Securities Lending Collateral	-	1	-	-	-
Total Assets	\$ 172,420	\$ 16,324	\$ 3,300	\$ 2,350	\$ 1,956
Liabilities/Fund Balances:					
Liabilities:					
Accounts Payable	\$ 223	\$ 22	\$ 1	\$ -	\$ 216
Interfund Loans Payable	20	-	-	-	-
Due to Other Funds	-	24	4	-	-
Property Held in Trust	331	41	-	-	-
Securities Lending Liability	-	1	-	-	-
Total Liabilities	574	88	5	-	216
Fund Balances:					
Reserved for Long-Term Loans	-	-	1,782	-	1,093
Unreserved	171,846	16,236	1,513	2,350	647
Total Fund Balances	171,846	16,236	3,295	2,350	1,740
Total Liabilities/Fund Balances	\$ 172,420	\$ 16,324	\$ 3,300	\$ 2,350	\$ 1,956

	Escheated Property	L& I Comp Insurance	Historical Society General Trust	Woodville Highway Replacement	Haynes Trust	State Library Trust	Cisco Academies	Totals
\$	3,025	\$ 755	\$ 348	\$ 193	\$ 21	\$ 71	\$ 46	187,465
	-	-	-	-	-	-	-	2,683
	-	-	9	-	-	-	-	9
	-	-	-	-	-	-	-	9
	-	-	345	-	-	-	-	345
	-	-	-	-	-	-	-	2,875
	-	-	-	-	-	-	-	7,776
	-	-	7	-	-	-	-	8
\$	3,025	\$ 755	\$ 709	\$ 193	\$ 21	\$ 71	\$ 46	201,170
\$	47	-	\$ 21	-	-	-	\$ 2	532
	-	-	-	26	-	-	-	46
	6	-	1	-	-	-	-	35
	1,078	39	-	-	-	-	-	1,489
	-	-	7	-	-	-	-	8
	1,131	39	29	26	-	-	2	2,110
	-	-	-	-	-	-	-	2,875
	1,894	716	680	167	21	71	44	196,185
	1,894	716	680	167	21	71	44	199,060
\$	3,025	\$ 755	\$ 709	\$ 193	\$ 21	\$ 71	\$ 46	201,170

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Unemployment Insurance	Wildlife Mitigation	Rural Development	Research & Commercialization Trust	Rail Construction
Revenues:					
Investment Earnings	\$ 11,022	\$ 788	\$ 224	\$ -	48
Securities Lending Income	-	157	4	-	2
Sale Of Documents/Merchandise/Property	-	-	-	-	-
Contributions/Premiums	61,018	-	-	-	-
Grants/Contracts/Donations	-	2	5	-	-
Federal	4,070	-	-	-	-
Total Revenues	76,110	947	233	-	50
Expenditures:					
Current:					
General Government	-	-	-	-	-
Transportation	-	-	-	-	216
Education/Cultural	-	-	-	-	-
Resource Development/Recreation	-	417	-	-	-
Economic Development/Assistance	59,334	-	130	-	-
Capital Outlay	-	31	-	-	-
Securities Lending	-	150	4	-	2
Total Expenditures	59,334	598	134	-	218
Excess of Revenues Over (Under) Expenditures	16,776	349	99	-	(168)
Other Financing Sources (Uses):					
Operating Transfers In	-	15	-	2,350	-
Operating Transfers Out	-	(47)	-	-	-
Total Other Financing Sources (Uses)	-	(32)	-	2,350	-
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	16,776	317	99	2,350	(168)
Fund Balances - July 1 - As Previously Reported	146,447	15,919	3,181	-	1,908
Prior Period Adjustments	8,623	-	15	-	-
Fund Balances - July 1 - As Restated	155,070	15,919	3,196	-	1,908
Residual Equity Transfers	-	-	-	-	-
Fund Balances - June 30	\$ 171,846	\$ 16,236	\$ 3,295	\$ 2,350	\$ 1,740

Escheated Property	L & I Comp Insurance	Historical Society General Trust	Woodville Highway Replacement	Rural Physician	Haynes Trust	State Library Trust	Cisco Academies	School for Deaf & Blind	Totals
\$ -	\$ 42	\$ 45	\$ 11	\$ -	\$ 1	\$ 4	\$ 2	\$ -	12,187
-	2	1	1	-	-	-	-	-	167
26	-	-	-	-	-	-	-	-	26
-	-	-	-	-	-	-	-	-	61,018
695	-	-	-	-	-	6	37	134	879
-	-	-	-	-	-	-	-	-	4,070
721	44	46	12	-	1	10	39	134	78,347
-	-	-	-	-	-	-	20	-	20
-	-	-	72	-	-	-	-	-	288
-	-	10	-	-	-	-	-	134	144
-	-	-	-	-	-	-	-	-	417
-	4	-	-	-	-	-	-	-	59,468
-	-	-	-	-	-	-	-	-	31
-	2	1	1	-	-	-	-	-	160
-	6	11	73	-	-	-	20	134	60,528
721	38	35	(61)	-	1	10	19	-	17,819
-	-	-	-	-	-	-	-	-	2,365
(304)	-	-	-	-	-	-	-	-	(351)
(304)	-	-	-	-	-	-	-	-	2,014
417	38	35	(61)	-	1	10	19	-	19,833
1,477	678	645	228	627	20	61	25	-	171,216
-	-	-	-	-	-	-	-	-	8,638
1,477	678	645	228	627	20	61	25	-	179,854
-	-	-	-	(627)	-	-	-	-	(627)
\$ 1,894	\$ 716	\$ 680	\$ 167	\$ -	\$ 21	\$ 71	\$ 44	\$ -	199,060



NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds are used to account for assets held by the State in a trustee capacity, where the trust principal may not be expended. A brief description of each Nonexpendable Trust Fund follows:

Coal Tax Trust - This fund, created by Article IX, Section 5 of the Montana Constitution and administered by the Department of Revenue, receives 50% of all coal tax collections. Principal may be expended only upon affirmative vote by three-fourths of each house of the Legislature.

Land Grants - The Department of Natural Resources and Conservation accounts for lands granted to the State for support of public schools and State institutions in this fund.

Resource Indemnity - Taxes paid by persons engaging in or carrying on the business of mining, extracting or producing minerals are deposited in this fund. Only the net earnings of the trust may be appropriated until the principal reaches \$100 million. Interest earnings are expended from a Special Revenue Fund. This fund is administered by the Department of Revenue.

Parks Trust and Cultural Trust - A portion of the coal severance taxes are credited to these funds by the Department of Revenue. Income from the trusts shall be used for the acquisition and maintenance of State parks and historical sites by the Department of Fish, Wildlife and Parks and for the protection of works of art in the State Capitol and other cultural projects through the Montana Arts Council.

Real Property Trust - Money received by the Department of Fish, Wildlife and Parks from the sale of real property, from the exploration and development of oil, gas and mineral deposits and from the lease of department real property is deposited in this fund. Interest is recorded in a Special Revenue Fund and used for developing and maintaining real property of the department.

Noxious Weed Management - The Department of Agriculture accounts for revenues and interest earned on fees charged for the control of noxious weeds in this fund.

Moore Sipple Connector - Money is held in trust to provide funds for the restructuring of the Geraldine-Lewistown Line.

Historical Society - Four funds (Jim Bradley Memorial, Thomas Teakle, Merritt Wheeler and Historical Society Acquisitions) account for memorials, bequests and various other contributions to the Montana Historical Society. Investment income is either expended from a Special Revenue Fund, Expendable Trust Fund or added to the principal.

Endowment for Children - The fund provides services and activities related to a broad range of child abuse and neglect prevention activities operated by non-profit or public community educational and service organizations.

