MONTANA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDING JUNE 30, 2023

REPORT LAYOUT

The Annual Comprehensive Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section contains the transmittal letter, State organization chart, and a list of principal State officials. The Financial Section includes the independent auditor's report, the management's discussion and analysis, the basic financial statements and the combining statements and schedules. The Statistical Section includes fiscal, economic, and demographic information about the state.

INTERNET ACCESS

The Annual Comprehensive Financial Report is available at the Department of Administration, State Financial Services Division website at:

http://sfsd.mt.gov/SAB/acfr

Cover photographs courtesy of WebDAM from Department of Commerce, Office of Tourism

For the Fiscal Year ended June 30, 2023

STATE OF MONTANA

Annual Comprehensive Financial Report

Department of Administration

Misty Ann Giles, Director

State Financial Services Division

Cheryl Grey, CPA, Administrator

Statewide Accounting Bureau

Jennifer Thompson, CPA, State Accountant

Statewide Accounting & Financial Reporting Section

Drew Bisenius, CPA, Manager

Kelly Garber, Accountant

Wenruizi Koch, CPA, Accountant

Karen Pocha-Melby, CPA, Accountant

Jason Rodriguez, Accountant

Alek Smith, Accountant

Available at the Department of Administration, State Financial Services Division website: http://sfsd.mt.gov/SAB/acfr

STATE OF MONTANA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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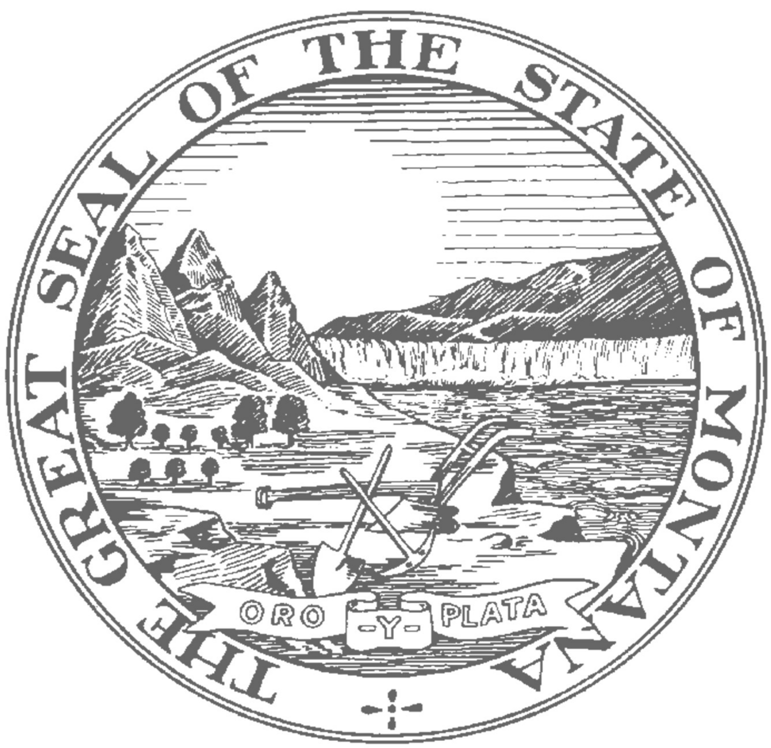
STATE OF MONTANA

Introductory Section



MONTANA
DEPARTMENT OF
ADMINISTRATION

State Financial Services Division
Greg Gianforte, Governor
Misty Ann Giles, Director

May 3, 2024

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

In accordance with Title 17, Chapter 2, Part 110, Montana Code Annotated (MCA), we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the State of Montana (State) for the fiscal year ended June 30, 2023. 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 is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 ACFR

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).

The State's ACFR is divided into three main sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, an organization chart for the State, and a list of principal state officials. The financial section contains management's discussion and analysis, the independent auditor's report, government-wide financial statements, fund 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 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 either (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: Montana Board of Housing, Facility Finance Authority, Montana State Fund, Montana Reinsurance Association, Montana State University, University of Montana, Public Employees' Retirement Board, and Teachers' Retirement System.

PROFILE OF THE GOVERNMENT

After 25 years as a territory, Montana became the 41st state when it was admitted to the Union in 1889. While Montana has a total area of 147,040 square miles (including water area), and is the nation's fourth-largest state, it is also one of the most sparsely populated, with an estimated population of slightly over one million. Montana is vast, including rolling plains, the Northern Rocky Mountains, all of Glacier National Park, three of the five entrances to Yellowstone National Park, wheat farms, cattle ranches, tribal lands, and extensive natural resources.

In 1972, a constitutional convention convened, rewriting the State's Constitution and establishing the current governmental structure. As shown in the organization chart attached within this report, State government is divided into three separate branches: legislative, executive, and judicial. Montana's Legislature consists of 50 senators and 100 representatives elected from single-member districts. The Legislature meets in regular biennial sessions for 90 days in odd-numbered years. Montana is governed by its Constitution, and its laws are administered by its executive branch officers and various boards and commissions. State government services provided to citizens include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and, unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

ECONOMIC CONDITION AND OUTLOOK

Montana's primary economic base is concentrated in service-providing industries. Production is sourced primarily from service-providing industries (e.g., healthcare, trade/transportation/utilities, financial services, professional and business services). In 2022, service-providing industries accounted for over 85% of the state's real Gross State Product (GSP), with goods industries accounting for the remaining. Montana's four largest industries by share of real GSP are trade/transportation/utilities services, financial services, education and health services, and professional and business services. Other important industries for Montana include manufacturing, construction, and leisure/hospitality (driven by nonresident travel). These three industries each account for between 4% to 7% of real GSP. Montana's industry mix remains roughly the same through 2023.

Nonfarm payroll employment (NPE) is the number of paid workers in all businesses, excluding those who work for farms, serve in the military, or volunteer for nonprofit organizations. Montana's NPE is on a steady incline, increasing to 529,700 in June 2023 adding 11,800 jobs (an increase of 2.3%) since June 2022. Employment gains continued into the 2024 fiscal year. The statewide unemployment rate averaged 2.3% in 2023, down from 2.6% in 2022. The unemployment rate fell to a record-low 2.3% in the first quarter of 2023 and remained consistently 2.3% through 2023, with the number of unemployed Montanans also hitting a record low of nearly 13,000. Employment is at an all-time high, unemployment rates have reached record lows, and economic production continues to grow at a steady pace despite tight labor markets and inflationary headwinds. Extraordinary job growth and accelerated wage growth have strengthened Montana households and supported continued economic expansion throughout the State. Like GSP, Montana's employment is concentrated in the service-providing sector. Industries in this sector account for about 83% of total NPE in the state.

Montana's tight labor market has pushed nominal wage growth higher over the past few years as firms compete for qualified workers. Per the 2023 Labor Day Report issued by the Montana Department of Labor and Industry, the average wage for Montana workers rose by over 6% in 2022. Montana's average annual wage was $54,525 in 2022, ranking 44th among states. Inflation outpaced wage growth in 2022, resulting in real average wage declines of 1.6%. The demand for construction workers drove significant wage gains in 2022. Construction worker wages grew by 1.5% on an inflation-adjusted basis in 2022 over the last year. Construction was one of only two industries to experience positive real wage gains in 2022, alongside the business services industry. Personal income, which measures the value Montanans receive from their economic activity, grew steadily in 2022. After rapid personal income growth in 2020 and 2021, growth moderated to 3.1% in 2022 – ranking Montana 19th in the nation for fastest personal income growth.

<u>Service-Providing Industries</u>

Healthcare is one of Montana's largest employing private industries. When reviewing the top ten principal employers in Montana, five of them are related to healthcare (see the statistics section, Schedule D-2, Principal Employers for further information). Using nonfarm data from the Montana Department of Labor and Industry, employment in Montana's healthcare and social assistance industry increased by 1,500 jobs from June 2022 to June 2023. Total jobs in the industry increased 2.1% from 70,800 to 72,300.

The trade, transportation, and utilities industry are part of the service-providing sector. The professions consist of wholesale trade, retail trade, transportation and warehousing, and utilities. Data from the Montana Department of Labor and Industry indicate Montana's trade, transportation, and utilities industry increased 1.1% to 100,600 jobs in June 2023 compared to 99,500 jobs in 2022.

The professional and business services industry is part of the service-providing sector. The professions consist of professional scientific and technical services, management of companies and enterprises, administrative/support, and waste management/remediation services. Data from the Montana Department of Labor and Industry indicate Montana's professional and business services industry increased by 1,100 jobs from June 2022 to June 2023. This was an increase of 2.2% from 50,900 to 52,000.

The financial services sector encompasses employment in financing, insurance, real estate, and rental leasing. Data from the Montana Department of Labor and Industry show employment in Montana's financial services sector remained the same employing 28,400 June 2022 to June 2023.

Nonresident Travel

Nonresident travel to Montana in 2022 was approximately 12.5 million visitors, which is consistent with 2021. Yellowstone National Park received 3.3 million visitors in 2022, a decrease of approximately 1.5 million visitors or 32.73% as compared to 2021. Visitors for Glacier National Park were lower in 2022 than in 2021, decreasing an estimated 5.6% from 3.1 million to 2.9 million.

Nonresident travelers contribute directly to the tax base by paying the lodging tax and excise taxes, such as those on gasoline, and indirectly by supporting employment in industries that pay corporate taxes and whose employees pay income, property, and other taxes. Estimated nonresident direct travel expenditures in Montana totaled nearly $5.8 billion in 2022, representing an increase of $664.4 thousand from 2021.

Agriculture

Montana's wheat crop utilized 5.0 million acres in 2023, an insignificant change from 2022. Wheat production increased in 2023, increasing over 47.4 million bushels to 186.7 million bushels from 139.3 million bushels in 2022. Winter wheat production increased to 85.7 million bushels compared to the 2022 level of 59.4 million bushels, representing a 44.2% increase. Spring wheat production increased by 31.3% from 2022 to 2023, increasing from 61.0 million bushels to 80.1 million bushels. Durum production increased to 20.9 million bushels in 2023 from 18.9 million bushels in 2022.

Montana's other major agricultural commodities include oats, barley, and cattle. Oat production in Montana was 814.0 thousand bushels which was a decrease of 98.0 thousand bushels in 2023 from 912.0 thousand bushels in 2022. Barley production increased in 2023 to 49.7 million , with the amount of barley harvested in 2022 at 34.9 million bushels. Montana ranked 13th in the U.S. cattle and calf industry, producing 2.2 million head in 2023. Montana's 2023 receipts from cattle sales were $1.6 billion.

Natural Resources/Mining

Montana's natural resources and mining industry employed 6,900 workers at the end of June 2023, a 1.5% increase from 6,800 workers at the end of 2022. As of the end of calendar year 2021, Montana's total crude oil proved reserves stood at 316 million barrels. Total crude oil production in the state was 19.0 million barrels in 2021 and increased to 20.6 million barrels in 2022, according to data from the U.S. Energy Information Administration (EIA).

Montana's total coal reserves were estimated at 118.4 billion short tons, with recoverable reserves of 74.3 billion short tons in 2021. This represents 25.2% of the total U.S. reserves and 29.7% of the recoverable U.S. reserves. Montana's recoverable coal reserves at producing mine sites stood at 401 million short tons in 2022, 3.4% of the U.S. total.

Historically, minerals mining has been a part of Montana's economy. While there is no published data on proven reserves for metals mining, Montana's mines continue to produce copper, molybdenum, lead, zinc, palladium, gold, silver, cobalt, nickel, chromate, platinum, and other metals. Montana also produces non-metal minerals such as talc, limestone, bentonite, garnets, and sapphires. The “rare earth” metals, now in demand in many new products, are also known to exist within the state.

Long-Term Financial Planning

The State, as part of its biennial budget, determines how to enact the next few years of long-range planning as required by various MCA statutes. As part of the budgeting process, the Office of Budget and Program Planning forecasts revenue for six years and conducts financial and budgetary stress tests over the same period. For the 2025 biennium, the Legislature passed legislation that continues a macro-statewide financial analysis that looks forward ten years as part of the budgeting process. Capital improvement programs focus work on construction and maintenance of state buildings, energy efficiency improvements in state facilities, and investments in state services. The loan and grant programs focus on helping local governments fund infrastructure projects, funding projects that benefit the State’s natural heritage, reclaiming land impacted by mineral development, funding regional water systems, protecting works of art in the State Capitol, and other cultural and aesthetic projects. Financial information can be found in the Supplemental Information for nonmajor governmental funds. The funds are reported in the debt service, capital projects, and permanent funds.

Title 17, Chapter 7, Part 2, Montana Code Annotated (MCA), provides a statutory structure for financing new capital projects and deferred maintenance. Capital project funds are used to fund building projects, with 1.0% of General Fund revenue less any existing general obligation bond debt service. Deferred maintenance is funded at 0.6% of current replacement value of existing Long Range Building Program through coal and cigarette taxes, with any difference being made up by the General Fund. There is an inflation-adjusted general obligation debt service cap, as well as a separate inflation-adjusted total state debt cap that will curtail appropriations for new building projects moving forward in the event the caps are passed.

Section 76-13-150, MCA was amended during the 2023 Legislative session to create a statutory funding mechanism for the Fire Suppression fund, whereas if the fiscal year General Fund ending balance is greater than 8.3% of all second-year general revenue appropriations, then the General Fund shall transfer to the fire suppression fund an amount needed to bring the fire suppression fund balance to 6.0% of second-year general revenue appropriations. The Fire Suppression fund does not have a specific revenue source outside of transfers, so this fund is included in the General Fund in this report to be in compliance with Governmental Accounting Standards Board (GASB). The restrictions designated in this statute are reflected within the committed fund balances, detailed in Note 1 Section R. Details surrounding the annual transfers to this committed activity can be found in Note 12, Section D.

MAJOR INITIATIVES AND LONG TERM OUTLOOK

The 2023 Legislature completed work and adjourned in early May 2023. Upon adjournment, it was anticipated that 2025 biennium General Fund revenue collections would be approximately $6.1 billion and General Fund expenditures would be approximately $6.5 billion, of which $1.4 billion is one-time-only (OTO) and not ongoing. At the end of fiscal year 2025, the estimated General Fund balance will be approximately $539.0 million.

The following are the major financial highlights of the 2025 biennium budget:

1. The Governor signed House Bill (HB) 192, 816, and 222 which provided one-time rebates to Montana residents in the form of individual income tax rebates and property tax rebates, equaling an estimated $899.1 million to be returned to residents.
2. Statutory reserve funds were filled with OTO transfers from the General Fund. These included the fire suppression fund (HB 883, $159.7 million) and HB 424 budget stabilization fund ($377.0 million). For this report, these funds are reflected the General Fund committed fund balances as detailed in Note 1 Section R and Note 12, Section D.

