

**State of Montana**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2004

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**State of Montana**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2004

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**STATEMENT OF NET ASSETS**

JUNE 30, 2004

(expressed in thousands)

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Cash/cash equivalents (Note 3)	\$ 554,908	\$ 228,381	\$ 783,289	\$ 182,704
Receivables (net)	247,490	33,025	280,515	68,513
Due from primary government	-	-	-	2,325
Due from other governments	153,711	222	153,933	23,016
Due from component units	1,692	1,440	3,132	764
Internal balances	(2,029)	2,029	-	-
Inventories	26,454	6,876	33,330	4,529
Advances to component units	8,957	4,872	13,829	-
Long-term loans/notes receivable	212,258	38,424	250,682	624,882
Equity in pooled investments (Note 3)	1,259,815	-	1,259,815	4,936
Investments (Note 3)	289,935	26,952	316,887	1,031,500
Securities lending collateral (Note 3)	192,909	521	193,430	154,859
Deferred charges	1,930	1,543	3,473	6,284
Restricted assets:				
Cash/cash equivalents (Note 3)	-	-	-	5,669
Investments (Note 3)	-	4,394	4,394	8,120
Capital assets (net) (Note 5)	2,409,128	8,925	2,418,053	493,175
Other assets	4,088	1,873	5,961	12,262
<b>Total assets</b>	<b>5,361,246</b>	<b>359,477</b>	<b>5,720,723</b>	<b>2,623,538</b>
<b>LIABILITIES</b>				
Accounts payable	353,892	6,825	360,717	45,507
Lottery prizes payable	-	2,812	2,812	-
Due to primary government	-	-	-	3,132
Due to other governments	3,102	292	3,394	10,947
Due to component units	2,324	1	2,325	764
Advances from primary government	-	-	-	13,829
Deferred revenue	40,318	3,497	43,815	24,503
Amounts held in custody for others	6,997	614	7,611	21,292
Securities lending liability (Note 3)	192,909	521	193,430	154,859
Other liabilities	11,127	-	11,127	5,654
Short-term debt (Note 11)	-	90,555	90,555	-
Long-term liabilities (Note 11):				
Due within one year	82,814	8,157	90,971	150,738
Due in more than one year	336,669	9,896	346,565	1,318,305
<b>Total liabilities</b>	<b>1,030,152</b>	<b>123,170</b>	<b>1,153,322</b>	<b>1,749,530</b>

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 2,250,177	\$ 8,925	\$ 2,259,102	\$ 270,297
Restricted for:				
Transportation	47,894	-	47,894	-
Fish, wildlife, and parks	60,417	-	60,417	-
Federal grants	26,896	-	26,896	-
Debt service/construction	-	-	-	21,538
Unemployment compensation	-	191,032	191,032	-
Funds held as permanent investments:				
Nonexpendable	1,302,866	-	1,302,866	163,833
Expendable	44,433	-	44,433	-
Housing authority	-	-	-	131,478
Resource/environment	334,877	-	334,877	-
Other purposes	40,705	21,441	62,146	76,241
Unrestricted	222,829	14,909	237,738	210,621
<b>Total net assets</b>	<b>\$ 4,331,094</b>	<b>\$ 236,307</b>	<b>\$ 4,567,401</b>	<b>\$ 874,008</b>

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

**STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 285,781	\$ 57,384	\$ 64,377	\$ -	\$ (164,020)
Public safety/corrections	227,786	159,397	42,047	-	(26,342)
Transportation	400,034	33,943	34,534	289,773	(41,784)
Health/social services	1,109,045	32,983	814,807	-	(261,255)
Education/cultural	874,846	28,922	152,437	272	(693,215)
Resource/recreation/environment	258,057	137,714	88,941	-	(31,402)
Economic development/assistance	144,687	22,102	74,372	-	(48,213)
Interest on long-term debt	15,088	-	-	-	(15,088)
Total governmental activities	3,315,324	472,445	1,271,515	290,045	(1,281,319)
Business-type activities:					
Unemployment Insurance	93,882	67,873	18,854	-	(7,155)
Liquor Stores	42,827	49,521	-	-	6,694
State Lottery	28,669	36,740	-	-	8,071
Economic Development Bonds	2,197	8	2,244	-	55
Hail Insurance	1,949	3,748	-	-	1,799
General Government Services	48,395	13,197	34,389	177	(632)
Prison Funds	4,244	5,140	-	-	896
MUS Group Insurance	39,690	42,252	-	-	2,562
MUS Workers Compensation	2,552	2,424	-	-	(128)
Total business-type activities	264,405	220,903	55,487	177	12,162
Total primary government	\$ 3,579,729	\$ 693,348	\$ 1,327,002	\$ 290,222	\$ (1,269,157)
<b>Component units:</b>					
Authorities:					
Housing Authority	\$ 40,995	\$ 228	\$ 42,791	\$ -	\$ 2,024
Facility Finance Authority	272	312	-	-	40
State Compensation Insurance (New Fund)	176,864	139,481	-	-	(37,383)
State Compensation Insurance (Old Fund)	14,055	-	-	-	(14,055)
State University System:					
Montana State University	354,743	137,352	132,922	8,141	(76,328)
University of Montana	279,937	121,494	92,757	4,414	(61,272)
Total component units	\$ 866,866	\$ 398,867	\$ 268,470	\$ 12,555	\$ (186,974)