STATE OF MONTANA
COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS
June 30, 2000
(Expressed in Thousands)

	Coal Tax Trust	Land Grants	Resource Indemnity	Parks Trust	Cultural Trust	Real Property
Assets:						
Cash/Cash Equivalents	\$ 30,325	\$ 11,891	\$ 1,870	\$ 281	\$ 239	1,294
Receivables (Net)	7,793	4,422	1,036	187	24	113
Due from Component Units	300	-	-	-	-	-
Due from Other Funds	-	299	-	-	-	24
Equity in Pooled Investments	464,981	332,750	93,793	13,802	3,630	-
Long-Term Loans/Notes Receivable	-	7	-	-	-	-
Investments	128,022	-	-	-	-	7,434
Securities Lending Collateral	70,302	50,309	14,181	2,087	549	930
Land	-	51,260	-	-	-	-
Total Assets	\$ 701,723	\$ 450,938	\$ 110,880	\$ 16,357	\$ 4,442	9,795
Liabilities/Fund Balances:						
Liabilities:						
Accounts Payable	\$ 1	\$ 4,320	\$ -	\$ -	\$ -	6
Interfund Loans Payable	79	-	-	-	-	-
Due to Other Funds	8,129	7,718	1,230	90	46	54
Due to Component Units	-	378	-	-	-	-
Deferred Revenue	-	-	29	-	-	-
Securities Lending Liability	70,302	50,309	14,181	2,087	549	930
Total Liabilities	78,511	62,725	15,440	2,177	595	990
Fund Balances:						
Reserved for Trust Principal	623,212	388,213	95,440	14,180	3,847	8,805
Total Fund Balances	623,212	388,213	95,440	14,180	3,847	8,805
Total Liabilities/Fund Balances	\$ 701,723	\$ 450,938	\$ 110,880	\$ 16,357	\$ 4,442	9,795

	Noxious Weed Management	Moore Sipple Connector	Jim Bradley Memorial	Thomas Teakle	Merritt- Wheeler Memorial	Historical Society Acquisitions	Endowment for Children	Totals
\$	1,314	\$ 242	\$ 23	\$ 31	\$ 27	\$ 29	\$ 1	47,567
	41	-	-	-	-	-	-	13,616
	-	-	-	-	-	-	-	300
	19	-	-	-	-	-	-	342
	-	-	476	411	92	56	-	909,991
	-	-	-	-	-	-	-	7
	2,658	-	-	-	-	-	-	138,114
	195	-	10	8	2	1	-	138,574
	-	-	-	-	-	-	-	51,260
\$	4,227	\$ 242	\$ 509	\$ 450	\$ 121	\$ 86	\$ 1	1,299,771
<hr/>								
\$	2	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	4,330
	-	-	-	-	-	-	-	79
	398	-	-	-	-	-	-	17,665
	-	-	-	-	-	-	-	378
	-	-	-	-	-	-	-	29
	195	-	10	8	2	1	-	138,574
	595	-	10	9	2	1	-	161,055
	3,632	242	499	441	119	85	1	1,138,716
	3,632	242	499	441	119	85	1	1,138,716
\$	4,227	\$ 242	\$ 509	\$ 450	\$ 121	\$ 86	\$ 1	1,299,771

STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
NONEXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Coal Tax Trust	Land Grants	Resource Indemnity	Parks Trust	Cultural Trust	Real Property
Operating Revenues:						
Charges for Services	\$ -	\$ 10,238	\$ -	\$ -	\$ -	316
Investment Earnings	23,858	11,684	3,091	449	117	364
Securities Lending Income	4,140	2,939	821	120	32	104
Grants/Contracts/Donations	-	-	-	-	-	-
Taxes	15,787	-	1,555	401	164	-
Rentals/Leases/Royalties	-	26,323	-	-	-	130
Other Operating Revenues	-	33	-	-	-	-
Total Operating Revenues	43,785	51,217	5,467	970	313	914
Operating Expenses:						
Personal Services	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Securities Lending Expense	4,013	2,848	796	117	31	99
Other Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	4,013	2,848	796	117	31	99
Income (Loss) Before Operating Transfers	39,772	48,369	4,671	853	282	815
Operating Transfers In	-	14	-	-	-	-
Operating Transfers Out	(44,631)	(50,911)	(7,200)	(961)	(254)	(509)
Operating Transfers to Component Units	-	(2,286)	-	-	-	-
Net Income (Loss)	(4,859)	(4,814)	(2,529)	(108)	28	306
Fund Balances - July 1 -						
As Previously Reported	623,508	393,027	96,480	14,288	3,819	8,499
Prior Period Adjustments	4,563	-	1,489	-	-	-
Fund Balances - July 1 - As Restated	628,071	393,027	97,969	14,288	3,819	8,499
Fund Balances - June 30	\$ 623,212	\$ 388,213	\$ 95,440	\$ 14,180	\$ 3,847	\$ 8,805

	Noxious Weed Management	Moore Sipple Connector	Jim Bradley Memorial	Thomas Teakle	Merritt- Wheeler Memorial	Historical Society Acquisitions	Endowment for Children	Totals
\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	10,554
	314	14	38	33	9	5	-	39,976
	48	1	1	1	-	-	-	8,207
	-	-	-	-	-	13	-	13
	33	-	-	-	-	-	-	17,940
	-	-	-	-	-	-	-	26,453
	-	-	-	-	-	-	-	33
	395	15	39	34	9	18	-	103,176
	-	-	4	-	-	-	-	4
	-	13	-	-	-	-	-	13
	45	1	1	-	-	-	-	7,951
	-	-	5	-	-	-	-	5
	45	14	10	-	-	-	-	7,973
	350	1	29	34	9	18	-	95,203
	1,125	-	-	-	-	-	-	1,139
	(316)	-	-	(3)	-	-	-	(104,785)
	-	-	-	-	-	-	-	(2,286)
	1,159	1	29	31	9	18	-	(10,729)
	2,473	241	470	410	110	67	1	1,143,393
	-	-	-	-	-	-	-	6,052
	2,473	241	470	410	110	67	1	1,149,445
\$	3,632 \$	242 \$	499 \$	441 \$	119 \$	85 \$	1 \$	1,138,716

STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

	Coal Tax Trust	Land Grants	Resource Indemnity	Parks Trust	Cultural Trust
Cash Flows from Operating Activities:					
Receipts from Sales and Services	\$ -	\$ 10,588	\$ -	\$ -	\$ -
Grant Payments	-	-	-	-	-
Scholarship/Fellowship Payments	-	-	-	-	-
Other Operating Revenue	-	33	-	-	-
Net Cash Provided by (Used for) Operating Activities	-	10,621	-	-	-
Cash Flows from Noncapital Financing Activities:					
Collection of Taxes	16,877	-	1,555	430	164
Transfers to Other Funds	(43,727)	(50,780)	(7,236)	(1,056)	(288)
Transfers to Component Units	-	(2,286)	-	-	-
Transfers from Other Funds	-	14	-	-	-
Proceeds from Interfund Loans	4,987	-	-	-	-
Payment of Interfund Loans	(4,943)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(26,806)	(53,052)	(5,681)	(626)	(124)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Fixed Assets	-	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	-	-	-	-	-
Cash Flows from Investing Activities:					
Purchase of Investments	(40,743)	(8,500)	(1,100)	(270)	-
Proceeds from Sales or Maturities of Investments	26,401	-	4,084	-	-
Proceeds from Securities Lending Transactions	4,140	2,939	821	120	32
Interest and Dividends on Investments	44,462	26,532	2,893	1,054	279
Payment of Securities Lending Costs	(4,013)	(2,848)	(796)	(117)	(31)
Collection of Rents/Leases/Royalties	-	26,347	-	-	-
Net Cash Provided by (Used for) Investing Activities	30,247	44,470	5,902	787	280
Net Increase (Decrease) in Cash and Cash Equivalents	3,441	2,039	221	161	156
Cash and Cash Equivalents, July 1	26,884	9,852	1,649	120	83
Cash and Cash Equivalents, June 30	\$ 30,325	\$ 11,891	\$ 1,870	\$ 281	\$ 239
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 39,772	\$ 48,369	\$ 4,671	\$ 853	\$ 282
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Taxes	(15,787)	-	(1,555)	(401)	(164)
Securities Lending Expense	4,013	2,848	796	117	31
Interest on Investments	(23,858)	(11,684)	(3,091)	(449)	(117)
Securities Lending Income	(4,140)	(2,939)	(821)	(120)	(32)
Rentals/Leases/Royalties	-	(26,323)	-	-	-
Change in Assets and Liabilities: Decr (Incr) in Due from Other Funds	-	350	-	-	-
Net Cash Provided by (Used for) Operating Activities	\$ -	\$ 10,621	\$ -	\$ -	\$ -

Real Property	Noxious Weed Management	Moore Sipple Connector	Jim Bradley Memorial	Thomas Teakle	Merritt- Wheeler Memorial	Historical Society Acquisitions	Endowment for Children	Totals
\$ 314	\$ -	\$ -	(4)	\$ -	\$ -	13	\$ -	10,911
-	-	(13)	-	-	-	-	-	(13)
-	-	-	(5)	-	-	-	-	(5)
-	-	-	-	-	-	-	-	33
314	-	(13)	(9)	-	-	13	-	10,926
-	35	-	-	-	-	-	-	19,061
(543)	(307)	-	-	(1)	-	-	-	(103,938)
-	-	-	-	-	-	-	-	(2,286)
-	1,125	-	-	-	-	-	-	1,139
-	-	-	-	-	-	-	-	4,987
-	-	-	-	-	-	-	-	(4,943)
(543)	853	-	-	(1)	-	-	-	(85,980)
-	-	-	-	-	-	(1)	-	(1)
-	-	-	-	-	-	(1)	-	(1)
(1,689)	(748)	-	-	-	-	-	-	(53,050)
2,211	681	-	-	-	-	-	-	33,377
274	47	1	1	1	-	-	-	8,376
358	349	14	8	6	4	3	-	75,962
(105)	(47)	(1)	(1)	-	-	-	-	(7,959)
133	-	-	-	-	-	-	-	26,480
1,182	282	14	8	7	4	3	-	83,186
953	1,135	1	(1)	6	4	15	-	8,131
341	179	241	24	25	23	14	1	39,436
\$ 1,294	\$ 1,314	\$ 242	\$ 23	\$ 31	\$ 27	\$ 29	\$ 1	\$ 47,567
\$ 815	\$ 350	\$ 1	\$ 29	\$ 34	\$ 9	\$ 18	\$ -	\$ 95,203
-	(33)	-	-	-	-	-	-	(17,940)
99	45	1	1	-	-	-	-	7,951
(364)	(314)	(14)	(38)	(33)	(9)	(5)	-	(39,976)
(104)	(48)	(1)	(1)	(1)	-	-	-	(8,207)
(130)	-	-	-	-	-	-	-	(26,453)
(2)	-	-	-	-	-	-	-	348
\$ 314	\$ -	(13)	(9)	\$ -	\$ -	13	\$ -	10,926