3. HB 872 provides funding for behavioral health system for future generations ($300.0 million, OTO); HB 835 provided supplemental appropriations for 24/7 contingency funding and Medicaid funding for the Department of Public Health and Human Services ($56.5 million); HB 332 provided $40.0 million for school employee health benefits. The figures represent transfers/ funding committed for the entire biennium. Transfers processed in FY2023 are reflected in the General Fund committed fund balances as detailed in Note 1 Section R and Note 12, Section D.
4. HB 251 provided for the payment and retirement of state debt, and transferred interest income from the treasury cash account to a newly created debt and liability free account in FY 2023 through FY 2025 to pay off general obligation debt and other legally resolved financial liabilities of the state. For this report, these funds are reflected the General Fund committed fund balances as detailed in Note 1 Section R and Note 12, Section D.
5. In addition to existing statutory infrastructure funding requirements, infrastructure investments include OTO General Fund transfers for eligible projects, information technology transfers, local government projects, and capitol complex administration, and transfers one-time General Fund resources to the natural resource projects fund (these transfers are contained in HB 5, HB 6, HB 10, HB 355, HB 817, and HB 856).
6. Senate Bill (SB) 121 reduces the top marginal individual income tax rate to 5.9% and increased the earned income tax credit rate from 3.0% of the federal tax credit to 10.0%. The revenue impact in FY 2025 is estimated at $168.4 million for the biennium.
7. SB 267 provides a OTO General Fund transfer of $100.0 million to the newly created SAFER highway road and bridge fund administered by the Montana Department of Transportation. For this report, these funds are reflected the General Fund committed fund balances as detailed in Note 1 Section R and Note 12, Section D.
8. HB 819 provides a OTO general transfer of $175.0 million for investments in affordable, and accessible housing.
9. HB 569 provides one-time General Fund appropriations for public safety pension systems, bringing their amortization period to within 25 years, and HB 321 transfers $71.6 million General Fund to fill the school facilities trust fund and establishes a conservation district trust fund.
10. HB 13 provided state employees with a one-time bonus of $1,040 effective May 2023, as well as the greater of a 4.0% or $1.50/hr raise, effective July 1, 2023 and July 1, 2024.
11. HB 3 and HB 630 appropriated $750.0 million of federal funding from the Consolidated Appropriations Act. This Federal COVID-19 funding focused on vaccines, education, transportation infrastructure, and emergency rental assistance.
12. HB 14 and SB 191 transferred $223.6 million from the General Fund into the capital project funds, which was created in HB 553 in the 66th legislative session in 2021. Capital projects that were appropriated in state legislation that are later determined to be ineligible for COVID-19 federal funding will be paid out of the capital development fund. Any balance remaining will be carried forward into next legislative session.
13. The budget for the Department of Public Health and Human Services increased by over $370.0 million in all funds due to provider rate increases in foster care and Medicaid, and non-Medicaid programs. Department of Corrections and the Office of Public Defender received similar percentage based increases.
14. Funding for K-12 education was funded in accordance with statutory inflationary increases at or near 3.0% per year.

FINANCIAL INFORMATION

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

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 through appropriations approved by the Legislature or established administratively as provided for by state law. Appropriations are required by State law for the General, State and Federal 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. SABHRS also provides for encumbrance accounting as a technique for accomplishing budgetary control.

General Fund Balance

For fiscal year 2023, the total fund balance of the General Fund is $1.9 billion. Of this balance, $57.4 million is non-spendable. The remaining balance is spendable with $1.0 billion committed, $22.2 million assigned, and $812.6 million unassigned. The committed fund balance of $1.0 billion is the balance from multiple funds established in statute as State Special Revenue funds, which are combined with the General Fund for financial statement presentation purposes (see note 1 section R). Of the assigned fund balance, $22.2 million relates to outstanding encumbrances at the end of the fiscal year.

The unassigned ending fund balance was $812.6 million as compared to $1.8 billion in fiscal year 2022. This decrease was the result of planned one-time-only expenditures in late FY 23 proposed by the Governor, and approved by the 2023 Legislature. Current budget estimates project continued structural balance for the General Fund for the 2025 biennium. Further detail on the breakdown of fund balance for the General Fund can be found in Note 14 – Major Purpose Presentation of this report.

For a more in-depth analysis of the State's overall financial position, the reader should refer to the Management's Discussion and Analysis and the financial statements contained in the ACFR.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Montana for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Statewide Accounting Bureau – Statewide Accounting and Financial Reporting Section (SAFRS), the cooperation of accounting personnel at the individual state agencies, and staff in the Governor's Office of Budget and Program Planning. We would like to express our appreciation to all personnel who participated in the preparation of this document. We would also like to thank the Legislature and all state agencies for their interest and support in planning and conducting the financial operations of the State in a professional, fiscally responsible, and progressive manner.

Respectfully submitted,

/s/ Jennifer Thompson

Jennifer Thompson, CPA
State Accountant
State Financial Services Division
Department of Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Montana

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Executive Director/CEO

STATE OF MONTANA ORGANIZATION CHART

CITIZENS OF MONTANA

LEGISLATIVE

- SENATE
- HOUSE OF REPRESENTATIVES
- LEGISLATIVE AUDIT DIVISION
- LEGISLATIVE FISCAL DIVISION
- LEGISLATIVE SERVICES DIVISION
- MONTANA CONSUMER COUNSEL

EXECUTIVE

- GOVERNOR
- LIEUTENANT GOVERNOR

- ATTORNEY GENERAL
- PUBLIC SERVICE COMMISSIONERS
- SECRETARY OF STATE
- STATE AUDITOR
- SUPERINTENDENT OF PUBLIC INSTRUCTION

JUDICIAL

- SUPREME COURT
- DISTRICT COURTS
- WATER COURTS
- WORKERS COMPENSATION COURTS
- JUSTICE OF THE PEACE COURT
- STATE LAW LIBRARY
- SUPREME COURT ADMINISTRATOR
- CLERK OF SUPREME COURT

STATE AGENCIES

- ADMINISTRATION
- AGRICULTURE
- ARTS COUNCIL
- BOARD OF PUBLIC INSTRUCTION
- COMMERCE
- COMMISSIONER OF POLITICAL PRACTICES
- COMMISSIONER OF HIGHER EDUCATION
- CORRECTIONS
- ENVIRONMENTAL QUALITY
- FISH, WILDLIFE & PARKS
- HISTORICAL SOCIETY
- LABOR AND INDUSTRY
- LIVESTOCK
- MILITARY AFFAIRS
- NATURAL RESOURCES & CONSERVATION
- PUBLIC EMPLOYEE RETIREMENT
- PUBLIC HEALTH & HUMAN SERVICES
- REVENUE
- SCHOOL FOR THE DEAF & BLIND
- STATE FUND
- STATE LIBRARY
- STATE PUBLIC DEFENDER
- TEACHERS RETIREMENT
- TRANSPORTATION

STATE OF MONTANA

Selected State Officials

Executive Branch

Greg Gianforte, Governor

Kristen Juras, Lieutenant Governor

Judicial Branch

Mike McGrath, Chief Justice

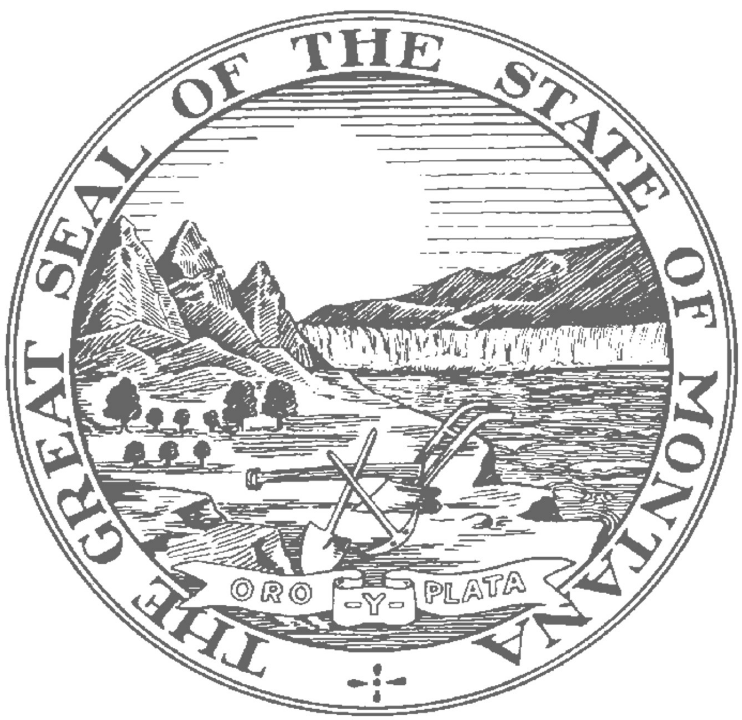
Legislative Branch

Jason Ellsworth, President of the Senate

Matt Regier, Speaker of the House

STATE OF MONTANA

Financial Section



LEGISLATIVE AUDIT DIVISION

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

Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

Independent Auditor's Report

The Legislative Audit Committee
of the Montana State Legislature:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Montana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State of Montana's basic financial statements as follows:

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Montana, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Montana State University (MSU) component units, the University of Montana (UM) component units, the Montana State Fund (MSF), or the Montana Reinsurance Association (MRA) which represent 51.80 percent, 55.10 percent, and 25.41 percent,

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respectively of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2023. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts for the component units of MSU and UM, and the MSF and MRA component units, as noted above, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Montana and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of MSU's component units and the UM's component units were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

The fiscal year 2022 Annual Comprehensive Financial Report (ACFR) presented restrictions in Net Position for Other Purposes in the Statement of Net Position and Statement of Net Position – Proprietary Funds. Generally Accepted Accounting Standards require distinguishing between major categories of restrictions. The fiscal year 2023 ACFR now displays restrictions for Public Entity Risk Pools, which was previously reported as an Other Purpose, to comply with reporting a major category of restriction. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, the Pension Plan Information, the Other Postemployment Benefits (OPEB) Plan Information, and the Risk Management Trend Information, and the related notes, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Montana's basic financial statements. The combining statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024, on our consideration of the State of Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Montana's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (23-01).

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

May 3, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Management of the State of Montana (State) provides this *Management's Discussion and Analysis* of the State of Montana's basic financial statements included in the Annual Comprehensive Financial Report (ACFR). This is a narrative overview and analysis of the financial activities of the State of Montana for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the additional information that is furnished in the State's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Government-wide

The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2023 by $13.7 billion compared with $12.7 billion at the end of fiscal year 2022, representing a 8.3% increase in net position. Component units reported net position of $2.5 billion at the end of fiscal year 2023 compared to $2.5 billion at the end of fiscal year 2022. More detail is provided in the financial statement overview below.

Fund Level

As of the close of fiscal year 2023, the State's governmental funds reported combined ending fund balances of $7.5 billion compared with $7.0 billion at fiscal year 2022. This represents a $501.5 million (7.2%) increase in total fund balance. Of the 2023 balance, $2.1 billion is not in spendable form, primarily as permanent fund principal. Thus, $5.4 billion is available for spending. The fund balance in spendable form is segregated by constraint as follows: $1.3 billion restricted, $3.3 billion committed, $26.7 million assigned, and $812.5 million unassigned. These changes are discussed in more detail in the financial analysis of the State's major funds presented below.

The State's business-type activity funds reported net position at the close of fiscal year 2023 in the amount of $731.6 million compared with fiscal year 2022 net position of $683.6 million. Of the 2023 business-type activity net position, $27.2 million was reported as net investment in capital assets. Net position of $704.5 million was in spendable form with $23.5 million unrestricted and $681.0 million restricted to expenditure for a specific purpose. This represents a $42.1 million (6.4%) increase in spendable net position from the fiscal year 2022 balance of $662.3 million. These changes are discussed in more detail in the financial analysis of the State's major funds presented below.

Long-term Debt

The State's total governmental activity bonds and notes payable for governmental activities decreased by $156.7 million, from $163.2 million in fiscal year 2022 to $6.5 million, a (96.0)% decrease in fiscal year 2023. The decrease is due largely to House Bill 251 passed during the 2023 Legislative session. This bill established a Debt and Liability Free account to pay off outstanding bonds, notes and other obligations, as well as forgo or reduce the amount of future general obligation bond issuances. It has been funded with transfers and interest revenues earned by the treasury cash account through fiscal year 2025. The balance in this account can be found within committed General Fund balances, discussed in Note 1, section R. Further detail relating to the State's long-term debt is provided in notes to the financial statement's Note 11.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Montana's overall financial position increased from the last fiscal year, as reflected in the $1.0 billion increase (8.3%) in net position. This improvement resulted from the continued growth, particularly in investment earnings revenue. Revenue is expected to remain consistent in fiscal year 2024, but expenditures are expected to increase significantly in the next biennium as the initiatives of the Legislative session come to fruition.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (government and business-type activities) totaled $13.7 billion at the end of fiscal year 2023. Net position of both governmental and business-type activities increased by $1.0 billion (8.3%) and increased by $48.0 million (7.0%), respectively. These changes are explained in detail in the Financial Analysis of the State's Major Funds section.

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

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

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

Net Position
June 30, 2023
(expressed in thousands)

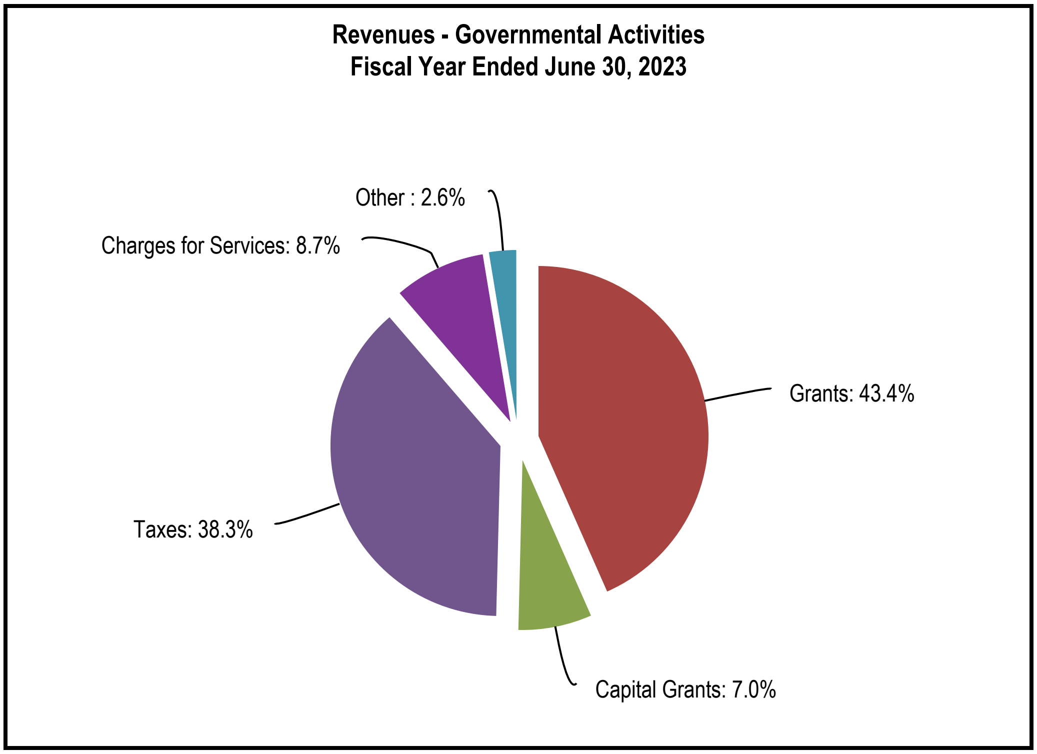
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Current and other assets	$ 10,020,507	$ 11,313,521	$ 791,818	$ 840,457	$ 10,812,325	$ 12,153,978
Capital assets	7,355,729	7,652,288	25,366	31,523	7,381,095	7,683,811
Total assets	17,376,236	18,965,809	817,184	871,980	18,193,420	19,837,789
Deferred outflows of resources	763,888	690,297	5,172	4,260	769,060	694,557
Long-term liabilities Due in more than one year	2,543,371	2,931,660	88,949	21,882	2,632,320	2,953,542
Other liabilities	2,231,649	2,776,145	43,717	118,713	2,275,366	2,894,858
Total liabilities	4,775,020	5,707,805	132,666	140,595	4,907,686	5,848,400
Deferred inflows of resources	1,397,841	979,992	6,087	4,029	1,403,928	984,021
Net investment in capital assets	7,094,224	7,445,044	21,284	27,162	7,115,508	7,472,206
Restricted	3,603,589	3,779,800	644,005	680,995	4,247,594	4,460,795
Unrestricted	1,269,450	1,743,465	18,314	23,459	1,287,764	1,766,924
Total net position	$ 11,967,263	$ 12,968,309	$ 683,603	$ 731,616	$ 12,650,866	$ 13,699,925