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

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Changes in net assets:				
Net (expense) revenue	\$ (1,281,319)	\$ 12,162	\$ (1,269,157)	\$ (186,974)
General revenues:				
Taxes:				
Property	164,505	-	164,505	-
Fuel	198,332	-	198,332	-
Natural resource	131,053	-	131,053	-
Individual income	619,043	-	619,043	-
Corporate income	69,685	-	69,685	-
Other	253,953	14,621	268,574	71
Settlements	25,181	-	25,181	-
Unrestricted investment earnings	32,734	319	33,053	34,070
Payment from State of Montana	-	-	-	158,331
Gain on sale of capital assets	204	-	204	126
Miscellaneous	6,412	9,956	16,368	-
Contributions to term and permanent endowments	-	-	-	11,026
Transfers	30,812	(30,812)	-	-
Total general revenues, contributions, and transfers	1,531,914	(5,916)	1,525,998	203,624
Change in net assets	250,595	6,246	256,841	16,650
Total net assets - July 1 - as previously reported	4,043,843	230,603	4,274,446	867,003
Prior period adjustments (Note 2)	36,656	(542)	36,114	(9,645)
Total net assets - July 1 - as restated	4,080,499	230,061	4,310,560	857,358
Total net assets - June 30	\$ 4,331,094	\$ 236,307	\$ 4,567,401	\$ 874,008



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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### **General Fund**

This fund is the principal operating fund of the State. It accounts for all governmental financial resources, except for those required to be accounted for in another fund.

### **State Special Revenue Fund**

This fund accounts for all activities funded from state sources, which are restricted either legally or administratively for particular costs of an agency, program, or function.

### **Federal Special Revenue Fund**

This fund accounts for all activities funded from federal sources used in the operation of state government.

### **Coal Severance Tax Fund**

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. The principal can be expended only upon affirmative vote by three-fourths of each house of the Legislature.

### **Land Grant Fund**

This fund is used by the Department of Natural Resources and Conservation to account for lands granted to the State for support of public schools and state institutions.

### **Nonmajor Funds**

Nonmajor governmental funds are presented, by fund type, beginning on page 114.

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 JUNE 30, 2004  
 (expressed in thousands)

	SPECIAL REVENUE			PERMANENT			TOTAL
	GENERAL	STATE	FEDERAL	COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	
<b>ASSETS</b>							
Cash/cash equivalents (Note 3)	\$ 126,209	\$ 229,620	\$ 59,667	\$ 52,889	\$ 23,261	\$ 32,983	\$ 524,629
Receivables (net) (Note 4)	150,467	64,857	9,436	7,856	5,977	5,259	243,852
Interfund loans receivable (Note 12)	44,336	41,621	244	-	-	-	86,201
Due from other governments	18	823	152,867	-	-	-	153,708
Due from other funds (Note 12)	18,645	24,157	1,438	1,854	276	1,241	47,611
Due from component units	539	801	77	74	-	57	1,548
Inventories	2,665	22,968	-	-	-	-	25,633
Equity in pooled investments (Note 3)	-	211,566	-	441,728	427,383	179,139	1,259,816
Long-term loans/notes receivable	47	178,825	352	-	-	33,034	212,258
Advances to other funds (Note 12)	100	11,583	100	52,469	-	3,002	67,254
Advances to component units	-	-	-	8,957	-	-	8,957
Investments (Note 3)	-	109,505	1,114	161,695	-	13,345	285,659
Securities lending collateral (Note 3)	-	44,621	-	60,959	58,979	27,332	191,891
Other assets	2,269	842	441	-	-	-	3,552
<b>Total assets</b>	<b>\$ 345,295</b>	<b>\$ 941,789</b>	<b>\$ 225,736</b>	<b>\$ 788,481</b>	<b>\$ 515,876</b>	<b>\$ 295,392</b>	<b>\$ 3,112,569</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable (Note 4)	122,765	81,512	112,060	-	5,842	2,833	325,012
Interfund loans payable (Note 12)	-	19,801	63,880	42	-	630	84,353
Due to other governments	297	751	2,054	-	-	-	3,102
Due to other funds (Note 12)	8,839	7,584	3,861	7,107	13,593	3,153	44,137
Due to component units	15,325	597	1,164	-	466	49	17,601
Advances from other funds (Note 12)	-	61,328	893	-	-	10,805	73,026
Deferred revenue	52,061	29,068	10,025	-	-	-	91,154
Amounts held in custody for others	4,207	2,250	403	-	94	-	6,954
Securities lending liability (Note 3)	-	44,621	-	60,959	58,979	27,332	191,891
Other liabilities	25	118	-	-	-	-	143
<b>Total liabilities</b>	<b>203,519</b>	<b>247,630</b>	<b>194,340</b>	<b>68,108</b>	<b>78,974</b>	<b>44,802</b>	<b>837,373</b>
<b>Fund balances:</b>							
<b>Reserved for:</b>							
Encumbrances	5,017	15,866	14,158	-	-	339	35,380
Inventories	2,665	22,968	-	-	-	-	25,633
Long-term loans/notes receivable	47	178,825	352	-	-	33,034	212,258
Advances to other funds/component units	100	11,583	100	61,426	-	3,002	76,211
Special revenue (Note 14)	-	538,500	27,057	-	-	-	565,557
Debt service	-	-	-	-	-	6,521	6,521
Trust principal (Note 14)	-	-	-	658,947	436,902	190,030	1,285,879
Escheated property	1,074	37	-	-	-	-	1,111
<b>Unreserved, designated, reported in nonmajor (Note 1):</b>							
Debt service funds	-	-	-	-	-	9,253	9,253
Unreserved, undesignated	132,873	(73,620)	(10,271)	-	-	-	48,982
<b>Unreserved, undesignated, reported in nonmajor:</b>							
Debt service funds	-	-	-	-	-	(2,250)	(2,250)
Capital projects funds	-	-	-	-	-	10,661	10,661
<b>Total fund balances</b>	<b>141,776</b>	<b>694,159</b>	<b>31,396</b>	<b>720,373</b>	<b>436,902</b>	<b>250,590</b>	<b>2,275,196</b>
<b>Total liabilities and fund balances</b>	<b>\$ 345,295</b>	<b>\$ 941,789</b>	<b>\$ 225,736</b>	<b>\$ 788,481</b>	<b>\$ 515,876</b>	<b>\$ 295,392</b>	<b>\$ 3,112,569</b>