INVESTMENT TRUST FUND

The Investment Trust Fund is used to account for the investment by local government agencies in the Short Term Investment Pool (STIP), an external investment pool. A brief description of the Investment Trust Fund follows:

STIP Trust - this fund accounts for the receipt of monies by the Montana Board of Investments for investment in STIP and the distribution of related investment earnings to local government agencies.

STATE OF MONTANA
STATEMENT OF PLAN NET ASSETS
INVESTMENT TRUST FUND
June 30, 2000
(Expressed in Thousands)

	<u>STIP Trust</u>
Assets:	
Cash/Cash Equivalents	\$ 481,727
Securities Lending Collateral	37
Total Assets	<u>\$ 481,764</u>
Liabilities:	
Securities Lending Liability	\$ 37
Total Liabilities	<u>37</u>
Net Assets Held in Trust for Pool Participants	<u>\$ 481,727</u>

AGENCY FUNDS

The Agency Funds are used to account for assets held by the State as an agent for individuals, private organizations, other governments and other funds. A brief description of each Agency Fund follows:

Investment Pool - This fund accounts for idle cash invested on a pooled basis. Investment earnings on State funds are accounted for as revenue in either the fund providing the cash for investment or in the fund from which the earnings will be expended.

Land Grant Interest - This fund accounts for interest and income earnings on nonexpendable trusts administered by the Department of State Lands pending distribution to units of the university system and State institutions.

Performance Deposits - This fund accounts for deposits held by the State pending compliance with performance agreements.

Central Payroll - This fund accounts for the accumulation of State employee payroll and withholding by the Department of Administration pending remittance to employees and other appropriate third parties.

Workers Comp Securities - This fund, administered by the Department of Labor and Industry, accounts for surety bonds, converting the bonds into cash to liquidate liabilities as necessary.

Custodial Accounts - This fund accounts for moneys belonging to State institution residents, students of the School for the Deaf and Blind, participants in the foster children and protective services programs and balances held by the Commissioner of Higher Education's Office for remittance, on behalf of eligible employees of the Montana University System, to the TIAA-CREF retirement fund.

Unissued Warrants - This fund reports the amount of warrants authorized by agency claims but not written or mailed by fiscal year-end.

Child Support Collections - This fund accounts for payments from parents under the Child Support Enforcement Program administered by the Department of Social & Rehabilitative Services.

Unclaimed Property - This fund accounts for property held by State agencies pending claim by the person entitled thereto. It includes proceeds from the sale of abandoned property, escheated and undistributed estates, stale-dated State warrants and unclaimed wages.

Intergovernmental - This fund accounts for resources that flow through State agencies to federal and local governments.

A & E Advances - This fund accounts for moneys advanced by other agencies to the Department of Administration's Architecture and Engineering (A & E) Division for minor capital projects. The capital outlay expenditures are recorded in the funds which advanced the money.

Uncleared Collections - This fund accounts for resources held pending distribution to other funds

and local governments. Amounts due to other State funds have been recorded as a receivable and revenue in those funds.

Debt Collection - This fund accounts for amounts due to the State which have been written off as uncollectible by the receiving agency. The State Auditor's Office continues to attempt to collect amounts owing for a period of time after they are deemed uncollectible by the receiving agency.

Stock Estray - This fund accounts for the proceeds derived from the sale of estray animals.

STATE OF MONTANA
COMBINING BALANCE SHEET
AGENCY FUNDS
 June 30, 2000
 (Expressed in Thousands)

	Investment Pool	Perform Deposits	Central Payroll	Workers Comp Securities	Custodial Accounts	Unissued Warrants
Assets:						
Cash/Cash Equivalents	\$ 87,978	\$ 6,137	\$ 772	\$ -	\$ 1,519	16,325
Receivables (Net)	90,305	-	-	-	-	-
Interfund Loans Receivables	-	400	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Due from Component Units	-	-	5	-	-	-
Due from Other Funds	-	28	19,277	-	6	-
Advances to Other Funds	-	30	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-
Other Assets	-	15,176	-	660	-	-
Total Assets	<u>\$ 178,283</u>	<u>\$ 21,771</u>	<u>\$ 20,054</u>	<u>\$ 660</u>	<u>\$ 1,525</u>	<u>16,325</u>
Liabilities:						
Accounts Payable	\$ 5,419	\$ 123	\$ 497	\$ -	\$ 114	-
Interfund Loans Payable	-	-	11	-	-	-
Due to Component Units	-	-	559	-	-	-
Due to Other Funds	35	903	2,746	-	45	-
Property Held in Trust	172,829	18,522	16,241	660	1,366	16,325
Securities Lending Liability	-	-	-	-	-	-
Other Liabilities	-	2,223	-	-	-	-
Total Liabilities	<u>\$ 178,283</u>	<u>\$ 21,771</u>	<u>\$ 20,054</u>	<u>\$ 660</u>	<u>\$ 1,525</u>	<u>16,325</u>

	Child Support Collections	Unclaimed Property	Inter- governmental	Uncleared Collections	Debt Collection	Stock Estray Fund	Land Grant Interest	Totals
\$	506 \$	48 \$	14,553 \$	401 \$	103 \$	207 \$	30 \$	128,579
	642	-	5	-	4	6	-	90,962
	-	-	-	-	-	-	-	400
	-	-	-	75	-	-	-	75
	9	-	-	-	1	-	-	15
	53	1	508	35	8	-	-	19,916
	-	-	-	-	-	-	-	30
	-	-	1	-	-	-	-	1
	-	-	2,382	-	-	55	-	18,273
\$	1,210 \$	49 \$	17,449 \$	511 \$	116 \$	268 \$	30 \$	258,251
\$	156 \$	2 \$	75 \$	24 \$	32 \$	201 \$	- \$	6,643
	-	-	-	-	-	6	-	17
	-	-	-	-	1	-	22	582
	-	-	8	73	16	-	8	3,834
	1,054	47	17,365	266	67	61	-	244,803
	-	-	1	-	-	-	-	1
	-	-	-	148	-	-	-	2,371
\$	1,210 \$	49 \$	17,449 \$	511 \$	116 \$	268 \$	30 \$	258,251

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

Fund	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Investment Pool:				
Assets				
Cash/Cash Equivalents	\$ 99,871	\$ 12,447,192	\$ 12,459,085	\$ 87,978
Receivables (Net)	69,638	339,428	318,761	90,305
Equity in Pooled Investments	-	11,541,088	11,541,088	-
Investments	-	10,927,399	10,927,399	-
Securities Lending Collateral	-	1,194,177	1,194,177	-
Total Assets	\$ 169,509	\$ 36,449,284	\$ 36,440,510	\$ 178,283
Liabilities				
Accounts Payable	\$ 7,289	9,147	11,017	5,419
Due to Other Governments	-	1,132,727	1,132,727	-
Due to Other Funds	28	136	129	35
Property Held in Trust	162,192	12,553,556	12,542,919	172,829
Securities Lending Liability	-	1,194,177	1,194,177	-
Total Liabilities	\$ 169,509	\$ 14,889,743	\$ 14,880,969	\$ 178,283
Land Grant Interest:				
Assets				
Cash/Cash Equivalents	\$ -	\$ 30	\$ -	\$ 30
Total Assets	\$ -	\$ 30	\$ -	\$ 30
Liabilities				
Due to Other Funds	\$ -	\$ 30	\$ 22	\$ 8
Due to Component Units	-	22	-	22
Total Liabilities	\$ -	\$ 52	\$ 22	\$ 30
Perform Deposits:				
Assets				
Cash/Cash Equivalents	\$ 6,332	\$ 46,010	\$ 46,205	\$ 6,137
Interfund Loans Receivable	-	400	-	400
Due from Other Funds	-	28	-	28
Advances to Other Funds	30	-	-	30
Securities Lending Collateral	160	-	160	-
Other Assets	15,825	13,025	13,674	15,176
Total Assets	\$ 22,347	\$ 59,463	\$ 60,039	\$ 21,771
Liabilities				
Accounts Payable	\$ 62	\$ 15,963	\$ 15,902	\$ 123
Due to Other Funds	951	903	951	903
Property Held in Trust	18,829	32,259	32,566	18,522
Securities Lending Liability	160	-	160	-
Other Liabilities	2,345	14,232	14,354	2,223
Total Liabilities	\$ 22,347	\$ 63,357	\$ 63,933	\$ 21,771