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

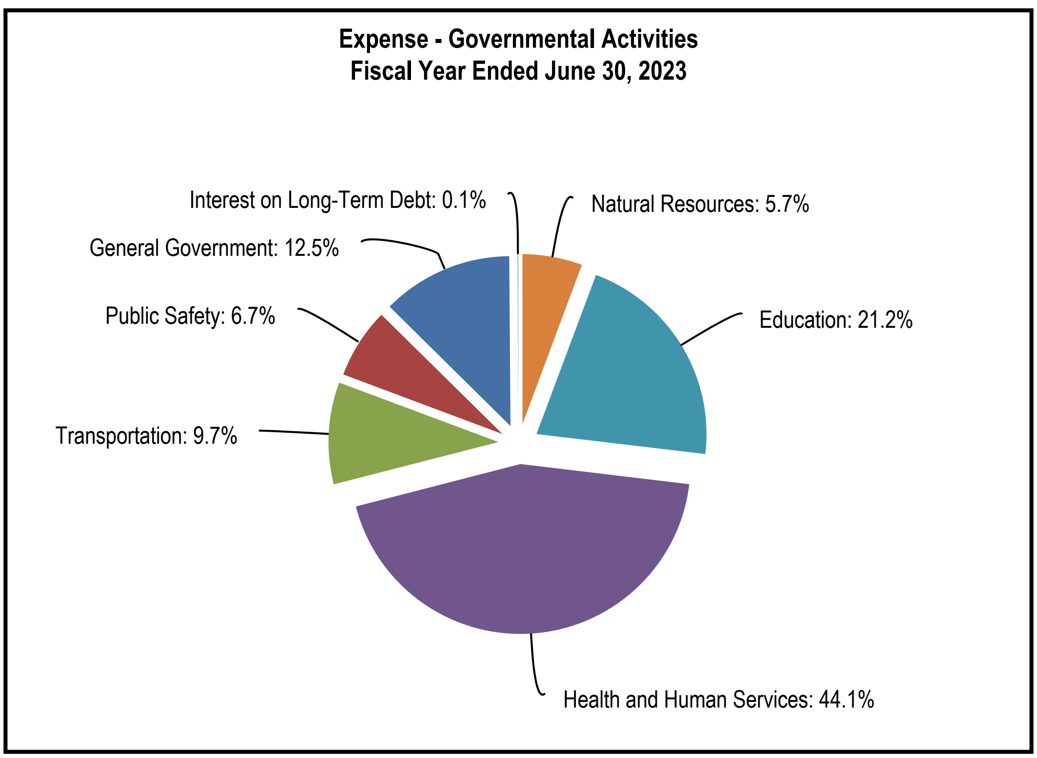
Changes in Net Position
For Fiscal Year Ended June 30, 2023
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Revenues:						
Program revenues						
Charges for services	$ 737,036	$ 774,053	$ 540,409	$ 596,678	$ 1,277,445	$ 1,370,731
Operating grants	3,658,290	3,880,301	68,639	76,202	3,726,929	3,956,503
Capital grants	479,184	626,115	873	756	480,057	626,871
General revenues						
Taxes	4,103,161	3,422,505	40,064	40,777	4,143,225	3,463,282
Other	40,766	234,898	27,345	9,475	68,111	244,373
Total revenues	9,018,437	8,937,872	677,330	723,888	9,695,767	9,661,760
Expenses:						
General government	970,869	995,815			970,869	995,815
Public safety	477,120	537,966			477,120	537,966
Transportation	699,407	778,571			699,407	778,571
Health and human service	3,383,554	3,533,017			3,383,554	3,533,017
Education	1,600,965	1,691,553			1,600,965	1,691,553
Natural resources	390,791	452,532			390,791	452,532
Interest on long-term debt	5,724	4,956			5,724	4,956
Unemployment Insurance			62,150	150,070	62,150	150,070
Liquor Stores			120,008	123,174	120,008	123,174
State Lottery			99,402	123,231	99,402	123,231
Municipal Finance Programs			853	2,157	853	2,157
Hail Insurance			943	1,451	943	1,451
Other Services			78,623	85,139	78,623	85,139
Prison Funds			7,523	7,589	7,523	7,589
MUS Group Insurance			120,522	118,521	120,522	118,521
MUS Workers Comp			1,401	2,627	1,401	2,627
Total expenses	7,528,430	7,994,410	491,425	613,959	8,019,855	8,608,369
Increase (decrease) in net position before transfers	1,490,007	943,462	185,905	109,929	1,675,912	1,053,391
Transfers	69,224	61,428	(69,224)	(61,428)	—	—
Change in net position	1,559,231	1,004,890	116,681	48,501	1,675,912	1,053,391
Net position, beg of year (as adjusted)	10,408,032	11,963,419	566,922	683,115	10,974,954	12,646,534
Net position, end of year	$ 11,967,263	$ 12,968,309	$ 683,603	$ 731,616	$ 12,650,866	$ 13,699,925

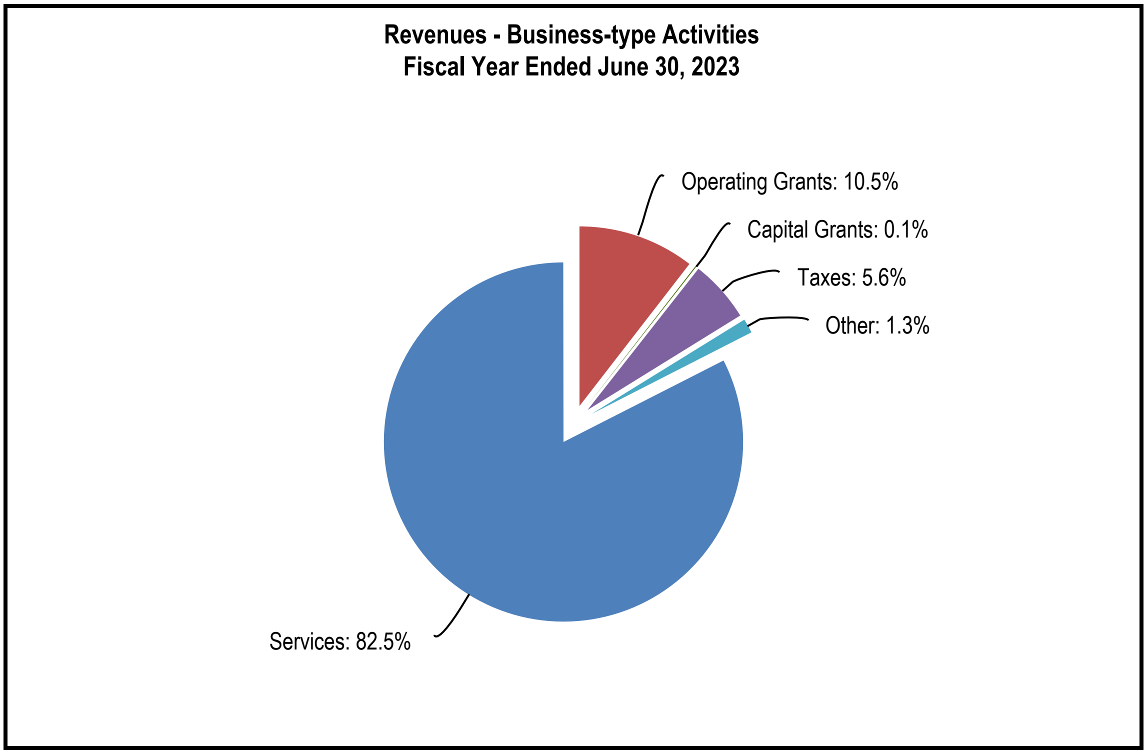
Governmental Activities
The following chart depicts revenues of the governmental activities for the fiscal year:



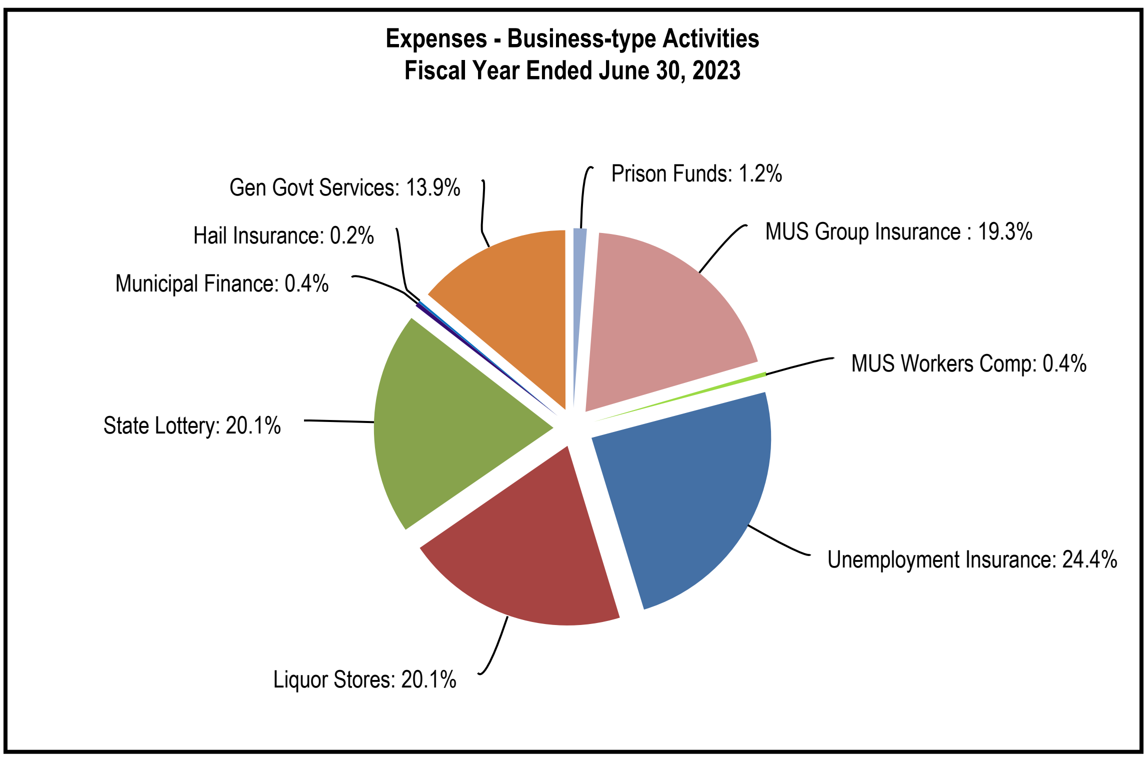
The following chart depicts expenses of the governmental activities for the fiscal year:



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



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



FINANCIAL ANALYSIS OF THE STATE'S MAJOR FUNDS
As the State completed the year, its governmental funds reported fund balances of $7.5 billion. Of this total, $5.4 billion (71.9%) constitutes spendable fund balance and $2.1 billion (28.1%) is classified as non-spendable. The analysis of the following major funds, providing the majority of the fund balance for the government, follows.

General Fund Revenues and Expenditures
The General Fund is the chief operating fund of the State. For fiscal year 2023, the total fund balance of the General Fund was reported at approximately $1.9 billion. Of this balance, $57.4 million is non-spendable. The remaining balance is spendable with $1.0 billion committed, $22.2 million assigned, and $812.6 million unassigned. This spendable fund balance of the General Fund represents 34.7% of the $5.4 billion spendable governmental fund balances for all governmental funds. The assigned fund balance, $22.2 million, represents outstanding encumbrances at the end of the fiscal year. The committed fund balance of $1.0 billion relates to funding set aside by the Legislature for specific initiatives such as the budget stabilization reserve, property tax rebates, fire suppression funds, and more. For a full list of committed balances, see Note 1, section R. Further detail on the breakdown of fund balance for the General Fund is provided in Note 14 – Major Purpose Presentation.

Total fund balance decreased by $72.9 million when compared to the previously reported fund balance of $2.0 billion. Changes in both expenditures and revenues are discussed in detail below.

General Fund Revenues – Total General Fund revenues were $3.0 billion for fiscal year 2023, an 18.2% decrease from the $3.7 billion reported in 2022. Fiscal year 2023 tax revenue decreased by (22.9)% in total over 2022, with corporate income tax collections up 5.4% and individual income tax collections decreased by 26.0%. The decrease in tax revenue is due to the passage of House Bill 192, which provided a one-time income tax rebate based on the 2021 income tax levies. The rebate is accounted for as a reduction of income taxes received for 2023. These revenue decreases were offset against increased investment earnings and federal revenue continuing to be spent from ARPA awards.

General Fund Expenditures – Total General Fund expenditures for fiscal year 2023 increased by $287.7 million (12.0%). The increase in expenditures is detailed by function as follows:

- General government expenditures increased by $24.6 million (6.4%)
- Transportation expenditures increased by $15.0 million (new in FY 2023)
- Health and human services expenditures increased by $112.5 million (22.3%)
- Education expenditures increased by $55.2 million (4.8%)
- Natural resources expenditure increased by $25.2 million (65.4%)
- Public safety expenditures increased by $44.1 million (13.7%)

During the 2023 Legislative session, funding was committed for specific initiatives (see additional discussion surrounding these committed balances in Note 1 section R). Of the increases in expenditures noted above, the following increases were due to these initiatives: health and human services $56.2 million and transportation $15.0 million. In addition, the Fire Suppression fund (natural resources) $24.3 million was historically included in the State Special Revenue Fund, as discussed in Note 2.

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

General Fund Expenditure Budget Reversions

Fund balances are not reserved for reverted appropriations. For fiscal year 2023, General Fund appropriations that reverted to 2024 were $44.0 million, detailed as follows:

- The Department of Public Health and Human Services had unspent appropriations of $1.9 million related to operational cost savings.
- The Department of Corrections had unspent appropriations of $2.6 million related to restricted funds as a contingency for the county jail bed holds, information technology and for an adjustment for worker's comp reverted back to the General Fund.
- The Judicial Branch had unspent appropriations of $2.4 million related to vacancy savings, operational costs, and benefits and claims.
- The Department of Revenue had unspent appropriations of $2.3 million related to funds available to local governing bodies pursuant to Section 15-1-402 (6)(d), MCA, regarding protested property taxes, Section 15-1-120, MCA, regarding entitlement share payments, and other operational costs.
- The Office of the Governor had unspent appropriations of $1.4 million related to vacancy savings and operational cost savings
- The Department of Military Affairs had unspent appropriations of $1.1 million related to disasters that are still ongoing and operational cost savings.
- The Department of Administration had unspent appropriations of $1.8 million related to statutory appropriations for supplemental transfers, debt service payments, and bank charges.
- The Legislative Branch had unspent appropriations of $3.2 million related to vacancy savings and operational savings. Legislative Services Division will transfer the balance to the Legislative Branch Reserve account in accordance with Section 17-7-304(4)(b)(ii), MCA.
- The Office of Public Instruction had unspent appropriations of $21.8 million due to temporary federal funding of schools and other operational savings.
- The Office of the Commissioner of Higher Education had unspent appropriations of $1.2 million related to new space allocations for operations and maintenance. Additionally, $508.0 thousand of unspent appropriations is related to a required reversion by the community colleges for not meeting enrollment projection funded through the community college funding formula. The remaining unspent appropriation is attributable to vacancy savings and operational costs.
- The remaining unspent appropriation of $3.6 million was attributable to miscellaneous reversions across other agencies.

State Special Revenue Fund

The fund balance of the State Special Revenue Fund increased by $63.8 million to $2.1 billion. Revenues increased by $73.8 million (6.1%) and expenditures decreased $4.2 million (0.3%), for fiscal year 2023. The largest increases in revenues are attributable to an increase in natural resource and other taxes, and licenses and permits. Other financing sources, such as bond issued, decreased due to a decrease in bonds as a result of the debt free initiative established during the 2023 legislative session. Other financing uses, such as transfers out of the State Special Revenue Fund to other governmental funds decreased. The increase in investment earning and federal indirect cost recovery into the State Special Revenue Fund resulted in an increase in fund balance.

Federal Special Revenue Fund

The fund balance of the Federal Special Revenue Fund increased by $82.2 million (325.4%) to the balance of $57.0 million. The increase is attributable to more investment earnings and federal revenues received than expenses incurred. Revenues and expenditures increased by $333.0 million (8.4%) and $203.7 million (5.1%) respectively, for the fiscal year 2023. Revenue increases are attributable to increases in federal program revenue, and investment earnings. The expenditure increase is attributable to an increase in transportation, natural resources and capital outlay related expenditures.