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

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2004

(expressed in thousands)

Total fund balances for governmental funds \$ 2,275,196

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.

Land	315,485	
Land improvements	11,852	
Buildings/improvements	325,966	
Equipment	70,300	
Infrastructure	2,947,719	
Other capital assets	73,416	
Construction in progress	176,171	
Intangible assets	18,735	
Less accumulated depreciation	<u>(1,614,481)</u>	
Total capital assets		2,325,163

Certain tax revenues are earned, but not available and therefore deferred in the funds. 51,804

Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. 70,881

Deferred issue costs are reported as current expenditures in the funds. These costs are amortized over the life of the bonds and included in governmental activities in the statement of net assets. 1,930

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest	(5,003)	
Lease/installment purchase payable	(2,180)	
Bonds/notes payable (net)	(305,100)	
Compensated absences payable	(70,319)	
Early retirement benefits payable	(216)	
Arbitrage rebate tax payable	(78)	
Other liabilities	<u>(10,984)</u>	
Total long-term liabilities		<u>(393,880)</u>

Net assets of governmental activities \$ 4,331,094

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (expressed in thousands)

	SPECIAL REVENUE			PERMANENT		NONMAJOR	TOTAL
	GENERAL	STATE	FEDERAL	COAL SEVERANCE TAX	LAND GRANT		
<b>REVENUES</b>							
Licenses/permits	\$ 130,807	\$ 109,069	\$ -	\$ -	\$ 365	\$ 371	\$ 240,612
Taxes:							
Natural resource	52,820	57,385	-	15,830	-	4,698	130,733
Individual income	602,262	234	-	-	-	-	602,496
Corporate income	67,412	-	-	-	-	-	67,412
Property	164,485	20	-	-	-	-	164,505
Fuel	-	198,318	-	-	-	14	198,332
Other (Note 1)	206,180	44,954	13	-	-	1,767	252,914
Charges for services/fines/forfeits/settlements	42,354	74,836	71,342	-	-	12,058	200,590
Investment earnings	7,119	7,909	247	17,666	6,633	9,789	49,363
Securities lending income	374	378	-	529	524	227	2,032
Sale of documents/merchandise/property	319	4,456	3	-	11,147	2,097	18,022
Rentals/leases/royalties	73	439	-	-	31,058	117	31,687
Contributions/premiums	-	7,608	-	-	-	-	7,608
Grants/contracts/donations	3,293	19,374	99	-	(7)	109	22,868
Federal	28,642	709	1,451,461	-	-	-	1,480,812
Federal indirect cost recoveries	156	34,280	3,386	-	-	-	37,822
Other revenues	2,104	4,216	77	-	-	15	6,412
<b>Total revenues</b>	<b>1,308,400</b>	<b>564,185</b>	<b>1,526,628</b>	<b>34,025</b>	<b>49,720</b>	<b>31,262</b>	<b>3,514,220</b>
<b>EXPENDITURES</b>							
Current:							
General government	168,545	72,342	6,647	-	-	4,952	252,486
Public safety/corrections	128,176	39,505	38,469	-	-	2,443	208,593
Transportation	170	239,612	289,773	-	-	-	529,555
Health/social services	250,570	54,077	809,417	-	-	-	1,114,064
Education/cultural	662,458	65,809	170,719	-	-	2	898,988
Resource/recreation/environment	20,066	101,367	125,800	-	2,900	457	250,590
Economic development/assistance	21,278	54,793	68,310	-	-	-	144,381
Debt service:							
Principal retirement	620	480	239	-	-	23,878	25,217
Interest/fiscal charges	1,158	703	21	-	-	12,930	14,812
Capital outlay	1,094	30,151	12,501	-	-	16,564	60,310
Securities lending	324	328	-	468	463	201	1,784
<b>Total expenditures</b>	<b>1,254,459</b>	<b>659,167</b>	<b>1,521,896</b>	<b>468</b>	<b>3,363</b>	<b>61,427</b>	<b>3,500,780</b>
Excess of revenue over (under) expenditures	53,941	(94,982)	4,732	33,557	46,357	(30,165)	13,440
<b>OTHER FINANCING SOURCES (USES)</b>							
Bonds issued	-	2,665	-	-	-	3,125	5,790
Refunding bonds issued	-	11,510	-	-	-	8,725	20,235
Bond premium	-	111	-	-	-	367	478
Payment to refunding bond escrow agent	-	(11,271)	-	-	-	(8,943)	(20,214)
Inception of lease/installment contract	648	127	522	-	-	-	1,297
General capital asset sale proceeds	76	194	-	-	-	-	270
Transfers in (Note 12)	66,401	125,763	4,317	3,405	-	39,752	239,638
Transfers out (Note 12)	(29,624)	(23,516)	(27,665)	(43,969)	(65,818)	(19,574)	(210,166)
<b>Total other financing sources (uses)</b>	<b>37,501</b>	<b>105,583</b>	<b>(22,826)</b>	<b>(40,564)</b>	<b>(65,818)</b>	<b>23,452</b>	<b>37,328</b>
Net change in fund balances	91,442	10,601	(18,094)	(7,007)	(19,461)	(6,713)	50,768
Fund balances - July 1 - as previously reported	51,121	687,063	51,500	727,380	456,363	257,304	2,230,731
Prior period adjustments (Note 2)	(833)	(5,622)	(2,010)	-	-	(1)	(8,466)
Fund balances - July 1 - as restated	50,288	681,441	49,490	727,380	456,363	257,303	2,222,265
Increase (decrease) in inventories	46	2,117	-	-	-	-	2,163
<b>Fund balances - June 30</b>	<b>\$ 141,776</b>	<b>\$ 694,159</b>	<b>\$ 31,396</b>	<b>\$ 720,373</b>	<b>\$ 436,902</b>	<b>\$ 250,590</b>	<b>\$ 2,275,196</b>