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

Fund	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Central Payroll:				
Assets				
Cash/Cash Equivalents	\$ 6,797	\$ 488,881	\$ 494,906	772
Due from Other Funds	14,432	19,646	14,801	19,277
Due from Component Units	364	5	364	5
Total Assets	\$ 21,593	\$ 508,532	\$ 510,071	20,054
Liabilities				
Accounts Payable	\$ 35	\$ 14,569	\$ 14,107	497
Interfund Loans Payable	-	17	6	11
Due to Other Funds	169	6,631	4,054	2,746
Due to Component Units	3,326	559	3,326	559
Property Held in Trust	18,063	494,032	495,854	16,241
Other Liabilities	-	11	11	-
Total Liabilities	\$ 21,593	\$ 515,819	\$ 517,358	20,054
Workers Comp Securities:				
Assets				
Other Assets	\$ 660	-	-	660
Total Assets	\$ 660	-	-	660
Liabilities				
Property Held in Trust	\$ 660	-	-	660
Total Liabilities	\$ 660	-	-	660
Custodial Accounts:				
Assets				
Cash/Cash Equivalents	\$ 1,018	\$ 6,197	\$ 5,696	1,519
Due from Other Funds	5	6	5	6
Securities Lending Collateral	15	-	15	-
Total Assets	\$ 1,038	\$ 6,203	\$ 5,716	1,525
Liabilities				
Accounts Payable	\$ 40	\$ 930	\$ 856	114
Due to Other Funds	167	45	167	45
Property Held in Trust	816	7,164	6,614	1,366
Securities Lending Liability	15	-	15	-
Total Liabilities	\$ 1,038	\$ 8,139	\$ 7,652	1,525

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

Fund	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Unissued Warrants:				
Assets				
Cash/Cash Equivalents	\$ 5,257	\$ 107,167	\$ 96,099	\$ 16,325
Receivables (Net)	-	84,638	84,638	-
Due from Other Funds	97	-	97	-
Total Assets	\$ 5,354	\$ 191,805	\$ 180,834	\$ 16,325
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	2,427	-	2,427	-
Property Held in Trust	2,927	86,905	73,507	16,325
Total Liabilities	\$ 5,354	\$ 86,905	\$ 75,934	\$ 16,325
Child Support Collections:				
Assets				
Cash/Cash Equivalents	\$ 555	\$ 50,443	\$ 50,492	\$ 506
Receivables (Net)	97	628	83	642
Due from Other Funds	-	72	19	53
Due from Component Units	9	9	9	9
Total Assets	\$ 661	\$ 51,152	\$ 50,603	\$ 1,210
Liabilities				
Accounts Payable	\$ -	\$ 44,731	\$ 44,575	\$ 156
Due to Other Funds	1	-	1	-
Interfund Loans Payable	225	-	225	-
Property Held in Trust	435	45,311	44,692	1054
Total Liabilities	\$ 661	\$ 90,042	\$ 89,493	\$ 1,210
Unclaimed Property:				
Assets				
Cash/Cash Equivalents	\$ 37	\$ 112	\$ 101	\$ 48
Due from Other Funds	-	2	1	1
Due from Component Units	1	-	1	-
Total Assets	\$ 38	\$ 114	\$ 103	\$ 49
Liabilities				
Accounts Payable	\$ 1	\$ 106	\$ 105	\$ 2
Property Held in Trust	37	109	99	47
Total Liabilities	\$ 38	\$ 215	\$ 204	\$ 49

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

Fund	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Intergovernmental:				
Assets				
Cash/Cash Equivalents	\$ 6,073	\$ 157,294	\$ 148,814	\$ 14,553
Receivables (Net)	4	154	153	5
Due from Other Funds	-	508	-	508
Due from Other Governments	-	-	-	-
Securities Lending Collateral	304	1	304	1
Investments	-	-	-	-
Other Assets	2,455	192	265	2,382
Total Assets	\$ 8,836	\$ 158,149	\$ 149,536	\$ 17,449
Liabilities				
Accounts Payable	\$ 84	\$ 2,557	\$ 2,566	\$ 75
Due to Other Governments	-	-	-	-
Due to Other Funds	617	14	623	8
Due to Component Units	6	-	6	-
Property Held in Trust	7,825	17,631	8,091	17,365
Securities Lending Liability	304	1	304	1
Total Liabilities	\$ 8,836	\$ 20,203	\$ 11,590	\$ 17,449
Uncleared Collections:				
Assets				
Cash/Cash Equivalents	\$ 460	\$ 10,941,050	\$ 10,941,109	\$ 401
Receivables (Net)	-	685	685	-
Due from Other Funds	14	77	56	35
Due from Component Units	6	-	6	-
Due from Other Governments	-	75	-	75
Securities Lending Collateral	-	-	-	-
Total Assets	\$ 480	\$ 10,941,887	\$ 10,941,856	\$ 511
Liabilities				
Accounts Payable	\$ 3	\$ 283	\$ 262	\$ 24
Interfund Loans Payable	-	1	1	-
Due to Other Funds	379	9,727	10,033	73
Due to Component Units	9	-	9	-
Property Held in Trust	89	714	537	266
Other Liabilities	-	378,360	378,212	148
Securities Lending Liability	-	-	-	-
Total Liabilities	\$ 480	\$ 389,085	\$ 389,054	\$ 511

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

Fund	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Debt Collection:				
Assets				
Cash/Cash Equivalents	\$ 123	\$ 7,397	\$ 7,417	103
Receivables (Net)	4	57,202	57,202	4
Due from Other Funds	19	8	19	8
Due from Component Units	-	1	-	1
Total Assets	\$ 146	\$ 64,608	\$ 64,638	116
Liabilities				
Accounts Payable	\$ 94	\$ 333	\$ 395	32
Interfund Loans Payable	-	25	25	-
Due to Other Funds	25	22	31	16
Due to Component Units	5	1	5	1
Property Held in Trust	22	6,562	6,517	67
Total Liabilities	\$ 146	\$ 6,943	\$ 6,973	116
Stock Estray Fund:				
Assets				
Cash/Cash Equivalents	\$ -	\$ 5,213	\$ 5,006	207
Receivables (Net)	-	6	-	6
Other Assets	55	-	-	55
Total Assets	\$ 55	\$ 5,219	\$ 5,006	268
Liabilities				
Accounts Payable	\$ 55	\$ 5,059	\$ 4,913	201
Interfund Loans Payable	-	6	-	6
Property Held in Trust	-	5,065	5,004	61
Total Liabilities	\$ 55	\$ 10,130	\$ 9,917	268

(Continued on Next Page)

STATE OF MONTANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2000
(Expressed in Thousands)

Fund	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
Totals - All Agency Funds				
Assets				
Cash/Cash Equivalents	\$ 126,523	\$ 24,256,986	\$ 24,254,930	\$ 128,579
Receivables (Net)	69,743	482,741	461,522	90,962
Interfund Loans Receivables	-	400	-	400
Due from Other Funds	14,567	20,347	14,998	19,916
Due from Component Units	380	15	380	15
Due from Other Governments	-	75	-	75
Advances to Other Funds	30	-	-	30
Equity in Pooled Investments	-	11,541,088	11,541,088	-
Investments	-	10,927,399	10,927,399	-
Securities Lending Collateral	479	1,194,178	1,194,656	1
Other Assets	18,995	13,217	13,939	18,273
Total Assets	\$ 230,717	\$ 48,436,446	\$ 48,408,912	\$ 258,251
Liabilities				
Accounts Payable	\$ 7,663	\$ 93,678	\$ 94,698	\$ 6,643
Interfund Loans Payable	225	49	257	17
Due to Other Governments	-	1,132,727	1,132,727	-
Due to Other Funds	4,764	17,508	18,438	3,834
Due to Component Units	3,346	582	3,346	582
Property Held in Trust	211,895	13,249,308	13,216,400	244,803
Securities Lending Liability	479	1,194,178	1,194,656	1
Other Liabilities	2,345	392,603	392,577	2,371
Total Liabilities	\$ 230,717	\$ 16,080,633	\$ 16,053,099	\$ 258,251

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use in operations which are accounted for in governmental funds. These include all fixed assets except those of the Enterprise, Internal Service, Expendable Trust, Nonexpendable Trust, Pension Trust and Higher Education Funds.