Coal Severance Tax Permanent Fund
The fund balance of the Coal Severance Tax Permanent Fund increased by $21.9 million (1.8%) to $1.2 billion. Revenue increased by $34.0 million (205.1%) to $50.6 million, primarily due to an increase of investment earnings.

Land Grant Permanent Fund
The fund balance of the Land Grant Permanent Fund increased by $55.4 million (6.3%) to $929.3 million. Revenue increased by $61.1 million to a total of $131.7 million. The increase is primarily from income generated by investment earnings and leases/royalties/rentals.

The State's proprietary funds financial statements provided the same type of information found in the government-wide financial statements, but in more detail. As the State completed the year, the enterprise funds reported fund balances of $731.6 million. Of this total, $704.5 million (96.3%) constitutes spendable net position and $27.2 million (3.7%) is classified as net investment in capital assets. The analysis of the following major enterprise funds, providing the majority of the net position for the business-type activities, follows.

Unemployment Insurance Enterprise Fund
Net position restricted for unemployment compensation increased by $23.1 million (4.4%). The increase in net position is attributable to higher unemployment premium revenue and investment earnings during the year.

Municipal Finance Programs Fund
Net position increased by 4.0% to $5.4 million in fiscal year 2023. Financing income revenue increased $1.0 million, and investment earnings increased $187.0 thousand, while expenses from interest expense increased $1.1 million. Overall revenues and expenditures increased 106.8% and 153.0%, respectively, which resulted in an increase of $211.0 thousand to net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
The State's investment in capital assets for its governmental and business-type activities, as of June 30, 2023, amounted to $10.4 billion, with related accumulated depreciation of $2.7 billion, leaving a net book value of $7.7 billion. This investment in capital assets includes land, buildings, improvements, equipment, right to use lease assets, infrastructure, intangible assets, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State's investment in capital assets for the current fiscal year was $266.9 million or 3.6% in terms of net book value. Most increases in capital expenditures were seen in construction, or reconstruction, of roads and bridges. Additional information relating to the State's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration
Montana continues to receive excellent general obligation bond ratings from Moody's Investor Service (Aa1), Standard and Poor's Corporation (AA), and Fitch Ratings (AA+), which remain unchanged from 2022.

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

The State's general obligation debt decreased from $130.8 million on June 30, 2022, to none at June 30, 2023, due to the passage of House Bill 251 (discussed above).

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

	Amount *(in thousands)*	Percentage of Personal Income [1]	State Debt Per Capita [2]
General obligation debt	$ —	—%	$ —
Total State debt [3]	$ 158,342	0.30%	$ 171

(1) Based on personal income for calendar year 2022.
(2) Based on estimated 2022 Montana population.
(3) Based on total of general obligation bonds, special revenue bonds, notes payable, and lease/financed purchase payable for the percentage and state debt per capita.

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

ECONOMIC CONDITION AND OUTLOOK

The State was allocated $2.0 billion from the American Rescue Plan Act (ARPA) during fiscal year 2021. The legislature has appropriated approximately $1.8 billion and enacted laws to allow appropriations to continue into the 2025 biennium. The programs designated by the legislature for ARPA funding are infrastructure, communications, broadband, economic transformation and stabilization, workforce development, housing, and health. ARPA funds spent before June 30, 2023, totaled $625.0 million. Since June 30, 2023, another $290.0 million has been spent. The State plans to spend all funds received by June 30, 2026.

Montana's primary economic base remains concentrated in service-providing industries. By share of real gross state product (GSP), the leisure and hospitality sector (14%), the trade, transportation, and utilities sector (19%), and the education and health services sector (16%) were Montana's largest in 2023. Per the 2023 Labor Day Report issued by the Montana Department of Labor and Industry, Montana is experiencing a booming economy, with more Montanans working than ever. Businesses have continued to thrive, grow, and increase production in the face of worker shortages by increasing productivity and raising wages to attract workers. Montana's average annual wage recorded nominal growth of 6.2% in 2022, ranking the 4th fastest among states. Rapid economic expansion has brought prosperity, but fast growth creates additional pressure on an already constrained labor market. Tight labor markets will continue to challenge Montana's economic growth. A more in-depth analysis of the State's overall financial position can be found in the transmittal letter of this report.

REQUESTS FOR INFORMATION

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

STATE OF MONTANA

Basic Financial Statements

STATEMENT OF NET POSITION
JUNE 30, 2023
(amounts expressed in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash/cash equivalents (Note 3)	$ 6,081,154	$ 714,132	$ 6,795,286	$ 676,253
Receivables, net (Note 4)	722,770	57,175	779,945	184,614
Due from primary government	—	—	—	2,327
Due from other governments	410,411	208	410,619	67,132
Due from component units	467	1,237	1,704	85
Internal balances	20,697	(20,697)	—	—
Inventories	37,794	7,229	45,023	4,642
Advances to component units	8,506	6,366	14,872	—
Long-term loans/notes/leases receivable (Note 4)	1,080,030	49,819	1,129,849	585,860
Equity in pooled investments (Note 3)	2,650,868	19,775	2,670,643	87,880
Investments (Note 3)	195,281	1,799	197,080	2,265,093
Securities lending collateral (Note 3)	38,692	288	38,980	13,718
Net pension asset (Note 6)	51,435	—	51,435	—
Other assets	15,416	3,126	18,542	23,788
Depreciable capital assets and infrastructure, net (Note 5)	5,108,935	18,354	5,127,289	977,486
Land and nondepreciable capital assets (Note 5)	2,543,353	13,169	2,556,522	168,448
Total assets	18,965,809	871,980	19,837,789	5,057,326
DEFERRED OUTFLOWS OF RESOURCES (Note 4)	690,297	4,260	694,557	138,853
LIABILITIES				
Accounts payable (Note 4)	1,543,083	22,471	1,565,554	87,590
Lottery prizes payable	—	3,782	3,782	—
Due to primary government	—	—	—	1,704
Due to other governments	42,940	3	42,943	419
Due to component units	2,327	—	2,327	85
Due to pension trust funds	41,190	—	41,190	—
Advances from primary government	—	—	—	14,872
Unearned revenue	897,819	8,672	906,491	97,773
Amounts held in custody for others	60,917	104	61,021	17,717
Securities lending liability (Note 3)	38,692	288	38,980	13,718
Other liabilities	5,427	—	5,427	21,831
Short-term debt (Note 11)	—	68,707	68,707	—
Long-term liabilities (Note 11):				
Due within one year	143,750	14,686	158,436	244,246
Due in more than one year	392,123	7,960	400,083	1,835,870
Net pension liability (Note 6)	2,509,797	13,360	2,523,157	212,683
Total OPEB liability (Note 7)	29,740	562	30,302	38,651
Total liabilities	5,707,805	140,595	5,848,400	2,587,159
DEFERRED INFLOWS OF RESOURCES (Note 4)	979,992	4,029	984,021	108,765

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION				
Net investment in capital assets	$ 7,445,044	$ 27,162	$ 7,472,206	$ 720,583
Restricted for:				
General government	28,584	—	28,584	—
Transportation	160,739	—	160,739	—
Health and human service	37,190	—	37,190	—
Natural resources	725,743	—	725,743	—
Public safety	170,445	—	170,445	—
Education	60,681	—	60,681	—
Funds held as permanent investments:				
Nonexpendable	2,025,175	—	2,025,175	552,364
Expendable	571,243	—	571,243	—
Unemployment compensation	—	546,974	546,974	—
Municipal Finance Programs	—	5,422	5,422	—
Public Entity Risk Pools	—	113,858	113,858	—
Montana Board of Housing	—	—	—	163,822
Other purposes (Note 1)	—	14,741	14,741	369,168
Unrestricted	1,743,465	23,459	1,766,924	694,318
Total net position	$ 12,968,309	$ 731,616	$ 13,699,925	$ 2,500,255

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
Primary government:					
Governmental activities:					
General government	$ 995,815	$ 245,190	$ 487,539	$ 428	$ (262,658)
Public safety	537,966	213,083	23,775	—	(301,108)
Transportation	778,571	34,835	76,094	607,679	(59,963)
Health and human services	3,533,017	24,993	2,715,451	230	(792,343)
Education	1,691,553	3,800	419,537	9,376	(1,258,840)
Natural resources	452,532	252,152	157,905	8,402	(34,073)
Interest on long-term debt	4,956	—	—	—	(4,956)
Total governmental activities	7,994,410	774,053	3,880,301	626,115	(2,713,941)
Business-type activities:					
Unemployment Insurance	150,070	157,937	15,329	—	23,196
Liquor Stores	123,174	149,090	—	—	25,916
State Lottery	123,232	147,852	—	—	24,620
Municipal Finance Programs	2,158	—	2,368	—	210
Hail Insurance	1,452	1,094	1,946	—	1,588
Other Service	85,142	30,511	53,068	756	(807)
Prison Funds	7,589	7,694	—	—	105
MUS[1] Group Insurance	118,520	102,500	3,072	—	(12,948)
MUS[1] Workers Compensation	2,628	—	420	—	(2,208)
Total business-type activities	613,965	596,678	76,203	756	59,672
Total primary government	$ 8,608,375	$ 1,370,731	$ 3,956,504	$ 626,871	$ (2,654,269)
Component units:					
Montana Board of Housing	$ 20,702	$ 2,696	$ 21,607	$ —	$ 3,601
Facility Finance Authority	779	714	320	—	255
Montana Reinsurance Association	44,827	—	29,756	—	(15,071)
Montana State Fund	201,148	168,470	—	—	(32,678)
Montana State University	743,632	333,176	330,565	554	(79,337)
University of Montana	525,910	190,602	193,423	1,032	(140,853)
Total component units	$ 1,536,998	$ 695,658	$ 575,671	$ 1,586	$ (264,083)

[1]Montana University System

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Changes in net position:				
Net (expense) revenue	$ (2,713,941)	$ 59,672	$ (2,654,269)	$ (264,083)
General revenues:				
Taxes:				
Property	185,366	—	185,366	—
Fuel	281,739	—	281,739	—
Natural resource	283,550	—	283,550	—
Individual income	1,818,220	—	1,818,220	—
Corporate income	310,751	—	310,751	—
Other (Note 1)	542,879	40,777	583,656	—
Unrestricted grants and contributions	370	280	650	—
Settlements	33,121	—	33,121	—
Unrestricted investment earnings (losses)	183,551	547	184,098	(98,854)
Payment from primary government	—	—	—	279,418
Gain on sale of capital assets	4,880	258	5,138	99
Gain (loss) on debt extinguishment	3,579	—	3,579	—
Miscellaneous	9,397	8,390	17,787	1,426
Contributions to term and permanent endowments	—	—	—	72,987
Transfers between primary government	61,428	(61,428)	—	—
Total general revenues, contributions, and transfers	3,718,831	(11,176)	3,707,655	255,076
Change in net position	1,004,890	48,496	1,053,386	(9,007)
Total net position - July 1 - as previously reported	11,967,263	683,603	12,650,866	2,509,658
Adjustments to beginning net position (Note 2)	(3,844)	(483)	(4,327)	(396)
Total net position - July 1 - as adjusted	11,963,419	683,120	12,646,539	2,509,262
Total net position - June 30	$ 12,968,309	$ 731,616	$ 13,699,925	$ 2,500,255

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


THE GREAT SEAL OF THE STATE OF MONTANA
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Governmental

Fund Financial Statements

General Fund — the principal operating fund of the State. It accounts for all governmental financial resources, except those accounted for in another fund.

State Special Revenue Fund — accounts for the proceeds of specific state and non-federal revenue sources where expenditures are restricted by law for specific activities such as an agency, program, or function of state government or by the terms of an agreement such as a contract or donation.

Federal Special Revenue Fund — accounts for all activities funded from federal revenue sources, which are used in the operation of the state government.

Coal Severance Tax Fund — created by Article IX, Section 5, of the Montana Constitution and administered by the Department of Revenue. This fund receives 50% of all coal tax collections. The principal can by expended only upon affirmation vote by three-fourths of each house of the Legislature.

Land Grant Fund — 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 Governmental Funds — presented in more detail, by fund type, within the Supplementary Information section.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

		SPECIAL REVENUE	
	GENERAL	STATE	FEDERAL
ASSETS			
Cash/cash equivalents (Note 3)	$ 2,653,456	$ 1,294,971	$ 922,105
Receivables (net)	428,174	132,481	111,757
Interfund loans receivable (Note 12)	127,340	114,230	—
Due from other governments	12,522	4,753	393,129
Due from other funds (Note 12)	55,499	9,869	26,544
Due from component units	—	330	—
Inventories	6,526	23,190	—
Equity in pooled investments (Note 3)	—	351,468	—
Long-term loans/notes/leases receivable (Note 4)	—	521,557	58,086
Advances to other funds (Note 12)	49,872	1,029	—
Advances to component units	—	1,332	—
Investments (Note 3)	11,881	3,458	—
Securities lending collateral (Note 3)	—	5,130	—
Other assets	2,829	10,346	196
Total assets	$ 3,348,099	$ 2,474,144	$ 1,511,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 1,133,001	$ 148,502	$ 231,103
Interfund loans payable (Note 12)	—	4,611	224,897
Due to other governments	1,181	37,970	3,789
Due to other funds (Note 12)	26,217	28,749	10,650
Due to component units	41,230	272	2,014
Advances from other funds (Note 12)	—	3,823	48,222
Unearned revenue	356	19,279	877,428
Amounts held in custody for others	9,762	46,300	2,002
Securities lending liability (Note 3)	—	5,130	—
Other liabilities	—	411	—
Total liabilities	1,211,747	295,047	1,400,105
DEFERRED INFLOWS OF RESOURCES	212,659	43,369	54,743
Fund balances (Note 14):			
Nonspendable	57,419	24,203	91
Restricted	—	1,222,174	27,672
Committed	1,031,495	885,926	29,206
Assigned	22,206	3,425	—
Unassigned	812,573	—	—
Total fund balances	1,923,693	2,135,728	56,969
Total liabilities, deferred inflows of resources, and fund balances	$ 3,348,099	$ 2,474,144	$ 1,511,817

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

PERMANENT			
COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	TOTAL
$ 70,174	$ 52,692	$ 769,937	$ 5,763,335
15,381	8,448	11,736	707,977
—	—	1,000	242,570
—	—	—	410,404
—	—	10,413	102,325
119	—	17	466
—	—	—	29,716
971,063	876,511	414,771	2,613,813
—	482,029	18,358	1,080,030
—	—	3,823	54,724
7,130	—	43	8,505
177,693	—	—	193,032
14,174	12,793	6,055	38,152
—	62	12	13,445
$ 1,255,734	$ 1,432,535	$ 1,236,165	$ 11,258,494
$ —	$ —	$ 12,228	$ 1,524,834
1,567	5	10,235	241,315
—	—	—	42,940
—	—	4	65,620
—	—	—	43,516
—	—	193	52,238
—	—	—	897,063
—	2,520	—	60,584
14,174	12,793	6,055	38,152
—	—	—	411
15,741	15,318	28,715	2,966,673
1,821	487,875	903	801,370
679,723	929,342	414,271	2,105,049
—	—	27,377	1,277,223
558,449	—	763,882	3,268,958
—	—	1,114	26,745
—	—	(97)	812,476
1,238,172	929,342	1,206,547	7,490,451
$ 1,255,734	$ 1,432,535	$ 1,236,165	$ 11,258,494


THE GREAT SEAL OF THE STATE OF MONTANA
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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

(amounts expressed in thousands)