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

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

JUNE 30, 2004

(expressed in thousands)

Net change in fund balances - total governmental funds \$ 50,768

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 5)

Capital outlay	260,182	
Depreciation expense	<u>(113,796)</u>	
Excess of capital outlay over depreciation expense		146,386

In the statement of activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (5,757)

Donations of capital assets or transfers of capital assets to other funds affects net assets in the statement of activities, but these transactions do not appear in the governmental funds because they are not financial resources. 364

Inventories of governmental funds are recorded as expenditures when purchased. However, in the statement of activities, inventories are expensed when consumed. 2,163

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 20,190

Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 21,619

The incurrence of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences is as follows:

Bonds issued	(5,790)	
Refunding bonds issued	(20,235)	
Bond premium	(478)	
Payment to refunding bond escrow agent	20,214	
Capital lease financing	(1,297)	
Principal retirement	25,217	
Issuance costs deferral	640	
Bond issuance costs amortization	(156)	
Bond refunding loss amortization	(647)	
Bond discount amortization	(21)	
Bond premium amortization	<u>187</u>	
Total long-term debt proceeds/repayment		17,634

Some expenditures reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds. The details of these differences is as follows:

Accrued interest	(17)	
Compensated absences	(3,788)	
Early retirement benefits	102	
Arbitrage rebate tax	68	
Other liabilities	863	
Total additional expenditures		<u>(2,772)</u>
Change in net assets of governmental activities		<u>\$ 250,595</u>

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



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## **PROPRIETARY FUND FINANCIAL STATEMENTS**

### **Unemployment Insurance**

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

### **Economic Development Bonds**

The Economic Development Bonds Fund accounts for the Economic Development Bond Act programs and the Municipal Finance Consolidation Act programs. These programs assist Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

### **Nonmajor Funds**

Nonmajor enterprise funds are presented beginning on page 134.

### **Governmental Activities – 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. These funds are presented in more detail beginning on page 156.

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUNDS**

JUNE 30, 2004

(expressed in thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	ECONOMIC DEVELOPMENT		TOTAL	
		BONDS	NONMAJOR		
<b>ASSETS</b>					
Current assets:					
Cash/cash equivalents (Note 3)	\$ 185,863	\$ 7,535	\$ 34,983	\$ 228,381	\$ 30,279
Receivables (net) (Note 4)	6,211	9,912	16,855	32,978	3,244
Interfund loans receivable (Note 12)	-	-	93	93	574
Due from other governments	-	-	222	222	3
Due from other funds (Note 12)	1	3,142	232	3,375	6,181
Due from component units	-	1,196	268	1,464	529
Inventories	-	-	6,876	6,876	821
Short-term investments	-	23,243	731	23,974	-
Securities lending collateral (Note 3)	-	-	521	521	1,016
Other current assets	-	-	256	256	534
Total current assets	192,075	45,028	61,037	298,140	43,181
Noncurrent assets:					
Restricted investments	-	4,394	-	4,394	-
Advances to other funds (Note 12)	-	9,182	255	9,437	-
Advances to component units	-	6,262	-	6,262	-
Long-term investments (Note 3)	-	237	2,741	2,978	4,277
Long-term notes/loans receivable	-	36,174	654	36,828	-
Deferred charges	-	1,506	37	1,543	-
Other long-term assets	-	-	1,617	1,617	-
Capital assets (Note 5):					
Land	-	-	800	800	236
Land improvements	-	-	1,387	1,387	95
Buildings/improvements	-	-	6,098	6,098	2,852
Equipment	-	12	9,865	9,877	175,608
Infrastructure	-	-	884	884	-
Construction in progress	-	-	255	255	2,898
Intangible assets	-	-	941	941	1,703
Less accumulated depreciation	-	(8)	(11,309)	(11,317)	(99,428)
Total capital assets	-	4	8,921	8,925	83,964
Total noncurrent assets	-	57,759	14,225	71,984	88,241
Total assets	192,075	102,787	75,262	370,124	131,422