STATE OF MONTANA
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
June 30, 2000
(Expressed in Thousands)

General Fixed Assets:

Land	\$	66,267
Buildings/Other Improvements		386,289
Equipment		64,478
Other Fixed Assets		65,159
Construction in Progress		67,516
Total General Fixed Assets	\$	<u>649,709</u>

Investments in General Fixed Assets from:

General Fund Fixed Assets	\$	316,183
State Special Revenue Fund Fixed Assets		138,681
Federal Special Revenue Fund Fixed Assets		84,068
Capital Projects Fund Fixed Assets		43,777
Expendable Trust Fund Fixed Assets		208
Donated Fixed Assets		66,792
Total Investments in General Fixed Assets	\$	<u>649,709</u>

STATE OF MONTANA
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
June 30, 2000
(Expressed in Thousands)

Function and Activity	Land	Buildings and Improvements	Equipment	Other Fixed Assets	Total
General Government					
Legislative	\$ -	\$ -	655	\$ -	655
Executive	2,648	46,072	2,761	45	51,526
Judicial	-	-	164	782	946
Total General Government	2,648	46,072	3,580	827	53,127
Public Safety/Corrections					
Law Enforcement	384	20,482	11,342	-	32,208
Corrections	2,984	61,700	5,602	-	70,286
Professional/Business Regulation	-	335	1,391	-	1,726
Safety	-	-	91	-	91
Total Public Safety/Corrections	3,368	82,517	18,426	-	104,311
Transportation	6,207	42,588	10,108	-	58,903
Health/Social Services					
Health/Environment	138	92	3,864	-	4,094
Social Services/Welfare/Mental Health	113	52,458	10,317	76	62,964
Veterans Affairs	33	288	43	-	364
Total Health/Social Services	284	52,838	14,224	76	67,422
Educational/Cultural					
Educational	1,497	123,984	2,632	1,720	129,833
Cultural	186	4,198	110	62,529	67,023
Total Educational/Cultural	1,683	128,182	2,742	64,249	196,856
Resource Development/Recreation					
Health/Environment	9	-	37	-	46
Resource Development	-	-	5,634	-	5,634
Recreation	51,453	27,986	5,116	9	84,564
Agricultural	-	60	1,691	-	1,751
Total Resource Development/Recreation	51,462	28,046	12,478	9	91,995
Economic Development/Assistance	614	6,046	2,919	-	9,579
Total Fixed Assets Allocated to Functions	\$ 66,266	\$ 386,289	\$ 64,477	\$ 65,161	582,193
Construction in Progress					67,516
Total General Fixed Assets				\$	649,709

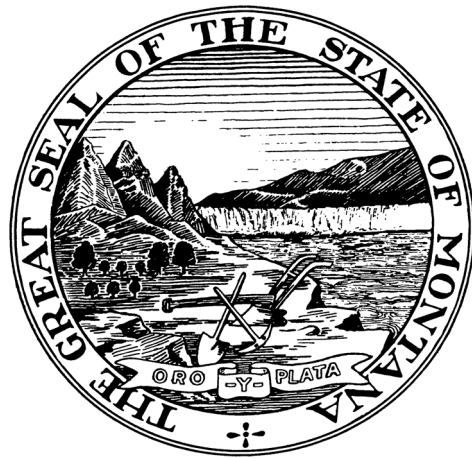
STATE OF MONTANA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

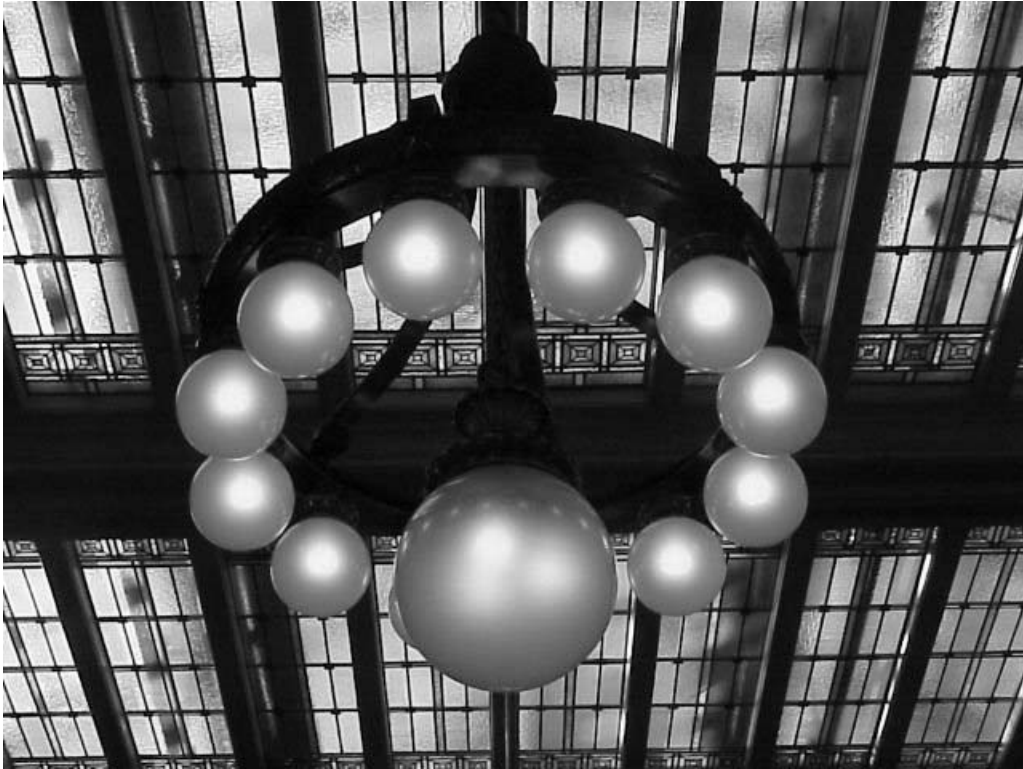
For the Fiscal Year Ended June 30, 2000

(Expressed in Thousands)

Function and Activity	General Fixed Assets July 1, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
General Government				
Legislative	\$ 536	\$ 154	\$ 35	\$ 655
Executive	48,669	4,690	1,833	51,526
Judicial	778	176	8	946
Total General Government	49,983	5,020	1,876	53,127
Public Safety/Corrections				
Law Enforcement	30,502	2,620	914	32,208
Corrections	64,536	5,778	28	70,286
Professional/Business Regulation	1,415	373	62	1,726
Safety	107	-	16	91
Total Public Safety/Corrections	96,560	8,771	1,020	104,311
Transportation	58,599	4,648	4,344	58,903
Health/Social Services				
Health/Environment	4,241	-	147	4,094
Social Services/Welfare/Mental Health	62,110	7,362	6,508	62,964
Veterans Affairs	364	-	-	364
Total Health/Social Services	66,715	7,362	6,655	67,422
Educational/Cultural				
Educational	84,037	46,366	570	129,833
Cultural	51,385	15,781	143	67,023
Total Educational/Cultural	135,422	62,147	713	196,856
Resource Development/Recreation				
Health/Environment	46	-	-	46
Resource Development	5,463	230	59	5,634
Recreation	80,085	5,393	914	84,564
Agricultural	1,405	346	-	1,751
Total Resource Development/Recreation	86,999	5,969	973	91,995
Economic Development/Assistance	9,842	1,444	1,707	9,579
Construction in Progress	38,134	34,620	5,238	67,516
Total General Fixed Assets	\$ 542,254	\$ 129,981	\$ 22,526	\$ 649,709



Montana



Statistical and Economic Data

Financial presentations included in this section provide users with an historical perspective through detailed data on economic and social characteristics, financial trends and fiscal capacity of the State.

Original Chandelier - This is an original chandelier that hung in the Law Library prior to the 1963 Capitol remodel effort. It is now hanging in its original location (new hearing room #317).