Total fund balances - governmental funds		$ 7,490,451
Amounts reported for governmental activities in the Statement of Net Position are different due to:		
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds (Note 5):		
Depreciable capital assets and infrastructure, net	$ 5,108,935	
Land and nondepreciable capital assets	2,543,353	7,652,288
Deferred outflows of resources represent a consumption of net assets that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds.		690,297
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net pension asset		51,435
Long-term receivables		55
Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position, excluding internal service funds' capital assets, deferred outflows of resources, deferred inflows of resources and long-term liabilities reported in specific areas.		351,650
Other liabilities that are not due and payable in the current period and are not reported in the governmental funds.		(13,835)
A portion of deferred inflows of resources represents an acquisition of net assets that will be recognized as an inflow of resources in a future period, which differs than that reported in the governmental funds.		(178,622)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds (Note 11):		
Other long-term liabilities	(535,873)	
Net pension liability	(2,509,797)	
Total OPEB liability	(29,740)	(3,075,410)
Total net position - governmental activities		$ 12,968,309

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, 2023
(amounts expressed in thousands)

		SPECIAL REVENUE	
	GENERAL	STATE	FEDERAL
REVENUES (Note 14)			
Licenses/permits	$ 155,003	$ 329,007	$ —
Taxes:			
Natural resource	115,793	113,647	—
Individual income	1,759,856	—	—
Corporate income	308,829	14	—
Property	162,176	23,189	—
Fuel	—	281,739	—
Other	294,299	235,064	—
Charges for services/fines/forfeits/settlements	27,457	113,097	9,435
Investment earnings (losses)	121,851	27,755	31,700
Securities lending income	193	201	—
Sale of documents/merchandise/property	291	12,193	—
Rentals/leases/royalties	37	1,463	—
Contributions/premiums	130	38,705	—
Grants/contracts/donations	17,469	28,028	170
Federal	31,372	11,024	4,169,856
Federal indirect cost recoveries	380	61,419	97,446
Other revenues	92	7,210	2,071
Total revenues	2,995,228	1,283,755	4,310,678
EXPENDITURES			
Current:			
General government	408,047	241,158	246,764
Public safety	365,312	117,101	22,106
Transportation	15,000	261,563	172,532
Health and human services	616,588	247,492	2,682,775
Education	1,195,410	98,226	402,060
Natural resources	63,697	212,721	172,875
Debt service:			
Principal retirement	11,568	9,219	6,171
Interest/fiscal charges	1,533	1,248	484
Capital outlay	12,312	111,829	464,523
Securities lending	96	141	—
Total expenditures	2,689,563	1,300,698	4,170,290
Excess of revenue over (under) expenditures	305,665	(16,943)	140,388
OTHER FINANCING SOURCES (USES)			
Inception of right-to-use and financed purchase payables	6,773	13,706	5,468
Insurance proceeds	52	45	13
General capital asset sale proceeds	209	362	—
Energy conservation loans	—	218	—
Transfers in (Note 12)	135,610	184,164	3,278
Transfers out (Note 12)	(589,743)	(66,333)	(48,094)
Total other financing sources (uses)	(447,099)	132,162	(39,335)
Net change in fund balances	(141,434)	115,219	101,053
Fund balances - July 1 - as previously reported	1,996,619	2,071,929	(25,275)
Adjustments to beginning fund balance (Note 2)	69,127	(50,913)	(18,809)
Fund balances - July 1 - as adjusted	2,065,746	2,021,016	(44,084)
Increase (decrease) in inventories	(619)	(507)	—
Fund balances - June 30	$ 1,923,693	$ 2,135,728	$ 56,969

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

PERMANENT			
COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	TOTAL
$ —	$ 2,212	$ —	$ 486,222
41,254	—	12,141	282,835
—	—	—	1,759,856
—	—	—	308,843
—	—	—	185,365
—	—	—	281,739
—	—	12,287	541,650
—	—	12,108	162,097
8,772	6,939	34,231	231,248
535	483	223	1,635
—	17,260	—	29,744
—	104,774	—	106,274
—	—	—	38,835
—	65	—	45,732
—	—	—	4,212,252
—	—	—	159,245
—	—	—	9,373
50,561	131,733	70,990	8,842,945
—	—	249	896,218
—	—	1,192	505,711
—	—	—	449,095
—	—	1,676	3,548,531
—	—	9	1,695,705
—	4,834	—	454,127
—	—	150,920	177,878
—	—	4,781	8,046
—	—	85,605	674,269
376	340	158	1,111
376	5,174	244,590	8,410,691
50,185	126,559	(173,600)	432,254
—	—	—	25,947
—	—	—	110
—	4,352	8	4,931
—	—	—	218
640	102	549,166	872,960
(29,014)	(75,611)	(26,202)	(834,997)
(28,374)	(71,157)	522,972	69,169
21,811	55,402	349,372	501,423
1,216,307	873,939	855,410	6,988,929
54	1	1,765	1,225
1,216,361	873,940	857,175	6,990,154
—	—	—	(1,126)
$ 1,238,172	$ 929,342	$ 1,206,547	$ 7,490,451

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(amounts expressed in thousands)

Net change in fund balances - total governmental funds		$ 501,423
Amounts reported for governmental activities in the Statement of Activities are different due to:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense over the useful life of the capital asset. Capital outlays exceeded depreciation expense in the current year by the following amount (Note 5):		
Capital outlay	$ 674,269	
Depreciation expense and amortization	(317,509)	356,760
Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities, but only proceeds from sales are reported in the governmental funds.		6,697
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		82,142
Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual governmental funds. Internal service funds are reported separately from governmental funds in the fund financial statements. In the government-wide statements, internal service funds are included with governmental activities.		42,316
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease items reported in the Statement of Net Position.		15,552
Change in net position - governmental activities		$ 1,004,890

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

Proprietary
Fund Financial Statements

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 and federal COVID-19 relief funds. Unemployment benefits are paid from this fund to eligible recipients.

Municipal Finance Programs Fund — accounts for the programs created under the Municipal Finance Consolidation Act and the Economic Development Act, both managed by the Montana Board of Investments. These are primarily revolving loan programs that provides variable low interest rate loans to eligible Montana State agencies, universities, and local governments for a variety of projects statutorily defined. The funding for the revolving loans is from the issuance of bonds.

Nonmajor Enterprise Funds — account for operations that provide goods or services to the general public in a manner similar to private business enterprises. These funds are presented in more detail within the Supplementary Information section.

Governmental Activities - Internal Service Funds — 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 within the Supplementary Information section.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	
ASSETS					
Current assets:					
Cash/cash equivalents (Note 3)	$ 537,433	$ 5,786	$ 170,913	$ 714,132	$ 317,819
Receivables, net (Note 4)	5,571	7,826	43,778	57,175	14,739
Interfund loans receivable (Note 12)	—	—	545	545	12
Due from other governments	208	—	—	208	7
Due from other funds (Note 12)	—	2,026	428	2,454	54
Due from component units	—	1,237	—	1,237	—
Inventories	—	—	7,229	7,229	8,080
Securities lending collateral (Note 3)	—	—	288	288	541
Other current assets	—	—	1,719	1,719	1,971
Total current assets	543,212	16,875	224,900	784,987	343,223
Noncurrent assets:					
Advances to other funds (Note 12)	—	9,236	—	9,236	—
Advances to component units	—	6,366	—	6,366	—
Long-term investments (Note 3)	—	—	21,574	21,574	39,304
Long-term notes/loans receivable (Note 4)	6,416	43,340	63	49,819	—
Other long-term assets	—	—	1,407	1,407	—
Capital assets (Note 5):					
Land	—	—	800	800	—
Land improvements	—	—	3,830	3,830	95
Buildings/improvements	—	—	16,393	16,393	6,069
Equipment	—	—	10,375	10,375	288,792
Infrastructure	—	—	1,175	1,175	—
Construction work in progress	—	—	8,721	8,721	10,897
Intangible/right to use assets, net	—	—	7,113	7,113	7,264
Other capital assets	—	—	3,648	3,648	—
Less accumulated depreciation	—	—	(20,532)	(20,532)	(197,855)
Total capital assets	—	—	31,523	31,523	115,262
Total noncurrent assets	6,416	58,942	54,567	119,925	154,566
Total assets	549,628	75,817	279,467	904,912	497,789
DEFERRED OUTFLOWS OF RESOURCES (Note 4)	—	98	4,162	4,260	14,739

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
LIABILITIES					
Current liabilities:					
Accounts payable (Note 4)	2,654	1,277	18,540	22,471	18,033
Lottery prizes payable	—	—	2,826	2,826	—
Interfund loans payable (Note 12)	—	—	555	555	1,257
Due to other governments	—	—	3	3	—
Due to other funds (Note 12)	—	—	28,754	28,754	1,854
Unearned revenue	—	—	8,672	8,672	759
Right to use/financed purchase payable (Note 10)	—	—	770	770	1,927
Short-term debt (Note 11)	—	68,707	—	68,707	—
Bonds/notes payable - net (Note 11)	—	—	—	—	334
Amounts held in custody for others	—	—	104	104	333
Securities lending liability (Note 3)	—	—	288	288	541
Estimated insurance claims (Note 8)	—	—	12,778	12,778	24,589
Compensated absences payable (Note 11)	—	43	1,095	1,138	4,453
Total current liabilities	2,654	70,027	74,385	147,066	54,080
Noncurrent liabilities:					
Lottery prizes payable	—	—	956	956	—
Advances from other funds (Note 12)	—	—	3,623	3,623	8,099
Right to use/financed purchase payable (Note 10)	—	—	3,466	3,466	7,078
Bonds/notes payable - net (Note 11)	—	—	—	—	—
Estimated insurance claims (Note 8)	—	—	3,195	3,195	16,993
Compensated absences payable (Note 11)	—	23	1,276	1,299	4,384
Net pension liability (Note 6)	—	349	13,011	13,360	57,237
Total OPEB liability (Note 7)	—	9	553	562	1,809
Total noncurrent liabilities	—	381	26,080	26,461	95,600
Total liabilities	2,654	70,408	100,465	173,527	149,680
DEFERRED INFLOWS OF RESOURCES (Note 4)	—	72	3,957	4,029	14,683
NET POSITION					
Net investment in capital assets	—	—	27,162	27,162	96,428
Restricted for:					
Unemployment compensation	546,974	—	—	546,974	—
Municipal Finance Programs	—	5,422	—	5,422	—
Public Entity Risk Pools	—	—	113,858	113,858	—
Other purposes	—	—	14,741	14,741	—
Unrestricted	—	13	23,446	23,459	251,737
Total net position	$ 546,974	$ 5,435	$ 179,207	$ 731,616	$ 348,165

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
Operating revenues:					
Charges for services	$ 183	$ —	$ 321,388	$ 321,571	$ 189,338
Investment earnings (losses)	8,809	205	4,629	13,643	8,901
Securities lending income	—	—	11	11	20
Financing income	—	2,163	—	2,163	—
Contributions/premiums	157,754	—	116,125	273,879	219,603
Grants/contracts/donations	6,427	—	54,256	60,683	4,392
Other operating revenues	93	—	9,620	9,713	20,359
Total operating revenues	173,266	2,368	506,029	681,663	442,613
Operating expenses:					
Personal services	—	479	18,739	19,218	74,528
Contractual services	—	26	31,278	31,304	48,921
Supplies/materials	—	6	126,410	126,416	30,327
Benefits/claims	106,627	—	173,381	280,008	186,580
Depreciation	—	—	1,122	1,122	12,877
Amortization	—	—	3,446	3,446	1,763
Utilities/rent	—	40	967	1,007	6,217
Communications	—	3	1,465	1,468	17,235
Travel	—	1	300	301	419
Repairs/maintenance	—	—	2,002	2,002	39,332
Grants	—	—	—	—	322
Lottery prize payments	—	—	100,400	100,400	—
Securities lending expense	—	—	8	8	14
Interest expense	—	1,534	101	1,635	543
Other operating expenses	43,443	69	2,980	46,492	6,399
Total operating expenses	150,070	2,158	462,599	614,827	425,477
Operating income (loss)	23,196	210	43,430	66,836	17,136
Nonoperating revenues (expenses):					
Tax revenues (Note 1)	—	—	40,777	40,777	—
Grant revenue	280	—	—	280	—
Insurance proceeds	—	—	—	—	255
Gain (loss) on sale of capital assets	—	—	268	268	46
Capital contribution expense	—	—	(92)	(92)	(18,252)
Federal indirect cost recoveries	—	—	159	159	8,207
Increase (decrease) value of livestock	—	—	848	848	—
Total nonoperating revenues (expenses)	280	—	41,960	42,240	(9,744)
Income (loss) before contributions and transfers	23,476	210	85,390	109,076	7,392
Capital contributions	—	—	11,190	11,190	1,119
Transfers in (Note 12)	—		18,709	18,709	34,224
Transfers out (Note 12)	—	—	(90,479)	(90,479)	(417)
Change in net position	23,476	210	24,810	48,496	42,318
Total net position - July 1 - as previously reported	523,827	5,225	154,551	683,603	306,369
Adjustments to beginning net position (Note 2)	(329)	—	(154)	(483)	(522)
Total net position - July 1 - as adjusted	523,498	5,225	154,397	683,120	305,847
Total net position - June 30	$ 546,974	$ 5,435	$ 179,207	$ 731,616	$ 348,165

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from sales and service	$ 158,534	$ —	$ 435,838	$ 594,372	$ 408,673
Payments to suppliers for goods and services	—	(142)	(163,595)	(163,737)	(145,523)
Payments to employees	—	(455)	(18,416)	(18,871)	(72,263)
Grant receipts (expenses)	6,097	—	54,111	60,208	4,258
Cash payments for claims	(104,860)	—	(171,980)	(276,840)	(204,965)
Cash payments for prizes	—	—	(101,003)	(101,003)	—
Other operating revenues	93	—	9,620	9,713	28,197
Other operating payments	—	—	(2,769)	(2,769)	(6,399)
Net cash provided by (used for) operating activities	59,864	(597)	41,806	101,073	11,978
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Collection of taxes	—	—	40,776	40,776	—
Transfer to other funds	—	—	(86,551)	(86,551)	(18,567)
Transfer from other funds	—	—	27,146	27,146	34,225
Proceeds from interfund loans/advances	—	—	2,354	2,354	4,379
Payment of interfund loans and advances	—	—	(566)	(566)	(2,600)
Payment of principal and interest on bonds and notes	—	(464)	(32)	(496)	(302)
Grant receipts and Federal indirect cost recoverable	280	—	159	439	—
Net cash provided by (used for) noncapital financing activities	280	(464)	(16,714)	(16,898)	17,135
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	—	—	—	—	255
Payment of principal and interest - capital related	—	—	(682)	(682)	(3,576)
Acquisition of capital assets	—	—	(639)	(639)	(16,954)
Proceeds from sale of capital assets	—	—	24	24	222
Net cash provided by (used for) capital and related financing activities	—	—	(1,297)	(1,297)	(20,053)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	—	—	(2,967)	(2,967)	251
Proceeds (loss) from securities lending transactions/ investments	—	—	12	12	20
Interest and dividends on investments	8,809	205	4,828	13,842	9,313
Payment of securities lending costs	—	—	(8)	(8)	(14)
Collections of principal and interest on loans	—	21,311	—	21,311	—
Cash payment for loans	—	(19,600)	—	(19,600)	—
Net cash provided by (used for) investing activities	8,809	1,916	1,865	12,590	9,570
Net increase (decrease) in cash and cash equivalents	68,953	855	25,660	95,468	18,630
Cash and cash equivalents, July 1	468,480	4,931	145,253	618,664	299,189
Cash and cash equivalents, June 30	$ 537,433	$ 5,786	$ 170,913	$ 714,132	$ 317,819

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 23,196	$ 210	$ 43,496	$ 66,902	$ 17,136
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:					
Depreciation	—	—	1,122	1,122	12,877
Amortization	—	—	3,446	3,446	1,763
Securities lending expense	—	—	8	8	14
Investment earnings	(8,809)	(205)	(4,629)	(13,643)	(8,901)
Securities lending income	—	—	(11)	(11)	(20)
Financing income	—	(2,163)	—	(2,163)	—
Interest expense	—	1,534	101	1,635	543
Other revenue	(330)	—	—	(330)	8,205
Arbitrage rebate tax	—	—	—	—	—
Change in assets, deferred outflows, liabilities and deferred inflows:					
Decr (Incr) in accounts receivable	47,970	—	(1,886)	46,084	(983)
Decr (Incr) in due from other funds	—	—	1,062	1,062	351
Decr (Incr) in due from other governments	—	—	17	17	188
Decr (Incr) in inventories	—	—	1,119	1,119	(1,595)
Decr (Incr) in other assets	—	—	(1,367)	(1,367)	1,292
Incr (Decr) in accounts payable	(2,163)	—	309	(1,854)	(325)
Incr (Decr) in due to other funds	—	—	(528)	(528)	106
Incr (Decr) in due to other governments	—	—	(352)	(352)	—
Incr (Decr) in lottery prizes payable	—	—	(603)	(603)	—
Incr (Decr) in unearned revenue	—	—	(1,251)	(1,251)	(107)
Incr (Decr) in amounts held in custody for others	—	—	—	—	(72)
Incr (Decr) in compensated absences payable	—	(3)	134	131	473
Incr (Decr) in total OPEB liability and related accounts	—	3	(1,168)	(1,165)	(5,473)
Incr (Decr) in estimated claims	—	—	1,474	1,474	(20,480)
Incr (Decr) in other payables	—	(2)	1	(1)	—
Incr (Decr) in net pension liability and related accounts	—	29	1,312	1,341	6,986
Net cash provided by (used for) operating activities	$ 59,864	$ (597)	$ 41,806	$ 101,073	$ 11,978
Schedule of noncash transactions:					
Capital asset acquisitions from contributed capital	$ —	$ —	$ 11,190	$ 11,190	$ 1,119
Incr (Decr) in fair value of investments	—	—	545	545	1,085
Increase in short term debt	—	68,707	—	68,707	—
Decrease in long term debt	—	(68,707)	—	(68,707)	—
Total noncash transactions	$ —	$ —	$ 11,735	$ 11,735	$ 2,204

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

Fiduciary
Fund Financial Statements

Pension (and Other Employee Benefit) Trust Funds — account for provided retirement, disability, death, and lump-sum payments to public employee retirement system members, in a trustee capacity.