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
 JUNE 30, 2004  
 (expressed in thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	ECONOMIC DEVELOPMENT		TOTAL	
		BONDS	NONMAJOR		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable (Note 4)	\$ 54	\$ 627	\$ 6,142	\$ 6,823	\$ 8,538
Lottery prizes payable	-	-	1,529	1,529	-
Interfund loans payable (Note 12)	1	-	295	296	2,219
Due to other governments	-	-	292	292	-
Due to other funds (Note 12)	657	6	9,690	10,353	2,653
Due to component units	-	-	1	1	50
Deferred revenue	-	18	3,479	3,497	968
Short-term debt (Note 11)	-	90,555	-	90,555	-
Lease/installment purchase payable (Note 10)	-	-	-	-	50
Bonds/notes payable - net (Note 11)	-	1,672	395	2,067	-
Amounts held in custody for others	331	99	184	614	45
Securities lending liability (Note 3)	-	-	521	521	1,016
Estimated insurance claims (Note 8)	-	-	5,341	5,341	14,063
Compensated absences payable (Note 11)	-	11	654	665	2,779
Arbitrage rebate tax payable	-	84	-	84	-
Total current liabilities	1,043	93,072	28,523	122,638	32,381
Long-term liabilities:					
Lottery prizes payable	-	-	1,283	1,283	-
Advances from other funds (Note 12)	-	-	-	-	3,461
Lease/installment purchase payable (Note 10)	-	-	-	-	102
Bonds/notes payable - net (Note 11)	-	4,615	1,260	5,875	-
Estimated insurance claims (Note 8)	-	-	3,402	3,402	22,690
Compensated absences payable (Note 11)	-	14	549	563	1,907
Arbitrage rebate tax payable	-	56	-	56	-
Total long-term liabilities	-	4,685	6,494	11,179	28,160
Total liabilities	1,043	97,757	35,017	133,817	60,541
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	4	8,921	8,925	83,812
Restricted for:					
Unemployment Compensation	191,032	-	-	191,032	-
Other Purposes	-	2,763	18,678	21,441	-
Unrestricted	-	2,263	12,646	14,909	(12,931)
Total net assets	\$ 191,032	\$ 5,030	\$ 40,245	\$ 236,307	\$ 70,881

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	ECONOMIC			TOTAL	
	UNEMPLOYMENT INSURANCE	DEVELOPMENT BONDS	NONMAJOR		
<b>Operating revenues:</b>					
Charges for services	\$ -	\$ 8	\$ 96,641	\$ 96,649	\$ 92,488
Investment earnings	11,339	83	314	11,736	221
Securities lending income	-	-	5	5	4
Financing income	-	2,161	-	2,161	-
Contributions/premiums	67,873	-	56,185	124,058	100,442
Grants/contracts/donations	7,515	-	34,389	41,904	-
Taxes	-	-	14,621	14,621	3
Other operating revenues	9,402	-	750	10,152	1,404
<b>Total operating revenues</b>	<b>96,129</b>	<b>2,252</b>	<b>202,905</b>	<b>301,286</b>	<b>194,562</b>
<b>Operating expenses:</b>					
Personal services	-	186	9,317	9,503	32,822
Contractual services	-	33	10,130	10,163	15,232
Supplies/materials	-	7	43,317	43,324	18,124
Benefits/claims	93,882	-	81,442	175,324	70,931
Depreciation	-	2	1,397	1,399	10,438
Amortization	-	-	286	286	476
Utilities/rent	-	39	721	760	10,192
Communications	-	6	1,103	1,109	8,760
Travel	-	4	152	156	391
Repair/maintenance	-	1	346	347	7,141
Lottery prize payments	-	-	18,680	18,680	-
Interest expense	-	1,852	88	1,940	263
Securities lending expense	-	-	4	4	3
Arbitrage rebate tax	-	40	-	40	-
Dividend expense	-	-	353	353	-
Other operating expenses	-	27	1,324	1,351	2,345
<b>Total operating expenses</b>	<b>93,882</b>	<b>2,197</b>	<b>168,660</b>	<b>264,739</b>	<b>177,118</b>
<b>Operating income (loss)</b>	<b>2,247</b>	<b>55</b>	<b>34,245</b>	<b>36,547</b>	<b>17,444</b>
<b>Nonoperating revenues (expenses):</b>					
Gain (loss) on sale of capital assets	-	-	(44)	(44)	(523)
Federal indirect cost recoveries	-	-	-	-	3,450
Increase (decrease) value of livestock	-	-	378	378	-
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>334</b>	<b>334</b>	<b>2,927</b>
<b>Income (loss) before contributions and transfers</b>	<b>2,247</b>	<b>55</b>	<b>34,579</b>	<b>36,881</b>	<b>20,371</b>
Capital contributions	-	-	218	218	420
Transfers in (Note 12)	-	-	3,452	3,452	2,167
Transfers out (Note 12)	(4,297)	-	(30,008)	(34,305)	(1,339)
<b>Change in net assets</b>	<b>(2,050)</b>	<b>55</b>	<b>8,241</b>	<b>6,246</b>	<b>21,619</b>
Total net assets - July 1 - as previously reported	193,632	4,975	31,996	230,603	48,122
Prior period adjustments (Note 2)	(550)	-	8	(542)	1,140
<b>Total net assets - July 1 - as restated</b>	<b>193,082</b>	<b>4,975</b>	<b>32,004</b>	<b>230,061</b>	<b>49,262</b>
<b>Total net assets - June 30</b>	<b>\$ 191,032</b>	<b>\$ 5,030</b>	<b>\$ 40,245</b>	<b>\$ 236,307</b>	<b>\$ 70,881</b>