STATE OF MONTANA
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
For the Last Ten Fiscal Years
(Expressed in Thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Licenses/Permits (1)	\$ 74,152	\$ 82,744	\$ 92,773	\$ 98,852	\$ 106,109	\$ 110,043	\$ 112,761	\$ 116,706	\$ 117,950	\$ 125,782
Taxes (1)	864,057	850,916	1,003,849	1,026,025	1,080,529	997,874	1,041,840	1,120,907	1,191,607	1,244,622
Chrgs-Srvs./Fines/Forfts.	43,678	52,527	53,775	58,872	69,781	66,367	93,629	128,298	150,176	302,022
Investment Earnings	31,655	24,791	20,715	19,993	29,267	28,594	28,741	33,370	33,569	37,780
Securities Lending Income	-	-	-	-	-	-	8,346	6,737	6,841	4,991
Sale-Doc./Mdse./Prop.	17,146	18,091	17,055	19,905	18,987	6,776	5,828	8,211	6,884	9,658
Rentals/Leases/Royalties	528	397	451	321	180	220	212	210	420	487
Contributions/Premiums	4,113	3,355	3,466	3,617	3,773	4,165	4,211	4,414	4,451	5,301
Grants/Contrts./Donations	7,004	3,611	3,682	7,782	8,448	9,232	7,759	10,813	12,306	13,961
Federal	532,244	585,047	667,468	684,001	714,629	880,300	853,051	903,877	970,943	1,078,455
Federal IDC Recoveries	1,823	1,738	1,817	2,344	2,602	1,685	1,937	1,916	1,922	2,091
Other Revenues	2,367	2,792	4,503	2,301	1,135	1,552	972	1,491	5,230	2,646
Totals	\$ 1,578,767	\$ 1,626,009	\$ 1,869,554	\$ 1,924,013	\$ 2,035,440	\$ 2,106,808	\$ 2,159,287	\$ 2,336,950	\$ 2,502,299	\$ 2,827,796

STATE OF MONTANA
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
For the Last Ten Fiscal Years
(Expressed in Thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
General Government (1)	\$ 111,570	\$ 117,114	\$ 117,691	\$ 113,617	\$ 140,573	\$ 71,699	\$ 81,646	\$ 125,612	\$ 135,083	\$ 154,332
Public Safety/Corrections	87,121	100,864	105,870	110,026	118,668	119,221	128,247	177,320	186,840	203,793
Transportation	280,416	287,768	285,055	297,577	297,708	322,142	325,182	332,626	381,684	442,211
Health/Social Services	482,864	539,052	620,915	611,529	673,330	770,506	788,429	811,041	837,669	889,480
Education/Cultural	441,392	445,180	487,657	486,203	491,544	551,604	555,610	594,972	590,859	622,105
Resource Dev./Recreation	63,426	71,791	70,847	68,926	93,309	69,264	92,972	90,229	98,417	87,143
Economic Dev./Assistance	86,272	79,998	86,504	100,224	100,448	106,792	105,752	110,439	120,476	123,903
Debt Service:										
Principal Retirement	13,244	34,344	22,115	18,113	67,459	42,921	24,027	25,398	37,074	31,961
Interest/Fiscal Chrgs.	21,111	23,042	24,332	16,340	18,932	18,039	15,010	18,483	21,227	17,380
Capital Outlay	24,256	25,935	23,455	32,574	71,723	57,020	70,182	68,714	74,007	76,386
Securities Lending	-	-	-	-	-	-	7,887	6,542	6,477	4,795
Totals	\$ 1,611,672	\$ 1,725,088	\$ 1,844,441	\$ 1,855,129	\$ 2,073,694	\$ 2,129,208	\$ 2,194,944	\$ 2,361,376	\$ 2,489,813	\$ 2,653,489

Note: (1) Fiscal year 1991 includes the first year of distribution to local governments of oil and gas severance taxes and a significant increase in the reimbursement to local governments for loss of property tax revenue associated with the reduction of class 8 property tax rates.

STATE OF MONTANA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
For the Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Tax Levy (a)	Total Tax Collections (b)	Percent of Total Tax Collections to Tax Levy
1991	\$ 68,418	\$ 69,490	101.6 %
1992	73,815	90,230	122.2
1993	172,568	221,426	128.3
1994 (2)	181,047	215,573	119.1
1995	186,648	218,614	117.1
1996	193,423	218,398	112.9
1997	195,993	222,858	113.7
1998	200,432	216,204	107.9
1999	201,789	216,593	107.3
2000	201,300	215,368	107.0

Notes: (1) Property taxes are levied in one fiscal year and collected in subsequent fiscal years (i.e., the fiscal year column relates to the column "Total Tax Collections" only). The increase in fiscal year 1991 is due to the school equalization aid levy of 40 mills established by the 1989 Legislature.

(2) The significant increase in fiscal year 1993 is because county equalization revenues are sent directly to the State as of July 1, 1992.

Sources: (a) Montana Department of Revenue Reports to the Legislature
(b) Montana Statewide Budgeting and Accounting System

STATE OF MONTANA
TAXABLE AND MARKET (ASSESSED) VALUE OF PROPERTY (1)
For the Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Taxable to Total Market (Assessed) Value
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value	
1991	\$ 1,303,834	\$ 23,534,838	\$ 291,388	\$ 4,248,460	\$ 1,595,222	\$ 27,783,298	5.7 %
1992	1,336,544	24,156,048	296,079	4,265,243	1,632,623	28,421,291	5.7
1993	1,430,246	26,492,508	301,701	4,401,371	1,731,947	30,893,879	5.6
1994	1,470,069	30,836,551	316,996	4,549,629	1,787,065	35,386,180	5.1
1995	1,512,074	31,712,386	326,263	4,674,861	1,838,337	36,387,247	5.1
1996	1,567,119	32,929,317	300,500	4,791,337	1,867,619	37,720,654	5.0
1997	1,637,694	34,402,312	277,587	4,784,840	1,915,281	39,187,152	4.9
1998	1,680,207	35,543,519	261,813	5,018,523	1,942,020	40,562,042	4.8
1999	1,631,973	35,199,114	267,100	5,216,726	1,899,073	40,415,840	4.7
2000	1,516,441	37,078,015	163,299	5,354,446	1,679,740	42,432,461	4.0

Note: (1) Taxable property in Montana must be assessed at 100% of its market value except mining property and agricultural lands. Mining property is assessed based on net and gross proceeds from mineral production. The assessment on agricultural land is based on productive capacity.

Taxable value is that against which the mill levy is applied. These values are arrived at by the appropriate ratios found in Montana's Classification Act to the assessed values (e.g., the taxable value of residential property is 3.794% of its assessed value).

The increase in Fiscal Year 1994 Assessed Value of Real Property was primarily due to the application of updated Agricultural Land valuation schedules. The decrease in Fiscal Year 2000 Taxable Value of Real and Personal Property was due to a 50 percent reduction in the business equipment tax rate.

Source: Montana Department of Revenue Reports to the Legislature

STATE OF MONTANA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$100 of Taxable Value)
For the Last Ten Fiscal Years

Fiscal Year	State of Montana	Schools	Counties	Cities	Miscellaneous	Total
	Special Revenue Funds					
1990	4.35 (1)	16.19	6.93	2.85	4.13	34.45
1991 (2)	10.55	11.54	6.51	2.86	4.05	35.51
1992	10.58	11.87	6.70	2.90	4.03	36.08
1993	10.45	13.69	6.64	2.89	4.26	37.93
1994	10.44	14.74	6.86	2.87	4.48	39.39
1995	10.52	15.27	7.02	2.88	4.54	40.23
1996	10.49	15.99	7.33	3.03	4.65	41.49
1997	10.46	16.31	7.32	3.01	4.70	41.80
1998	10.39	16.57	7.29	3.10	4.91	42.26
1999 (3)	10.59	17.59	7.95	3.40	4.94	44.47

- Notes: (1) The significant increase in 1990 is due to the school equalization aid levy of 40 mills established by the 1989 Legislature.
- (2) The significant increase in 1991 is due to the change of the school equalization aid levy to 95 mills and State assumption of welfare established by the 1991 Legislature.
- (3) Effective with fiscal year 1999, special improvement district property tax rates are reported in the miscellaneous category; previously they had been reported in the cities category. Data for prior fiscal years has been adjusted also.

Source: Department of Revenue Reports to the Legislature

STATE OF MONTANA
PROPERTY TAX MILL LEVY FOR STATE PURPOSES
For the Last Ten Levy Years

This portion of the property tax levy was developed to provide a nondiscriminatory method of financing public education in Montana. The State has statutory authority to levy up to six mills for the support of the State's higher education system. The General Fund is responsible for making up any deficiencies in the equalization system. In addition, the Legislature is directed by law to levy at each legislative session a tax of up to two mills on all taxable property in the State to provide for any deficiencies in the General Fund.

Levy Year	Higher Education System	Vo-Tech Centers	Primary & Secondary Schools	Total Mill Levy
1991	6.00	1.50	95.00	102.50
1992	6.00	1.50	95.00	102.50
1993	6.00	1.50	95.00	102.50
1994	6.00	1.50	95.00	102.50
1995	6.00	1.50	95.00	102.50
1996	6.00	1.50	95.00	102.50
1997	6.00	1.50	95.00	102.50
1998	6.00	1.50	95.00	102.50
1999	6.00	1.50	95.00	102.50
2000	6.00	1.50	95.00	102.50

Each mill represents one dollar of tax levied on each thousand dollars worth of taxable property. The amount of property taxes needed for the year (net levy) is divided by the percentage determined collectible. This gross levy is then divided by the assessed valuation to arrive at the mill levy.