Private-Purpose Trust Funds — account for assets held by the State, in a trustee capacity and are not required to be reported in the Pension (and Other Employee Benefit) Trust Funds or Investment Trust Funds, where both the principal and earnings benefit individuals, private organizations, or other governments.

Investment Trust Funds — account for the receipt of monies held by Montana Board of Investments for investment in external investment pools, and the distribution of related investment earnings, for local government agencies, in a trustee capacity.

Custodial Funds — account for assets held by the State as an agent that is not in a trust or equivalent arrangement, for individuals, private organizations, and other governments.

Individual funds are presented in more detail, by fund type, within the Supplementary Information section.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	INVESTMENT TRUST FUNDS	CUSTODIAL FUNDS
ASSETS				
Cash/cash equivalents (Note 3)	$ 182,002	$ 26,162	$ 1,831,457	$ 10,645
Receivables (net):				
Accounts receivable	29,297	—	—	2,757
Interest	740	—	8,094	8
Due from primary government	41,190	—	—	—
Due from other PERB plans	888	—	—	—
Long-term loans/notes receivable	4	—	—	—
Total receivables	72,119	—	8,094	2,765
Investments at fair value:				
Equity in pooled investments (Note 3)	13,977,460	—	11,846	—
Other investments (Note 3)	1,039,161	200,494	—	—
Total investments	15,016,621	200,494	11,846	—
Securities lending collateral (Note 3)	143,783	—	173	—
Capital Assets:				
Buildings/improvements	315	—	—	—
Equipment	305	—	—	—
Accumulated depreciation	(266)	—	—	—
Right to use lease buildings	7,660	—	—	—
Accumulated amortization	(1,024)	—	—	—
Intangible assets	1,821	—	—	—
Total capital assets	8,811	—	—	—
Other assets	—	8,545	—	2,024
Total assets	15,423,336	235,201	1,851,570	15,434
DEFERRED OUTFLOWS OF RESOURCES	866	—	—	—
LIABILITIES				
Accounts payable	1,075	4	8,055	3,880
Due to other governments	—	—	—	2,397
Due to other PERB plans	888	—	—	—
Unearned revenue	19	—	—	—
Securities lending liability (Note 3)	143,783	—	173	—
Compensated absences payable	826	—	—	—
Due to primary government - leases (Note 10)	6,948	—	—	—
Net pension liability (Note 6)	1,886	—	—	—
Total OPEB liability (Note 7)	182	—	—	—
Total liabilities	155,607	4	8,228	6,277
DEFERRED INFLOWS OF RESOURCES	913	—	—	—
NET POSITION				
Restricted for:				
Pensions	14,642,032	—	—	—
Postemployment benefits other than pensions	625,650	—	—	—
Pool participants	—	—	1,843,342	—
Individuals, organizations, and other governments	—	235,197	—	9,157
Total net position	$ 15,267,682	$ 235,197	$ 1,843,342	$ 9,157

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	INVESTMENT TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS				
Contributions/premiums:				
Employer	$ 313,625	$ —	$ —	$ —
Employee	283,727	—	—	—
Other contributions	131,558	22,010	1,631,764	—
Investment earnings:				
Net increase (decrease) in fair value of investments	1,268,567	9,461	571	1
Interest, dividends, and other	32,392	—	66,714	66
Securities lending income	7,695	—	7	—
Total investment earnings	1,308,654	9,461	67,292	67
Less investment costs:				
Administrative investment expense	80,500	—	—	—
Securities lending expense	4,677	—	5	—
Net investment earnings	1,223,477	9,461	67,287	67
Charges for services	550	—	—	—
Other additions and miscellaneous	1,467	6,489	—	142,669
Total additions	1,954,404	37,960	1,699,051	142,736
DEDUCTIONS				
Benefits	1,168,621	—	—	—
Refunds	29,780	—	—	—
Distributions	—	28,680	1,678,309	144,649
Administrative expenses	14,028	851	—	—
Local assistance	12	—	—	—
Transfers to MUS-RP	329	—	—	—
Transfers to PERS-DCRP	2,181	—	—	—
Total deductions	1,214,951	29,531	1,678,309	144,649
Change in net position	739,453	8,429	20,742	(1,913)
Net position - July 1 - as previously reported	14,527,085	226,768	1,822,600	11,070
Adjustments to beginning net position (Note 2)	1,144	—	—	—
Net position - July 1 - as adjusted	14,528,229	226,768	1,822,600	11,070
Net position - June 30	$ 15,267,682	$ 235,197	$ 1,843,342	$ 9,157

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Facility Finance Authority
2401 Colonial Drive, 3rd Floor
PO Box 200506
Helena, MT 59620-0506

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

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

<u>Montana Board of Housing (MBOH</u>) – MBOH, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. The State of Montana has the ability to modify or approve: the budget, the rate or fee changes affecting revenues, and the ability to appoint, hire, reassign, or dismiss those responsible for the day-to-day operations of MBOH. The board was created in 1975 to facilitate the availability of safe and affordable housing to persons and families of lower-income. MBOH issues negotiable notes and bonds to fulfill its purposes. The total amount of notes and bonds outstanding at any time may not exceed $1.5 billion. The discount price of bonds sold, not the face amount of the bonds, counts against this statutory ceiling. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. MBOH is attached to the Department of Commerce for administrative purposes only. MBOH is audited annually by the State’s Legislative Audit Division.

Facility Finance Authority (FFA) – FFA, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. The State of Montana has the ability to modify or approve: the budget, the rate or fee changes affecting revenues, and the ability to appoint, hire, reassign, or dismiss those responsible for the day-to-day operations of FFA. FFA assists eligible, nonprofit Montana health care and other community-based service providers to obtain and maintain access to the broadest range of low-cost capital financing as possible. FFA issues revenue bonds to fulfill its purposes. Neither the faith and credit or taxing power of the State of Montana may be pledged for the amounts so issued. FFA is also the administrator for Montana's Commercial Property Assessed Capital Enhancement Program (C-PACE) which provides Montana businesses with access to private capital to finance energy and water efficiency and renewable energy improvements. FFA is attached to the Department of Commerce for administrative purposes only. Individual financial reports are issued every two years and are audited by the State's Legislative Audit Division.

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

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

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

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

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

Though the following organizations perform functions related to the MUS, they are not considered part of Montana's reporting entity: (1) Community Colleges which are considered part of local units of government; (2) the Montana Higher Education Student Assistance Corporation, a private nonprofit corporation; and (3) the Student Assistance Foundation of Montana, a private nonprofit corporation.

Entities such as local school districts and local authorities of various kinds are considered part of local units of government and have not been included. The state and federal support of local public education systems is reported in the General Fund, the State Special Revenue Fund, and the Federal Special Revenue Fund.

Montana Reinsurance Association (MRA) – In April 2019, the State of Montana enacted the Montana Reinsurance Association Act (Act) establishing MRA as a nonprofit, legal entity and creating a reinsurance program to stabilize the individual health insurance market. The Act authorized the State to apply for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act (ACA). The Act is established under Title 33, Chapter 22, Part 13 of the Montana Code Annotated (MCA).

On June 19, 2019, the State applied for an Innovation Waiver under Section 1332 seeking to implement a reinsurance program. On August 16, 2019, the United States Departments of Health and Human Services and Treasury approved Montana's State Innovation Waiver, effective from January 1, 2020, through December 31, 2024.

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

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

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

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

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

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

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

Public Employees' Retirement Board (Pension and Other Employee Benefit Trust Funds) – The Public Employees' Retirement Board (PERB) is appointed by the Governor and administers nine retirement plans for the purpose of providing retirement, disability, death, and lump-sum payments to plan members. These legally separate plans include the Public Employees' Retirement Plan – Defined Benefit and Defined Contribution and the associated education funds; the Judges'; the Highway Patrol Officers'; the Sheriffs'; the Game Wardens' and Peace Officers'; the Municipal Police Officers'; the Firefighters' Unified Retirement Systems; and the Volunteer Firefighters' Compensation Act retirement plans. The board also administers one Other Post-Employment Benefit (PERS-DCRP Disability OPEB) disability plan on behalf of Public Employees' Retirement Plan-Defined Contribution members, and one other employee benefit plan (457(b) Plan). The board is audited annually by the State's Legislative Audit Division. Further detail related to PERB is provided in Note 6 and its OPEB plan information in Section F of Note 7.

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

Montana Opioid Abatement Trust
115 N. Broadway, Ste. 310
Billings, MT 59101

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The major revenue sources considered susceptible to accrual are licenses and permits, natural resource taxes, individual income taxes, corporate income taxes, property taxes, fuel taxes, and certain federal revenues (reimbursable grants and U.S. mineral royalties). All other revenue is considered to be measurable and available when the cash is received.

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

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

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

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

Several funds are defined in statute as Permanent Funds, however per GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), these funds should be reported within the State Special Revenue Fund. The respective effect on fund balance is approximately a $96.4 million increase. One specific fund is defined in statute as a Federal Special Revenue Fund; however, per GASB 54, this fund should be reported within the State Special Revenue Fund. The respective effect on fund balance is approximately a $27.3 million increase. Several funds are defined in statute as State Special Revenue Funds, however per GASB 54, these funds should be reported with the General Fund. The effect on fund balance is detailed in section R below.

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

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

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

Proprietary Funds

Enterprise Funds – To account for operations: (1) financed and operated similar to private business enterprises, where the intent of the Legislature is to finance or recover costs primarily through user charges; (2) where the Legislature has decided periodic determination of revenue earned, expenses incurred, or net income is appropriate; (3) where the activity is financed solely by a pledge of the net revenues from fees and charges of the activity; or (4) when laws or regulations require that the activities' costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues. The primary focus of fee revenues charged by enterprise funds is users outside of the primary government. One specific fund is defined in statute as an Enterprise Fund, however, per GASB 34, this fund should be reported within Internal Service Funds. The respective effect on net position is approximately a $6.4 million increase.

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

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

Fiduciary Funds

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

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

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

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

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

Major Governmental Funds

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

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

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

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

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

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

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

D. Proprietary Activity Accounting and Financial Reporting

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

E. Cash/Cash Equivalents

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

F. Receivables

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

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

G. Inventories

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

H. Equity in Pooled Investments

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

I. Investments

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

J. Capital Assets

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

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

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

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

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

The capitalization threshold for buildings and building/land improvements is $25.0 thousand. The capitalization threshold for infrastructure and internally generated software is $500.0 thousand. The capitalization threshold for intangible and right-to-use lease and SBITA assets is $100.0 thousand. The capitalization limit for other capital assets is $5.0 thousand. Agencies are allowed to capitalize additions to collections and land acquisitions at any cost. Purchases below these thresholds and leases and SBITAs with maximum possible terms of 12 months or less at commencement, are recorded as outflows of resources in the current period. Further detail relating to capital assets is provided in Note 5.

K. Deferred Outflows, Deferred Inflows, and Unearned Revenue

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

L. Long-term Obligations

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

M. Right-To-Use Liabilities

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

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

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

On the governmental fund financial statements, no right-to-use liability is recorded. Governmental funds instead record capital outlay expenditures and other financing sources at the commencement of an arrangement, at net present value of the expected payments during the term. If the undiscounted value of the payments plus certain direct costs and lease payments made to the lessor at or before the commencement of the arrangement is less than $100.0 thousand, or the maximum possible term is 12 months or less, right-to-use liabilities are not recorded, and payments are treated as outflows of resources.

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

N. Financed Purchases

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

O. Bond Discounts/Premiums/Issuance Costs

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

P. Compensated Absences

Full-time state employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Teachers employed by the State do not receive vacation leave. Vacation leave may be accumulated and carried over from one year to the next. The carryover is limited to two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Each contribution year, an employee may contribute a maximum of 80 hours of sick or annual leave to a nonrefundable sick leave pool. Excess annual leave that is being forfeited can also be contributed, with no maximum contribution. For fiscal year 2023, 2,658 sick leave hours, 278 annual leave hours, and 2,804 excess annual leave hours were contributed to the sick leave pool, and 6,998 hours were withdrawn, leaving a balance of 17,724 hours in the pool. The liability associated with the pool is not reported in the accompanying financial statements because these hours are nonrefundable to contributors, except by grants approved through an application process.

Vested or accumulated leave for proprietary and fiduciary funds is recorded as an expense and liability of those funds in the fund financial statements. For governmental funds, the liability is not expected to be liquidated with expendable financial resources. The expenditure and liability for the governmental funds is reported only on the government-wide financial statements. Upon retirement or termination, an employee is paid for 100% of unused vacation leave and 25% of unused sick leave. Further detail related to compensated absences is provided in Note 11.

Q. Nonexchange Financial Guarantee

According to GASB Statement No. 70 *Accounting and Financial Reporting For Nonexchange Financial Guarantee*s (GASB 70), governments may extend financial guarantees for the obligations of another government, a not-for profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Further detail related to nonexchange financial guarantees is provided in Note 11.

R. Fund Balance/Net Position

Fund Balance

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

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

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

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

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

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

General Fund - Fund Balance

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

The June 30, 2023, committed fund balance in the General Fund is shown below:

Purpose		Committed Fund Balance (in thousands)
Budget Stabilization Reserve	$	495,904
Fire Suppression Fund		191,012
Behavioral Health System for Future Generations		70,000
Montana Surplus Tax Rebates		21,278
Emergency Shelter Facilities Grants		5,000
Capitol Complex Legislative Branch		25,000
Debt and Liability Free		112,865
Capitol Complex Executive Branch		25,000
Medicaid 24-7 Facility Contingency		291
Securing Access to Federal Expenditures to Repair (SAFER) Montana Roads		85,145
Total	$	1,031,495

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

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

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

Net Position

In funds other than governmental, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net investment in the capital assets portion of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide Statement of Net Position reported restricted net position of $4.5 billion.

Net position associated with the Unemployment Insurance Fund, Municipal Finance Programs, and Public Entity Risk Pools are classified as restricted. The majority of the restricted net position for other purposes business-type activities amounting to $14.7 million is made up of $9.7 million from HUD Section 8 Fund;

$4.6 million from Flexible Spending Administration Fund; and $500.0 thousand from the Local Government Audits Fund.