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

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (expressed in thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	ECONOMIC DEVELOPMENT BONDS	NONMAJOR	TOTAL	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from sales and services	\$ 67,576	\$ 8	\$ 153,058	\$ 220,642	\$ 192,976
Payments to suppliers for goods and services	-	(117)	(90,621)	(90,738)	(62,070)
Payments to employees	-	(188)	(9,323)	(9,511)	(32,247)
Grant receipts	7,413	-	34,073	41,486	3,669
Cash payments for claims	(94,184)	-	(46,291)	(140,475)	(76,808)
Cash payments for prizes	-	-	(18,505)	(18,505)	-
Other operating revenues	7,511	-	534	8,045	1,499
Other operating payments	-	-	(353)	(353)	-
Net cash provided by (used for) operating activities	(11,684)	(297)	22,572	10,591	27,019
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Collection of taxes	-	-	14,623	14,623	-
Transfers to other funds	(4,273)	-	(28,960)	(33,233)	(534)
Transfers from other funds	-	-	3,760	3,760	1,638
Proceeds from interfund loans/advances	1	-	476	477	4,753
Payments of interfund loans/advances	-	-	(250)	(250)	(6,881)
Payment of external loan	-	-	(506)	(506)	-
Collection of principal and interest on loans	-	-	37	37	-
Payment of principal and interest on bonds and notes	-	(4,987)	(443)	(5,430)	(2,573)
Proceeds from issuance of bonds and notes	-	18,601	2,050	20,651	3,701
Payment of bond issuance costs	-	(401)	(46)	(447)	-
Net cash provided by (used for) noncapital financing activities	(4,272)	13,213	(9,259)	(318)	104
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	-	-	(452)	(452)	(14,459)
Proceeds from sale of capital assets	-	-	1	1	1,076
Principal and interest payments on bonds and notes	-	-	(1,145)	(1,145)	(2,495)
Net cash used for capital and related financing activities	-	-	(1,596)	(1,596)	(15,878)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(28,132)	(2,520)	(30,652)	(2,946)
Proceeds from sales or maturities of investments	-	12,578	427	13,005	2,727
Proceeds from securities lending transactions	-	-	5	5	4
Interest and dividends on investments	11,339	373	364	12,076	436
Payment of securities lending costs	-	-	(4)	(4)	(3)
Collections of principal and interest on loans	-	29,032	-	29,032	-
Cash payment for loans	-	(29,924)	-	(29,924)	-
Arbitrage rebate tax	-	(71)	-	(71)	-
Net cash provided by (used for) investing activities	11,339	(16,144)	(1,728)	(6,533)	218
Net increase (decrease) in cash and cash equivalents	(4,617)	(3,228)	9,989	2,144	11,463
Cash and cash equivalents, July 1	190,480	10,763	24,994	226,237	18,816
Cash and cash equivalents, June 30	\$ 185,863	\$ 7,535	\$ 34,983	\$ 228,381	\$ 30,279

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

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	ECONOMIC DEVELOPMENT BONDS	NONMAJOR	TOTAL	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 2,247	\$ 55	\$ 34,243	\$ 36,545	\$ 17,444
<b>Adjustments to reconcile operating income to net cash provided by (used for) operating activities:</b>					
Depreciation	-	2	1,397	1,399	10,438
Amortization	-	-	286	286	476
Taxes	-	-	(14,621)	(14,621)	-
Interest expense	-	1,852	88	1,940	263
Securities lending expense	-	-	4	4	3
Investment Earnings	(11,339)	(83)	(314)	(11,736)	(221)
Securities lending income	-	-	(5)	(5)	(4)
Financing income	-	(2,161)	-	(2,161)	-
Federal indirect cost recoveries	-	-	-	-	3,450
Arbitrage rebate tax	-	40	-	40	-
Change in assets and liabilities:					
Decr (incr) in accounts receivable	(1,463)	-	277	(1,186)	(57)
Decr (incr) in due from other funds	2	-	(14)	(12)	1,037
Decr (incr) in due from component units	-	-	356	356	(138)
Decr (incr) in due from other governments	-	-	(200)	(200)	-
Decr (incr) in inventories	-	-	(402)	(402)	-
Decr (incr) in other assets	-	-	443	443	(487)
Incr (decr) in accounts payable	(1,120)	4	(530)	(1,646)	565
Incr (decr) in lottery prizes payable	-	-	(227)	(227)	-
Incr (decr) in due to other funds	(11)	-	(44)	(55)	147
Incr (decr) in due to component units	-	-	(1)	(1)	(1)
Incr (decr) in due to other governments	-	-	(197)	(197)	-
Incr (decr) in deferred revenue	-	-	(520)	(520)	(477)
Incr (decr) in amounts held in custody for others	-	-	92	92	(39)
Incr (decr) in compensated absences payable	-	(6)	(176)	(182)	280
Incr (decr) in estimated claims	-	-	2,637	2,637	(5,660)
Net cash provided by (used for) operating activities	\$ (11,684)	\$ (297)	\$ 22,572	\$ 10,591	\$ 27,019
<b>Schedule of noncash transactions:</b>					
Capital asset acquisitions from capital leases	\$ -	\$ -	\$ -	\$ -	\$ 1,084
Capital contributions from other funds	-	-	41	41	420
Capital contributions to other funds	-	-	-	-	(429)
Amortization of bond issuance costs	-	-	9	9	-
Incr (decr) in fair value of investments	-	(235)	(38)	(273)	(209)
Total noncash transactions	\$ -	\$ (235)	\$ 12	\$ (223)	\$ 866



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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

### **Pension (and Other Employee Benefit) Trust Funds**

These funds provide retirement, disability, death, and lump-sum payments to retirement system members.