Source: Montana Department of Revenue - Research and Information Division

STATE OF MONTANA
RATIO OF DIRECT STATE DEBT TO
ASSESSED VALUE AND DIRECT
STATE DEBT PER CAPITA
For the Last Ten Fiscal Years

Fiscal Year	(Expressed in Thousands)			Direct State Debt Per	
	Population (3) (a)	Assessed Value (1) (4) (b)	Direct State Debt (2)	Assessed Value	Capita
1991	808	\$ 27,783,297	\$ 70,050	0.25 %	\$ 86.70
1992	822	28,421,291	60,140	0.21	73.16
1993	840	30,893,879	43,945	0.14	52.32
1994	855	35,386,179	66,070	0.19	77.27
1995	869	36,387,247	78,000	0.21	89.76
1996	877	37,720,655	69,620	0.18	79.38
1997	879	39,187,152	96,620	0.25	109.92
1998	880	40,562,042	187,005	0.46	212.51
1999	883	40,415,840	197,020	0.49	223.89
2000	N/A	42,432,461	226,975	0.53	257.05 *

N/A - Data not available.

* Calculated using 1999 population data.

- Notes:
- (1) Beginning in 1988 the assessed value does not include exempt property.
 - (2) Includes only General Obligation Bonds.
 - (3) Numbers include revisions made by the U.S. Department of Commerce, Bureau of Economic Analysis for all prior years shown.
 - (4) The increase in fiscal year 1994 Assessed Value of Real Property is due primarily to the application of updated Agricultural Land valuation schedules.

- Sources:
- (a) U.S. Department of Commerce, Bureau of Economic Analysis
 - (b) Montana Department of Revenue Reports to the Legislature

STATE OF MONTANA
RATIO OF ANNUAL DEBT SERVICE TO
TOTAL GENERAL EXPENDITURES
For the Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Debt Service	Total General Expenditures	Ratio
1991	\$ 34,355	\$ 1,611,671	2.13 %
1992	57,387	1,725,088	3.33
1993	46,447	1,844,441	2.52
1994	34,453	1,855,129	1.86
1995	86,391	2,073,694	4.17
1996	60,960	2,129,208	2.86
1997	39,037	2,194,943	1.78
1998	43,881	2,361,376	1.86
1999	58,301	2,489,813	2.34
2000	49,341	2,653,489	1.86

Source: Montana Financial Reports 1991-2000

STATE OF MONTANA
REVENUE BOND COVERAGE
HIGHER EDUCATION
For the Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
				Total	Coverage
1990 \$	42,010 \$	30,314 \$	11,696 \$	7,829	1.49
1991	45,314	33,707	11,607	7,240	1.60
1992	48,732	35,012	13,720	7,712	1.78
1993	45,695	32,322	13,373	6,983	1.92
1994	50,349	33,768	16,581	6,627	2.50
1995	51,592	35,450	16,142	7,865	2.05
1996	50,315	37,357	12,958	8,931	1.45
1997	68,641	39,016	29,625	12,675	2.34
1998	73,791	41,011	32,780	13,573	2.42
1999	75,589	41,351	34,238	16,897	2.03

Source: Annual audit reports for each entity.

STATE OF MONTANA
REVENUE BOND COVERAGE
MONTANA BOARD OF HOUSING
For the Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
				Total	Coverage
1991 \$	58,050 \$	2,613 \$	55,437 \$	50,314	1.10
1992	56,653	2,699	53,954	50,703	1.06
1993	50,604	2,631	47,973	47,113	1.02
1994	48,083	2,097	45,986	38,299	1.20
1995	38,971	2,128	36,843	31,511	1.17
1996	39,504	2,414	37,090	32,379	1.15
1997	39,926	2,572	37,354	32,814	1.14
1998	44,782	2,754	42,028	34,100	1.23
1999	40,858	2,985	37,873	35,167	1.08
2000	44,875	3,420	41,455	36,581	1.13

Source: Montana Statewide Budgeting and Accounting System.

STATE OF MONTANA
REVENUE BOND COVERAGE
ECONOMIC DEVELOPMENT BONDS
For the Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year			Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
					Total	Coverage
1991	\$	3,477	\$ 186	\$ 3,291	4,041	0.81
1992		4,490	266	4,224	3,558	1.19
1993		3,177	188	2,989	3,221	0.93
1994		3,287	162	3,125	2,884	1.08
1995		3,107	172	2,935	2,940	1.00
1996		3,323	195	3,128	2,860	1.09
1997		3,064	174	2,890	2,477	1.17
1998		3,595	203	3,392	2,953	1.15
1999		3,927	221	3,706	2,883	1.29
2000		4,229	326	3,903	3,183	1.23

Source: *Montana Statewide Budgeting and Accounting System.*

STATE OF MONTANA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS (1)
For the Last Ten Fiscal Years
(Expressed in Thousands, except for number of permits)

Construction (a)						
Calendar Year	Residential		Commercial		Cost of Construction	Bank Deposits (b)
	Number of Permits Issued	Valuation*	Number of Permits Issued			
1990	809	\$ 87,980	629	\$	75,836	\$ 7,959,440
1991	1,160	115,925	589		93,974	8,392,081
1992	7,247	170,421	2,082		110,084	8,518,003
1993	7,842	225,526	2,106		109,366	8,632,027
1994	8,344	232,816	1699		163,141	8,911,559
1995	7,646	224,309	N/A		N/A	9,056,329
1996	7,271	209,238	N/A		N/A	9,586,233
1997	6,704	204,551	N/A		N/A	10,024,966
1998	6,831	N/A	N/A		N/A	10,618,040
1999	7,493	N/A	N/A		N/A	11,025,460

* N/A - Data not available

Note: (1) Numbers include revisions made by the U.S. Department of Commerce, Bureau of Economic Analysis for prior years shown. Permit data collection process revised in 1992 (permits issued only).

Property (Assessed) Values (c)							
Fiscal Year	Agriculture (2)	Commercial/ Industrial	Personal/ Real (3)	Utilities	Other **	Total	
1991	\$ 2,549,181	\$ 4,913,732	\$ 15,557,151	\$ 4,347,227	\$ 416,006	\$	27,783,297
1992	2,591,978	4,995,511	15,975,557	4,488,297	369,947		28,421,290
1993	2,574,254	5,647,162	17,683,533	4,631,563	357,367		30,893,879
1994	4,494,808	5,616,507	20,193,046	4,755,568	326,251		35,386,181
1995	4,414,591	5,830,273	20,944,164	4,886,362	311,857		36,387,247
1996	4,523,548	6,032,812	21,541,079	5,212,178	411,037		37,720,654
1997	4,546,414	6,306,477	22,436,871	5,589,074	308,316		39,187,152
1998	4,573,340	6,593,141	23,382,144	5,713,097	300,320		40,562,042
1999	4,873,002	6,651,311	22,767,150	5,821,297	303,080		40,415,840
2000	5,197,931	7,022,437	23,712,872	6,212,009	287,212		42,432,461

** Other property includes mining, coal and miscellaneous.

Notes: (1) Nontaxable property value information is not available. Construction data is reported on a calendar year basis. Bank deposits are the aggregate of State Banks and Trust Companies, National Banks, Savings and Loans and Credit Unions.
(2) The increase in Fiscal Year 1994 Assessed Value of Agricultural Property is due primarily to the application of updated Agricultural Land valuation schedules.
(3) For 1993 and prior years, farmstead property (ranch/farm houses) is included as Agricultural property. For 1994, farmstead property is included as Personal/Real property.

Sources: (a) U.S. Department of Commerce - Bureau of the Census
(b) Montana Department of Commerce - State Banks and Trust Companies, National Banks and Credit Unions
Federal Home Loan Bank of Seattle - Savings and Loans
(c) Montana Department of Revenue Reports to the Legislature

STATE OF MONTANA
INCOME DATA
For the Last Ten Calendar Years

Total Personal Income (2)
(Millions)

Year	Montana		Rocky Mountain Region (1)		United States	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
1990	\$ 12,416		\$ 127,663		\$ 4,885,525	
1991	13,337	7.4 %	135,540	6.2 %	5,065,416	3.7 %
1992	14,076	5.5	145,514	7.4	5,376,622	6.1
1993	15,178	7.8	156,962	7.9	5,598,446	4.1
1994	15,499	2.1	167,291	6.6	5,878,362	5.0
1995	16,297	5.1	179,684	7.4	6,192,235	5.3
1996	16,992	4.3	192,141	6.9	6,538,103	5.6
1997	17,721	4.3	206,831	7.6	6,928,762	6.0
1998	18,755	5.8	223,051	7.8	7,383,687	6.6
1999	19,438	3.6	238,235	6.8	7,783,152	5.4
Average Annual Rate of Growth		5.1 %		7.18 %		5.31 %

Per Capita Income (2)

Year	Montana		Rocky Mountain Region (1)		United States	
	Amount	Percent Increase	Amount	Percent Increase	Amount	Percent Increase
1990	\$ 15,524		\$ 17,491		\$ 19,584	
1991	16,509	6.3 %	18,208	4.1 %	20,089	2.6 %
1992	17,114	3.7	19,062	4.7	21,082	4.9
1993	18,072	5.6	20,003	4.9	21,718	3.0
1994	18,129	0.3	20,782	3.9	22,581	4.0
1995	18,764	3.5	21,841	5.1	23,562	4.3
1996	19,383	3.3	22,930	5.0	24,651	4.6
1997	20,167	4.0	24,259	5.8	25,874	5.0
1998	21,324	5.7	25,756	6.2	27,322	5.6
1999	22,019	3.3	27,072	5.1	28,542	4.5
Average Annual Rate of Growth		3.97 %		4.98 %		4.28 %

Notes: (1) The Rocky Mountain Region includes Montana, Colorado, Idaho, Utah and Wyoming.