S. Property and Income Taxes

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

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

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

During the 2023 Legislative session, three tax rebate bills were passed. House Bill (HB) 192 provides a one-time income tax rebate based on the 2021 income tax levies. The estimated rebate of $493.7 million is accounted for as a reduction of income taxes received for 2023. HB 222 and HB 816 provide property tax rebates based on the 2022 and 2023 property tax levies for principal residences. The estimated rebate of $187.4 million, based on the 2022 property tax levy, is accounted for as a reduction of property taxes received for 2023.

T. Other Taxes

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

	General Fund	State Special Revenue	Other Governmental Funds	Business-Type Funds	Total
Accommodations	$ 42,228	$ 60,548	$ 11,109	$ 32	$ 113,917
Agriculture	—	8,219	—	—	8,219
Cannabis tax (medical/recreational)	—	51,724	—	—	51,724
Car rental	7,273	2,424	—	—	9,697
Cigarette/tobacco	26,121	33,008	1,199	—	60,328
Contractors gross receipts	6,731	—	—	—	6,731
Energy tax	7,399	63	—	—	7,462
Fire protection	—	4,263	—	—	4,263
Insurance premium	106,155	56,136	—	—	162,291
Light vehicle registration	—	6,727	—	—	6,727
Liquor tax	5,759	2,332	—	40,745	48,836
Livestock	—	4,583	—	—	4,583
Other taxes	149	1,067	—	—	1,216
Public service commission	—	5,105	—	—	5,105
Railroad car companies	4,008	—	—	—	4,008
Telephone license	8,437	—	—	—	8,437
Video gaming	80,107	5	—	—	80,112
Total other taxes	$ 294,367	$ 236,204	$ 12,308	$ 40,777	$ 583,656

U. Tax Abatement

In the Montana Board of Investment's (BOI) Commercial Loan Program, within the Separately Managed Accounts, the infrastructure loan program is funded by an $80.0 million allocation. Eligible local governments request a loan for constructing or purchasing infrastructure to be used by a basic sector business. The basic sector business will pay a user fee to the local government that is pledged to BOI for the loan repayment. BOI reviews each loan, and only upon verification that the entities meet the loan requirements is the loan approved by BOI. The local government entity must pass a resolution authorizing the acceptance of the commitment agreement. BOI indemnifies the local government regarding repayment of the loan.

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

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

During the fiscal year ended June 30, 2023, basic sector business entities made total user fee payments of $1.8 million, representing $1.4 million of principal and $0.4 million in interest. During the fiscal year ended June 30, 2023, a total of $4.9 million was claimed as a credit against the State individual and corporation tax liability. The following table details the fiscal year 2023 credit claimed by tax type and the tax year it was applied against (in thousands):

Infrastructure Credit Claimed

	Tax Year 2022	Tax Year 2021	Total
Corporate income tax	$ —	$ 245	$ 245
Individual income tax	1	4,679	4,680
Total amount claimed	$ 1	$ 4,924	$ 4,925

V. Irrevocable Split Interest Agreements

Irrevocable split-interest agreements are used by donors to provide resources to two or more beneficiaries, including governments. These agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. The University of Montana campuses have three irrevocable split interest agreements during the fiscal year ended June 30, 2023. Further detail related to these agreements is provided in Note 3.

NOTE 2. OTHER ACCOUNTING CHANGES

A. New Accounting Guidance Implemented

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

GASB Statement No. 91, Conduit Debt Obligations (GASB 91). This statement provides a single method of reporting conduit debt obligations by clarifying the definition of conduit debt and establishes related standards for recognition, measurement, and disclosure.

GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) (GASB 94). This statement establishes accounting and financial reporting guidance for arrangements between governments and certain external entities. PPP arrangements generally result in the government conveying control of the right to operate or use a capital asset to an external entity for a period of time in an exchange or exchange-like transaction. APAs are agreements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (GASB 96). This statement provides guidance concerning the accounting and financial reporting aspects of engaging in subscription-based agreements for another party's information technology (IT) software. According to this Statement, a subscribing entity is obliged to record a subscription liability as well as an intangible right-to-use asset. This approach enhances the relevance and consistency of information pertaining to the way governmental entities handle their subscription-based IT arrangements.

Statement No. 99, Omnibus 2022 (GASB 99). This statement improves consistency by addressing practice issues identified during the implementation and application of certain GASB statements and addressing accounting and financial reporting for financial guarantees. The State early implemented provisions related to GASB 87 Leases for the year ending June 30, 2022. Remaining provisions were implemented for the year ended June 30, 2023.

B. Adjustments to Beginning Net Position

Prior to the implementation of GASB 96, payments for SBITAs were recorded as operating expenses when paid. For the implementation of GASB 96, the State recognized the right-to-use subscription assets and corresponding subscription liabilities. The cumulative effect of the SBITA accounting for SBITAs existing as of July 1, 2022, for the Statement of Activities, was an increase to the beginning net position of $2.0 million for Governmental Activities and $191.7 thousand for Business-Type Activities and for the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position, an increase to the beginning net position of $191.7 thousand for Enterprise Funds.

On the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental funds, a prior period adjustment of $53.8 million was due to a reclassification between the State Special Revenue fund and the General Fund. The Fire Suppression Fund has historically been included in the State Special Revenue fund, but the majority of revenues are transfers from the General Fund. Without a committed revenue source, GASB 54 requires it to be reported with the General Fund. More information is available in Note 1.

The remainder of prior period adjustments reported in the accompanying financial statements relate to corrections of errors from prior periods. Governmental funds correction of errors related to capital assets, right of use liabilities, and internal transactions. Business type-Type Activities had errors related to capital assets and right of use liabilities.

NOTE 3. CASH/CASH EQUIVALENTS AND INVESTMENTS

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

Cash/cash equivalents	$	9,512,713
Equity in pooled investments		16,747,829
Investments		3,728,593

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

A. General

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

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

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

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

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

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

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

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

BOI’s separately issued UIP financial statements include the activity for MSF within SMA on a June 30, 2023, basis. MSF, a discretely presented component unit of the State, by statute, prepares separately issued financial statements on a calendar year-end basis. Due to the difference in reporting periods, there will be a variance between the note disclosures and the financial statements for cash/cash equivalents and investments.

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

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

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

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

Level 1 – Quoted prices for identical assets or liabilities in active markets that BOI can access as of June 30, 2023.
Level 2 – Prices are determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
Level 3 – Prices are determined using unobservable inputs, which generally results in BOI using the best information available and may include BOI's own data.

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

During fiscal year 2023, the custodial bank loaned BOI's public securities and received as collateral the following instruments:

- Cash (U.S. and foreign currency)
- Securities issued or guaranteed by the United States government or its agencies or instrumentalities

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

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

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

BOI imposed no restrictions on the amount of securities available to lend during fiscal year 2023. However, STIP assets are currently not available for securities lending. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of default of the borrower. There were no losses during fiscal year 2023 resulting from a borrower default. As of June 30, 2023, no securities were recalled and not yet returned.

The cash collateral received for each loan was invested, together with the cash collateral of other qualified plan lenders, in an investment fund, the Navigator Securities Lending Government Money Market (Navigator) portfolio.

BOI and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. The Navigator portfolio had a weighted average duration of 6 days and a weighted average final maturity of 19 days.

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

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

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

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

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

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

Short Term Investment Pool (STIP)
The STIP IPS limits the concentration of credit risk exposure by limiting portfolio investment types to 3.0% in any issuer except for U.S. Treasury and U.S. Agency securities as well as any repurchase agreements with a financial institution.

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

BOI maintains a reserve account that may be used to offset losses within the STIP portfolio. The STIP reserve for the year ended June 30, 2023, is detailed as follows:

STIP Reserve Activity
(in thousands)

Beginning STIP Reserve	$	57,094
Additions		
Investment Earnings:		
Net increase (decrease) on fair value of investments		2,152
Interest income		413
Transfer of daily STIP income		8,975
Total investment earnings		11,540
Total STIP Reserve activity		11,540
Ending STIP Reserve	$	68,634

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

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

Custodial Credit Risk (Cash and Cash Equivalents and Investments Held at Custodial Bank)
Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, BOI will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, BOI's custodial bank must be rated at least at the 6th highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) on an annual basis.

As of June 30, 2023, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee's name for BOI and held in the possession of BOI's custodial bank. The equity index funds, securities held at the State's depository bank, real estate, mortgage, and loan investments were purchased and recorded in BOI's name. Commingled fund investments are registered in the name of BOI. Therefore, BOI is not subject to custodial credit risk.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. government are excluded from the concentration of credit risk requirement. Concentration of credit risk is addressed within all IPS as set by BOI.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Except for U.S. Government securities, the pools and SMA fixed income instruments have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the IPS. Credit risk is managed by constraining portfolio purchases around investment grade NRSRO ratings as appropriate. The U.S. Government guarantees its securities directly or indirectly. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit risk.

As of June 30, 2023, of the CAPP's cash equivalents position held at its custodial bank, $152.0 million was held in unrated money market funds.

As a matter of STIP investment policy, BOI can only purchase securities from a pre-approved "Approved Issuer" list. By STIP policy, permitted money market investments include only SEC registered 2a-7 Institutional Money Market Funds that are considered "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations or short-term investment vehicle available through the custodial bank. As of June 30, 2023, all the STIP money market investments were in U.S. Governmental money markets and $357.0 million was held on deposit in short-term investment vehicles.

Interest Rate Risk

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

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

1. structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity;
2. maintaining a dollar-weighted average portfolio maturity (WAM) of 120 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities); and
3. STIP will maintain a reserve account."

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

STIP investments at fair value are categorized to disclose credit risk and weighted average maturity (WAM) as of June 30, 2023. Credit risk reflects the weighted security quality rating by investment type as of the June 30 report date. Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP has $68.7 million in investments reported at cost that are not rated. STIP interest rate risk is determined using the WAM method. The WAM measure expresses investment time horizons (the time when investments are due or reset and payable in days, months, or years) weighted to reflect the dollar size of the individual investments within an investment type. Inclusive of cash and cash equivalents, the WAM averages 57 days for the portfolio. Based on their short weighted average maturity and the relative immaterial difference from their cost to fair value as of June 30, 2023, BOI determined the cash equivalents have little discernible interest rate risk.

Foreign Currency Risk

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

Other Policy Considerations

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

Fair Value of Derivative Instruments

Within CAPP, the UIP invests in currency forward contracts, credit default swaps, interest rate swaps, index futures (long and short duration), rights, and warrants which are classified as investment derivative instruments. The investment derivative instruments increased in fair value for the fiscal year ended June 30, 2023, by $3.3 million. The derivative instruments had a fair value of $651.0 thousand as of June 30, 2023. The notional amount of the contracts was $67.1 million.

Investment Derivative Instruments as of June 30, 2023
(in thousands)

Security Investment Type	Classification	Changes in Fair Value Included in Investment Income	Fair Value	Notional Amount
Credit default swaps bought	Investment	$ (276)	$ (84)	$ 3,015
Credit default swaps written	Investment	1,428	—	—
Currency Forward Contracts	Investment	(1,114)	(778)	51,053
Index Futures Short	Investment	154	—	—
Index Futures Long	Investment	2,256	—	5
Pay fixed interest rate swaps	Investment	176	171	2,433
Receive fixed interest rate swaps	Investment	(8)	45	9,939
Rights	Investment	2	44	58
Warrants	Investment	658	1,253	596
Totals		$ 3,276	$ 651	$ 67,099

Counterparty Credit Risk - Derivative Instruments

Counterparty credit risk is the risk that the counterparty will not fulfill its obligations. The maximum amount of loss to BOI in case of default of all counterparties as of June 30, 2023 was $679.0 thousand. The following table reflects BOI's applicable counterparty credit ratings and risk concentrations.

Risk Concentrations - Credit Default Swaps as of June 30, 2023

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
HSBC Bank USA	27%	A+	AA-	Aa3
UBS Securities LLC	22%	A+	A+	Aa3
Barclays Bank PLC Wholesale	21%	A+	A+	A1
UBS LCH	13%	A+	A+	Aa3
BNP Paribas SA	6%	A+	A+	Aa3
UBS CME	4%	A+	A+	Aa3
Citigroup Global Markets LCH	4%	BBB+	A	A3
Citibank N.A.	2%	A+	A+	Aa3
UBS AG	1%	A+	A+	Aa3

Interest Rate Risk - Derivative Instruments

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

Interest Rate Risk as of June 30, 2023
(in thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 - 5	6 - 10
Credit default swaps bought	$ (84)	$ —	$ (84)	$ —
Pay fixed interest rate swaps	171	—	—	171
Receive fixed interest rate swaps	45	—	36	9
Totals	$ 132	$ —	$ (48)	$ 180

<u>Foreign Exchange Risk - Derivative Instruments</u>

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. BOI is exposed to foreign currency risk on its currency forward contracts because they are denominated in foreign currencies. The fair value of the foreign currency forward contracts in U.S. dollars is $(778.0) thousand. The following table reflects BOI's foreign currency risk associated with forward currency contracts.

Foreign Currency Risk as of June 30, 2023
(in thousands)

Currency Name	Options	Currency Forward Contracts Net Receivables	Net Payables	Swaps	Total Exposure
Brazilian Real	$ —	$ (7)	$ (142)	$ —	$ (149)
Chilean Peso	—	(22)	(11)	—	(33)
Yuan Renminbi Offshore	—	(196)	11	—	(185)
Yuan Renminbi	—	—	—	37	37
Colombian Peso	—	5	(124)	—	(119)
Czech Koruna	—	(7)	—	—	(7)
Euro Currency	—	—	(79)	171	92
Indonesian Rupiah	—	(10)	14	—	4
Indian Rupee	—	4	—	—	4
Mexican Peso	—	142	(450)	142	(166)
Malaysian Ringgit	—	(14)	116	—	102
Peruvian Sol	—	—	(13)	—	(13)
Polish Zloty	—	32	—	—	32
Romanian Leu	—	—	11	—	11
Singapore Dollar	4	—	—	—	4
Thailand Baht	—	(83)	—	—	(83)
South African Rand	—	—	45	—	45
Sub Total	4	(156)	(622)	350	(424)
U.S. Dollar	$ 1,293	$ —	$ —	$ (218)	$ 1,075
Totals	$ 1,297	$ (156)	$ (622)	$ 132	$ 651

B. Cash/Cash Equivalents

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

Table 1 – Cash Deposit Amounts
(in thousands)

	Carrying Amount
Cash held by State/State's agent	$ 46,548
Uninsured and uncollateralized cash	5,755
Undeposited cash	603
Cash in U.S. Treasury	543,039
Cash in MSU component units	8,417
Cash in UM component units	11,307
Less: outstanding warrants	(69,211)
Total cash deposits	$ 546,458

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

Table 2 - Cash Equivalents
(in thousands)

	Fair Value
Treasuries [1]	$ 614,810
Corporate commercial paper [2]	924,505
Corporate notes [2]	408,375
Certificates of deposit [2]	1,254,156
Agency or government related [2]	847,891
Unrated INTERCAP bonds [2][3]	68,706
Money market fund unrated	291,170
STIP cash equivalents [2]	4,570,159
Treasurer's cash pool cash equivalents [2]	218,163
Less: STIP Adjustments [4]	(231,680)
Total cash equivalents	$ 8,966,255

(1) A portion is also included in the Investments Measured at Fair Value and NAV table.
(2) Also included in the Investments Measured at Fair Value and NAV table.
(3) Investments are measured at cost.
(4) Includes adjustments for STIP Reserve, STIP included in pooled investments, and holding classification differences.

As of June 30, 2023, local governments had invested $1.8 billion, and component units of the State of Montana had invested $308.7 million in STIP.