### **Private-Purpose Trust Funds**

These funds are used to account for assets held by the State in a trustee capacity, where both the principal and earnings benefit individuals, private organizations, or other governments.

### **Investment Trust**

This fund accounts for the receipt of monies by the Montana Board of Investments for investment in the Short Term Investment Pool (STIP), an external investment pool, and the distribution of related investment earnings to local government agencies.

### **Agency Funds**

Agency funds are used to account for assets held by the State as an agent for individuals, private organizations, and other governments.

Individual funds are presented, by fund type, beginning on page 174.

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
 JUNE 30, 2004  
 (expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	INVESTMENT TRUST	AGENCY FUNDS
<b>ASSETS</b>				
Cash/cash equivalents (Note 3)	\$ 201,468	\$ 2,179	\$ 601,911	\$ 118,489
Receivables (net):				
Accounts receivable	16,004	7	-	719
Interest	20,529	-	-	44,319
Due from primary government	15,329	-	-	-
Due from other PERB plans	379	-	-	-
Long-term loans/notes receivable	326	-	-	-
Advances to other PERB plans	86	-	-	-
Total receivables	52,653	7	-	45,038
Investments at fair value:				
Equity in pooled investments (Note 3)	5,611,716	-	-	-
Other investments (Note 3)	384,841	-	-	-
Total investments	5,996,557	-	-	-
Securities lending collateral (Note 3)	280,120	-	-	-
Capital Assets:				
Land	35	-	-	-
Buildings/improvements	158	-	-	-
Equipment	152	-	-	-
Accumulated depreciation	(259)	-	-	-
Intangible assets	1,511	-	-	-
Total capital assets	1,597	-	-	-
Other assets	8	5,857	-	11,672
Total assets	6,532,403	8,043	601,911	175,199
<b>LIABILITIES</b>				
Accounts payable	895	8	-	51,070
Due to primary government	411	-	-	-
Due to other PERB plans	379	-	-	-
Due to other funds (Note 12)	24	-	-	-
Advances from primary government	1,390	-	-	-
Advances from other PERB plans	86	-	-	-
Advances from other funds (Note 12)	204	-	-	-
Deferred revenue	57	-	-	-
Amounts held in custody for others	-	-	-	124,129
Securities lending liability (Note 3)	280,120	-	-	-
Compensated absences payable	396	-	-	-
Total liabilities	283,962	8	-	175,199
<b>NET ASSETS</b>				
Held in trust for pension benefits and other purposes	\$ 6,248,441	\$ 8,035	\$ 601,911	\$ -

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

**FIDUCIARY FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE- PURPOSE TRUST FUNDS	INVESTMENT TRUST
<b>ADDITIONS</b>			
Contributions/premiums:			
Employer	\$ 130,627	\$ -	\$ -
Employee	141,584	-	-
Other contributions	17,988	-	1,099,337
Net investment earnings:			
Investment earnings	738,301	14	6,442
Administrative investment expense	(7,855)	-	-
Securities lending income	2,960	-	-
Securities lending expense	(2,412)	-	-
Charges for services	394	-	-
Other additions	136	2,142	-
Total additions	1,021,723	2,156	1,105,779
<b>DEDUCTIONS</b>			
Benefits	335,206	-	-
Refunds	18,738	-	-
Distributions	-	2,039	1,168,439
Administrative expenses:			
Personal services	2,320	-	-
Contractual services	2,059	4	-
Supplies/materials	75	-	-
Depreciation	610	-	-
Amortization	157	-	-
Utilities/rent	234	-	-
Communications	189	-	-
Travel	52	-	-
Repair/maintenance	43	-	-
Grants	-	3	-
Interest expense	46	-	-
Other operating expenses	316	-	-
Local assistance	12	-	-
Loss on capital assets	890	-	-
Transfers to ORP	188	-	-
Transfers to PERS-DCRP	1,295	-	-
Total deductions	362,430	2,046	1,168,439
Change in net assets	659,293	110	(62,660)
Net assets - July 1 - as previously reported	5,587,231	4,919	664,571
Prior period adjustments (Note 2)	1,917	3,006	-
Net assets - July 1 - as restated	5,589,148	7,925	664,571
Net assets - June 30	\$ 6,248,441	\$ 8,035	\$ 601,911

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

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## COMPONENT UNIT FINANCIAL STATEMENTS

### **Housing Authority**

This authority facilitates 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.

### **Facility Finance Authority**

This authority assists all eligible, non-profit Montana health care and other community-based service providers to obtain and maintain access to the broadest range of low-cost capital financing as possible.

### **State Compensation Insurance Fund (New and Old)**

This 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.

### **Montana State University and University of Montana**

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services.