(2) Numbers include revisions made by the U.S. Department of Commerce, Bureau of Economic Analysis for prior years shown.

Source: U.S. Department of Commerce - Bureau of Economic Analysis

STATE OF MONTANA
PUBLIC EDUCATION INSTITUTIONS
ENROLLMENT (1)
For the Last Ten Fiscal Years

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
TOTAL GRADES PRE-K-12 (a)	152,898	155,263	159,991	163,020	164,341	165,547	164,592	162,319	159,988	157,556
MONTANA UNIVERSITY SYSTEM (b)										
University of Montana	8,852	9,482	9,602	9,655	9,720	9,910	10,269	10,451	10,538	10,514
Montana State University	9,501	9,491	9,946	10,018	10,022	10,285	10,349	10,209	10,374	10,402
Montana Tech of the UM	1,612	1,694	1,728	1,763	1,660	1,679	1,718	1,656	1,642	1,683
Western Montana College of the UM	915	974	969	1,006	1,065	1,082	1,031	1,032	970	1,009
Montana State University -Billings	3,408	3,139	3,240	3,267	3,252	3,276	3,221	3,401	3,337	3,371
Montana State University - Northern	1,765	1,907	1,603	1,675	1,654	1,495	1,501	1,490	1,515	1,451
TOTAL UNIVERSITIES	26,053	26,687	27,088	27,384	27,373	27,727	28,089	28,239	28,376	28,430
COLLEGES OF TECHNOLOGY (b)										
College of Technology - Billings	280	291	453	427	414	436	462	472	507	510
Division of Technology - Butte	248	251	313	347	320	329	363	354	334	310
MSU College of Technology - GF	479	466	556	605	686	727	714	705	745	766
UM College of Technology - Helena	418	434	440	432	452	468	543	663	664	704
College of Technology - Missoula	454	435	551	573	630	629	749	794	766	776
TOTAL COLLEGES OF TECHNOLOGY	1,879	1,877	2,313	2,384	2,502	2,589	2,831	2,988	3,016	3,066

Note: (1) The University System and Colleges of Technology enrollment is based on fiscal year full-time equivalent enrollment.

*Sources: (a) Montana Office of Public Instruction
(b) Montana Commissioner of Higher Education*

STATE OF MONTANA
DEMOGRAPHIC STATISTICS
For the Last Ten Years

Fiscal Year	Population (1) (3) (a)	Per Capita Income (1) (3) (a)	Public School Enrollment Pre-K-12 (2) (b)	Montana University System Enrollment (2) (b)	Average Montana Unemployment Rate (c)	Average U.S. Unemployment Rate (c)	Average Civilian Labor Force (c)	Average Total Employment (c)	Average Unemployment (c)
1991	808,000	\$ 16,509	152,898	26,053	6.6 %	6.2 %	401,625	375,333	26,292
1992	822,000	17,114	155,263	26,687	6.7	7.4	408,125	379,292	28,833
1993	840,000	18,072	159,991	27,088	6.5	7.2	417,000	393,200	24,700
1994	855,000	18,129	163,020	29,768	4.1	6.0	445,100	426,100	19,000
1995	869,000	18,764	164,341	29,875	5.5	5.6	443,500	419,500	24,000
1996	877,000	19,383	165,547	30,316	5.3	5.3	456,600	432,900	23,700
1997	879,000	20,167	164,592	30,920	5.0	5.0	465,200	442,600	22,600
1998	880,000	21,324	162,319	31,227	5.4	4.5	470,500	445,800	24,700
1999	883,000	22,019	159,988	31,392	4.9	4.3	478,700	455,900	22,800
2000	N/A	N/A	157,556	31,496	4.8	4.0	488,000	466,000	22,000

N/A - Data not available

Notes: (1) Based on calendar year.
(2) Based on academic year - includes public schools (pre-K-12) and State-owned universities and colleges.
(3) Numbers include revisions made by U.S. Department of Commerce, Bureau of Economic Analysis for prior years shown.

Sources: (a) U.S. Department of Commerce - Bureau of Economic Analysis
(b) Montana Office of Public Instruction - public schools
Montana Commissioner of Higher Education - universities and colleges
(c) Montana Department of Labor and Industry - Research Bureau

STATE OF MONTANA
EMPLOYMENT IN MONTANA INDUSTRIES (1)
(Thousands of Persons)
For the Last Ten Years

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Durable Goods	14.0	13.3	14.1	14.2	14.3	14.4	14.8	14.9	15.2	15.4
Non-Durable Goods	8.4	8.4	8.5	8.8	8.8	8.9	9.0	9.2	9.3	9.1
Mining	6.3	6.0	5.8	5.7	5.4	5.3	5.4	5.4	5.2	5.1
Contract Construction	10.4	11.2	13.4	13.7	15.2	16.2	17.0	17.9	18.8	19.6
Transportation	12.4	12.5	12.5	12.5	13.0	13.1	9.0	10.6	10.1	10.6
Communications/Utilities	7.7	7.8	7.6	7.8	7.8	7.7	11.7	11.5	11.5	11.6
Wholesale Trade	15.8	16.0	16.5	16.9	17.8	18.4	18.4	18.7	19.0	18.9
Retail Trade	62.6	65.1	68.8	70.3	75.0	77.9	79.3	80.3	81.4	82.6
Finance/Insurance/Real Estate	13.3	13.8	14.3	14.8	15.7	15.6	16.0	16.4	17.0	17.5
Medical/Health Services	26.0	26.4	27.7	28.8	30.7	31.2	32.1	32.5	32.9	34.3
Other Services	49.6	50.6	54.0	58.7	61.0	65.1	69.7	72.3	74.2	78.0
Federal Government	13.9	13.0	13.3	13.3	13.7	13.1	12.8	12.7	12.7	12.6
State Colleges/Universities	9.9	10.2	10.6	10.8	11.2	11.4	11.6	12.0	12.3	12.3
Other State Government	11.0	11.3	11.3	11.0	10.9	11.0	11.1	11.1	11.2	11.5
Local Education	22.7	23.2	24.4	25.3	25.6	26.3	26.1	26.3	26.8	26.9
Other Local Government	13.4	13.4	14.4	13.9	14.6	15.0	14.9	14.7	15.3	15.5
Total Non-Farm Wage/ Salary Jobs (2)	297.4	302.2	317.2	326.5	340.7	350.6	358.9	366.5	372.9	381.5

Sources: (1) Montana Department of Labor and Industry - Research and Analysis Bureau
(2) Establishment Data - a count of jobs by where people work

STATE OF MONTANA
MAJOR PRIVATE EMPLOYERS IN MONTANA *
(Listed Alphabetically)

1. Albertsons (retail trade services)
2. Benefis Healthcare (hospital services)
3. Better Business Systems (business consultants)
4. Community Medical Center - Missoula (hospital/other health services)
5. Deaconess Billings Clinic Health System (hospital/other health services)
6. Montana Power Company (utility services, mining)
7. St. Patrick Hospital (hospital services)
8. St. Vincent Hospital (hospital services)
9. Town Pump (retail trade services)
10. Wal-Mart Stores Incorporated (retail trade services)

Source: Montana Department of Labor and Industry

** The three largest Montana employers are public: Montana State Government (19,455 employees), Montana Local Government units (38,453 employees) and the U.S. Government (12,738 employees). Information based on 1999 data.*

STATE OF MONTANA
(The Treasure State)
"Big Sky Country"
MISCELLANEOUS STATISTICS
June 30, 2000

Date of Statehood (1)	November 8, 1889 - 41st state
Form of Government (2)	Legislative-Executive-Judicial
Land Area - 4th largest state (1)	145, 392 square miles
Population Density (based on 1998 population)	6 persons per square mile
Miles of Paved Public Roads (3)	17,615
Higher Education (4):	
State-Owned Universities and Colleges	6
Colleges of Technology	5
Recreation (5):	
Number of State Parks	41
Number of Managed Sites (camping/fishing)	361
National Parks (Glacier and Yellowstone)	2
State Employees (full-time equivalent) (6)	16,122

Sources:

- (1) *Official Montana 1994-95 Highway Map*
- (2) *Montana Code Annotated*
- (3) *Montana Department of Transportation*
- (4) *Montana Commissioner of Higher Education*
- (5) *Montana Department of Fish, Wildlife & Parks*
- (6) *State of Montana Office of Budget and Program Planning*