COMBINING STATEMENT OF NET ASSETS

COMPONENT UNITS

JUNE 30, 2004

(expressed in thousands)

	AUTHORITIES			
	HOUSING AUTHORITY	FACILITY FINANCE AUTHORITY	STATE COMPENSATION INSURANCE (NEW FUND)	STATE COMPENSATION INSURANCE (OLD FUND)
<b>ASSETS</b>				
Cash/cash equivalents (Note 3)	\$ 7,264	\$ 1,995	\$ 20,685	\$ 4,114
Receivables (net)	14,660	159	12,823	1,088
Due from primary government	1	-	1	-
Due from other governments	-	-	-	-
Due from component units	-	-	531	63
Inventories	-	-	-	-
Long-term loans/notes receivable	598,747	299	37	-
Equity in pooled investments (Note 3)	-	-	-	-
Investments (Note 3)	140,475	-	582,068	69,216
Securities lending collateral (Note 3)	-	-	141,060	13,249
Deferred charges	6,284	-	-	-
Restricted assets:				
Cash/cash equivalents (Note 3)	-	-	-	-
Investments (Note 3)	-	-	-	-
Capital assets (net) (Note 5)	76	-	2,349	-
Other assets	181	3	2,038	-
<b>Total assets</b>	<b>767,688</b>	<b>2,456</b>	<b>761,592</b>	<b>87,730</b>
<b>LIABILITIES</b>				
Accounts payable	3,339	12	8,157	614
Due to primary government	27	4	1,223	1
Due to other governments	-	-	-	-
Due to component units	5	-	63	531
Advances from primary government	-	-	-	-
Deferred revenue	-	-	5,977	-
Amounts held in custody for others	683	-	8,513	-
Securities lending liability (Note 3)	-	-	141,060	13,249
Other liabilities	-	-	-	-
Long-term liabilities (Note 11):				
Due within one year	7,883	13	100,744	14,409
Due in more than one year	624,197	9	353,083	66,369
<b>Total liabilities</b>	<b>636,134</b>	<b>38</b>	<b>618,820</b>	<b>95,173</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	76	-	2,349	-
Restricted for:				
Debt service/construction	-	-	-	-
Funds held as permanent investments:				
Nonexpendable	-	-	-	-
Housing authority	131,478	-	-	-
Other purposes	-	-	-	-
Unrestricted	-	2,418	140,423	(7,443)
<b>Total net assets</b>	<b>\$ 131,554</b>	<b>\$ 2,418</b>	<b>\$ 142,772</b>	<b>\$ (7,443)</b>

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

<b>STATE UNIVERSITY SYSTEM</b>		
<b>MONTANA STATE UNIVERSITY</b>	<b>UNIVERSITY OF MONTANA</b>	<b>TOTAL</b>
\$ 92,342	\$ 56,304	\$ 182,704
17,100	22,683	68,513
1,191	1,132	2,325
15,351	7,665	23,016
147	23	764
2,833	1,696	4,529
17,033	8,766	624,882
-	4,936	4,936
103,737	136,004	1,031,500
-	550	154,859
-	-	6,284
942	4,727	5,669
5,396	2,724	8,120
246,135	244,615	493,175
5,477	4,563	12,262
<b>507,684</b>	<b>496,388</b>	<b>2,623,538</b>
17,439	15,946	45,507
1,247	630	3,132
8,255	2,692	10,947
21	144	764
8,786	5,043	13,829
8,360	10,166	24,503
3,918	8,178	21,292
-	550	154,859
3,147	2,507	5,654
16,347	11,342	150,738
117,013	157,634	1,318,305
<b>184,533</b>	<b>214,832</b>	<b>1,749,530</b>
153,889	113,983	270,297
10,443	11,095	21,538
73,848	89,985	163,833
-	-	131,478
33,236	43,005	76,241
51,735	23,488	210,621
<b>\$ 323,151</b>	<b>\$ 281,556</b>	<b>\$ 874,008</b>



**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
 (expressed in thousands)

	AUTHORITIES			
	HOUSING AUTHORITY	FACILITY FINANCE AUTHORITY	STATE COMPENSATION INSURANCE (NEW FUND)	STATE COMPENSATION INSURANCE (OLD FUND)
<b>EXPENSES</b>	\$ 40,995	\$ 272	\$ 176,864	\$ 14,055
<b>PROGRAM REVENUES:</b>				
Charges for services	228	312	139,481	-
Operating grants and contributions	42,791	-	-	-
Capital grants and contributions	-	-	-	-
Total program revenues	43,019	312	139,481	-
Net (expenses) program revenues	2,024	40	(37,383)	(14,055)
<b>GENERAL REVENUES:</b>				
Taxes:				
Other	-	-	3	68
Unrestricted investment earnings	-	40	17,037	349
Payment from State of Montana	-	-	-	-
Gain on sale of capital assets	-	-	22	-
Contributions to term and permanent endowments	-	-	-	-
Total general revenues and contributions	-	40	17,062	417
Change in net assets	2,024	80	(20,321)	(13,638)
Total net assets - July 1 - as previously reported	129,530	2,338	163,093	6,195
Prior period adjustments (Note 2)	-	-	-	-
Total net assets - July 1 - as restated	129,530	2,338	163,093	6,195
Total net assets - June 30	\$ 131,554	\$ 2,418	\$ 142,772	\$ (7,443)

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

<b>STATE UNIVERSITY SYSTEM</b>			
	<b>MONTANA STATE UNIVERSITY</b>	<b>UNIVERSITY OF MONTANA</b>	<b>TOTAL</b>
	\$ 354,743	\$ 279,937	\$ 866,866
	137,352	121,494	398,867
	132,922	92,757	268,470
	8,141	4,414	12,555
	278,415	218,665	679,892
	(76,328)	(61,272)	(186,974)
	-	-	71
	3,817	12,827	34,070
	93,454	64,877	158,331
	104	-	126
	5,715	5,311	11,026
	103,090	83,015	203,624
	26,762	21,743	16,650
	301,808	264,039	867,003
	(5,419)	(4,226)	(9,645)
	296,389	259,813	857,358
	\$ 323,151	\$ 281,556	\$ 874,008