STIP Cash Equivalent Credit Quality Ratings as of June 30, 2023
(in thousands)

	Total Cash Equivalents	Credit Quality Rating
Agency or government related	$ 247,623	A-1+
Asset backed commercial paper	3,340,815	A-1+
Corporate commercial paper	178,271	A-1+
Certificates of deposit	446,916	A-1+
Interest Bearing Demand Deposit Account (IBDDA)	356,534	A-1+
Total cash equivalents	$ 4,570,159	

STIP
Credit Quality Rating and Weighted Average of Maturity as of June 30, 2023
(in thousands)

Security Investment Type	Total Fixed Income Investments at Fair Value	Credit Quality Rating	WAM (Days)
Treasuries	$ 543,893	A-1+	8
Agency or government related	847,891	A-1+	12
Corporate:			
Commercial paper	924,505	A-1+	19
Notes	408,375	A-1+	3
Certificates of deposit	1,254,156	A-1+	40
Total STIP fixed income investments at fair value	$ 3,978,820		

C. Equity in Pooled Investments

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

Table 3 – Equity in Pooled Investments
(in thousands)

	Fair Value [1]
CAPP:	
Consolidated asset pension pool	$ 13,949,464
TFIP:	
Trust funds investment pool	2,980,309
Treasurer's Cash Pool Investment in TFIP	(218,163)
Total pooled investments	16,711,610
Pool adjustments (net)	36,219
Total equity in pooled investments	$ 16,747,829

[1] Includes cash/cash equivalents and investments.

As of June 30, 2023, the fair value of the underlying securities on loan was $1.4 billion. Collateral provided for the securities on loan totaled $1.5 billion, consisting of $187.4 million in cash and $1.3 billion in securities.

As of June 30, 2023, local governments invested $11.8 million in TFIP.

State of Montana investments are categorized below to disclose credit and interest rate risk as of June 30, 2023, as required for applicable pools.

Credit Quality Rating and Effective Duration as of June 30, 2023
Fair Value (in thousands)

Security Investment Type	CAPP	TFIP	SMA	Total Fixed Income Investments at Fair Value	Credit Quality Ratings Range	Effective Duration (Years)
Treasuries	$ 660,599	$ 521,926	$ 326,177	$ 1,508,702	AAA	7.24-11.75
Agency or Government Related	124,696	—	—	124,696	BBB-	5.79
Mortgage-Backed Securities:						
Noncommercial	387,867	405,658	230,164	1,023,689	AAA	4.88-5.67
Commercial	85,110	90,362	26,525	201,997	AAA	2.59-4.39
Corporate:						
Financial	379,539	232,218	160,431	772,188	BBB+ to A-	3.17-4.1
Industrial	1,063,704	890,318	454,608	2,408,630	BBB to A+	3.89-4.83
Utility	39,131	12,412	7,012	58,555	BB+ to BBB-	2.33-4.15
Total fixed income investments at fair value	$ 2,740,646	$ 2,152,894	$ 1,204,917	$ 6,098,457		

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

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

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

Direct real estate classified in Level 3 of the fair value hierarchy are based on the latest appraised value. In years with no updated appraisal the Montana Department of Revenue calculated growth rate is used to determine the adjusted value. The direct real estate was last appraised in fiscal year 2020.

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

Each of the investment pools and SMA has the following fair value measurements as of June 30, 2023:

Investments Measured at Fair Value
(in thousands)

		Fair Value Measurements Using		
	June 30, 2023	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Investments by fair value level				
Fixed income investments:				
Treasuries	$ 2,052,595	$ 2,052,595	$ —	$ —
Agency or Government Related	972,587	—	972,587	—
Mortgage Backed Securities:				
Noncommercial	1,023,689	—	1,023,689	—
Commercial	201,997	—	201,997	—
Corporate:				
Commercial Paper	924,505	—	924,505	—
Commercial Notes	408,375	—	408,375	—
Certificates of Deposit	1,254,156	—	1,254,156	—
Financial	772,189	—	772,189	—
Industrial	2,408,630	—	2,408,630	—
Utility	58,554	—	58,554	—
Domestic equity investments	4,423,092	4,423,092	—	—
International equity investments	2,060,952	2,060,952	—	—
Direct Real Estate	32,142	—	—	32,142
Residential Mortgages	849	—	—	849
Investment derivative instruments	3,127	—	3,127	—
Total investments by fair value level	16,597,439	8,536,639	8,027,809	32,991
Investments measured at the net asset value (NAV)				
Private Investments	2,412,047			
Core Real Estate	1,317,869			
Non-Core Real Estate	1,007,534			
Real Assets	601,263			
Real Estate High Income Fund	150,090			
Total investments measured at NAV	5,488,803			
Total investments measured at fair value	22,086,242			
Investments at cost				
Cash and cash equivalents held at custodial bank	4,735,113			
INTERCAP Bonds	68,706			
SMA Montana Mortgages and Loans	184,942			
Total investments not categorized	4,988,761			
Total investments	$ 27,075,003			

The investments measured at NAV for the year ended June 30, 2023, are detailed below:

	Investments Measured at NAV (in thousands)			
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Investments	$ 2,412,047	$ 1,249,439		
Core Real Estate	1,317,869	122,774	Monthly, Quarterly	45-90 days
Non-Core Real Estate	1,007,534	745,649		
Real Assets	601,263	459,594		
Real Estate High Income Fund	150,090	—	Daily	1-3 days
Total investments measured at the NAV	$ 5,488,803	$ 2,577,456		

STIP and $1.7 billion of SMA are included, and also reported in Tables 2 and 4, respectively.

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

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

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

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

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

As of June 30, 2023, the exchange date, BOI's foreign currency exposure by denomination and investment type are reported, in U.S. dollars, at fair value and is limited to CAPP. The following table excludes the foreign investments denominated in U.S. dollars for the American Depository Receipts (ADRs), sovereign debt, and commingled index funds.

Foreign Currency Exposure by Country

Investment Type in U.S. Dollar Equivalent

(in thousands)

Foreign Currency Denomination	Currency	Fixed Income	International Equities	Private Investments	Real Estate	Real Assets
Australian Dollar	$ 395	$ —	$ 40,958	$ —	$ —	$ —
Brazilian Real	236	6,898	14,837	—	—	—
Canadian Dollar	41	—	52,571	—	—	—
Chilean Peso	55	1,729	64	—	—	—
Columbian Peso	47	1,922	—	—	—	—
Czech Koruna	8	3,448	1,045	—	—	—
Danish Krone	—	—	23,404	—	—	—
Dominican Peso	—	704	—	—	—	—
Egyptian Pound	5	—	116	—	—	—
EMU – Euro	211	5,791	231,734	9,825	112	44,184
Hong Kong Dollar	283	—	83,478	—	—	—
Hryvnia	225	278	—	—	—	—
Hungarian Forint	1	1,868	42	—	—	—
Indonesian Rupiah	208	5,997	13,456	—	—	—
Japanese Yen	437	—	135,256	—	—	—
Kazakhstan Tenge	—	526	—	—	—	—
Kuwaiti Dinar	—	—	181	—	—	—
Malaysian Ringgit	180	5,281	3,055	—	—	—
Mexican Peso	513	7,156	22,074	—	—	—
New Israeli Sheqel	—	—	3,061	—	—	—
New Taiwan Dollar	51	—	52,704	—	—	—
New Zealand Dollar	—	—	56	—	—	—
Norwegian Krone	1	—	15,489	—	—	—
Philippine Peso	21	—	846	—	—	—
Polish Zloty	—	—	4,119	—	—	—
Pound Sterling	87	—	91,915	—	—	—
Romanian Leu	—	3,122	—	—	—	—
Russian Ruble	17	—	—	—	—	—
Singapore Dollar	—	—	11,642	—	—	—
SOL	2	5,396	—	—	—	—
South African Rand	21	5,948	1,231	—	—	—
South Korean Won	78	—	19,051	—	—	—
Swedish Krona	—	—	39,531	—	—	—
Swiss Franc	12	—	41,507	—	—	—
Thailand Baht	73	2,564	12,670	—	—	—
Turkish Lira	—	—	1,092	—	—	—
UAE Dirham	1	—	727	—	—	—
Uruguayan Peso	—	1,859	—	—	—	—
Uzbekistan Sum	—	296	—	—	—	—
Yuan Renminbi	(3,897)	36	26,814	—	—	—
Yuan Renminbi Offshore	4,080	—	—	—	—	—
Total cash and securities	$ 3,392	$ 60,819	$ 944,726	$ 9,825	$ 112	$ 44,184

Investments in alternative financial assets are usually made via limited partnership agreements that involve many limited partners and a general partner who is responsible for all investment decisions. The limited partners make an original commitment, after which capital is called as needed by the general partner to make investments. These agreements will usually last several years. The following table shows the BOI's remaining commitments as of June 30, 2023 to active alternative investment funds with approximately $2.3 billion related to CAPP, $234.0 million related to TFIP, and $15.0 million related to SMA.

Commitments to Fund Managers
(in thousands)

Pension Asset Class	Original Commitment	Commitment Remaining
Private Investments	$ 4,162,524	$ 1,249,439
Real Assets	1,142,308	459,594
Real Estate	3,565,636	868,423
Total	$ 8,870,468	$ 2,577,456

D. Investments

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

Long-term Investments

Department	Percent Administered
Board of Investments	43.08 %
Universities	22.81
MPERA (Montana Public Employee Retirement Administration)	27.35
College Savings Plan	5.07
Montana Board of Housing	0.76
Other [(1)]	0.93
Total	100.00 %

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

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

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

Table 4 – Investments (in thousands)

	Fair Value June 30, 2023	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government				
Investments by fair value level				
Treasuries (1)	$ 1,884	$ 1,884	$ —	$ —
Industrial	5,622	—	5,622	—
Stocks	11,526	11,526	—	—
Other	355	—	355	—
Total investments at fair value	19,387	13,410	5,977	—
Investments at cost				
Montana Mortgages and Loans (3)	177,693			
Total investments at cost	177,693			
Total primary government	197,080			
Component units/fiduciary funds				
Investments by fair value level				
Treasuries (1)	253,376	253,376	—	—
Mortgage-Backed Securities (1)	230,163	—	230,163	—
Commercial Mortgage-Backed Securities (1)	26,525	—	26,525	—
Financial-Corporate (1)	160,431	—	160,431	—
Industrial-Corporate (1)	448,986	—	448,986	—
Utility-Corporate (1)	7,012	—	7,012	—
Equity Investments	187,729	187,729	—	—
529 College Savings Plan	189,189	—	189,189	—
VEBA	11,498	11,498	—	—
State Auditor	11,306	5,302	6,004	—
MSU Component Unit Investments (2)	229,436	221,066	5,445	2,925
UM Component Unit Investments (2)	111,482	41,819	58,424	11,239
Board of Housing (2)	22,091	6,225	15,866	—
Total investments at fair value	1,889,224	727,015	1,148,045	14,164
Investments at net asset value (NAV)				
Core Real Estate	106,652			
Deferred Compensation (2)	598,971			
Defined Contribution (2)	420,832			
MSU Component Unit Investments (2)	150,397			
UM Other Investments (2)	362			
UM Component Unit Investments (2)	319,736			
UM Interest in Split Interest (2)	4,923			
Total investments at NAV	1,601,873			
Investments at cost				
MSU Component Unit Investments (2)	34,206			
Board of Housing (2)	6,210			
Total Investments at Cost	40,416			
Total component unit/fiduciary investments	3,531,513			
Total investments	$ 3,728,593			
Securities lending investment pool	$ 35,789			

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

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

(3) The total for Montana Mortgages and Loans does not include Coal Severance Tax loans, which was included in SMA financial statements. This amount of $7.2 million is considered advances to other funds/component units and amounts due from component units in the Coal Tax Severance column of the governmental fund financial statements.

As of June 30, 2023, the fair value of the investments on loan was $248.0 million. Collateral provided for the investments on loan totaled $255.2 million consisting of $35.8 million in cash and $219.4 million in securities.

$1.7 billion of SMA is included and also reported in the Investments Measured at Fair Value and NAV table.

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

Accounts receivable, long-term loans/notes/leases receivable, accounts payable, deferred outflows of resources, and deferred inflows of resources on the Statement of Net Position as of June 30, 2023, consisted of the following (in thousands):

A. Accounts Receivables

	Governmental Activities						
	Coal Severance Tax	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	Nonmajor Governmental Funds	State Special Revenue
Charges for services/fines/forfeitures	$ —	$ 6,414	$ 3,465	$ 599	$ —	$ —	$ 18,553
Contributions/premiums	—	—	—	13,082	—	—	2,446
Grants/contracts/donations	—	—	—	—	—	—	2,869
Loans/investment income	3,640	3,096	15,597	1,059	2,603	8,093	4,086
Lease receivables	—	—	—	—	5,845	—	—
License and permits	—	—	—	—	—	—	1,728
Medicaid Drug Rebate Program	—	102,566	26,985	—	—	—	710
Other receivable	—	5	1	541	—	—	69
Reimbursements/overpayments	—	1,896	12,581	—	—	—	16,001
Taxes receivable	12,465	—	497,988	—	—	3,897	105,514
Total receivables	16,105	113,977	556,617	15,281	8,448	11,990	151,976
Less: allowance for doubtful accounts	(725)	(2,220)	(128,443)	(542)	—	(254)	(19,440)
Receivables, net	$ 15,380	$ 111,757	$ 428,174	$ 14,739	$ 8,448	$ 11,736	$ 132,536

	Business-type Activities		
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance
Charges for services	$ —	$ 40,008	$ —
Contributions/premiums	—	3,492	4,924
Loans/investment income	7,826	537	—
Reimbursements/overpayments	—	82	5,714
Grants/contracts/donations	—	162	—
Total receivables	7,826	44,281	10,638
Less: allowance for doubtful accounts	—	(503)	(5,067)
Receivables, net	$ 7,826	$ 43,778	$ 5,571

B. Long-Term Loans/Notes/Leases Receivable

	Governmental Activities			
	Federal Special Revenue	Land Grant	Nonmajor Governmental Funds	State Special Revenue
Loans/investment income	$ 69,642	$ —	$ 18,358	$ 491,114
Lease receivables[1]	—	482,029	—	237
Other receivable	—	—	—	6
Pledges receivable	—	—	—	30,326
Total receivables	69,642	482,029	18,358	521,683
Less: allowance for loan forgiveness	(9,670)	—	—	—
Less: allowance for doubtful accounts	(1,886)	—	—	(126)
Long-term loans/notes/leases receivable	$ 58,086	$ 482,029	$ 18,358	$ 521,557

(1) Further detail regarding lease receivables is provided in Note 10.

	Business-type Activities		
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance
Loans/investment income	$ 43,340	$ —	$ —
Reimbursements/overpayments	—	63	73,790
Total receivables	43,340	63	73,790
Less: allowance for doubtful accounts	—	—	(67,374)
Long-term loans/notes/leases receivable	$ 43,340	$ 63	$ 6,416

C. Deferred Outflows of Resources

	Governmental Activities				
	Federal Special Revenue	General Fund	Internal Service Funds	Nonmajor Governmental Funds	State Special Revenue
OPEB deferred outflows [1]	$ —	$ 85,315	$ 5,531	$ —	$ —
Pension deferred outflows [2]	40	590,135	9,208	—	44
Refunding deferred outflows [3]	—	—	—	24	—
Total deferred outflows	$ 40	$ 675,450	$ 14,739	$ 24	$ 44

	Business-type Activities	
	Municipal Finance Programs	Nonmajor Enterprise Funds
OPEB deferred outflows [1]	$ 29	$ 1,605
Pension deferred outflows [2]	69	2,557
Total deferred outflows	$ 98	$ 4,162

(1) Further detail regarding OPEB related deferred outflows of resources is provided in Note 7.
(2) Further detail regarding pension related deferred outflows of resources is provided in Note 6.
(3) Refunding deferred outflows are related to components of net position restricted for non-capital assets components.

D. Accounts Payables

	Governmental Activities				
	Federal Special Revenue	General Fund	Internal Service Funds	Nonmajor Governmental Funds	State Special Revenue
Accrued interest	$ 5	$ 151	$ 30	$ —	$ 60
Payroll	8,734	19,306	3,372	6	18,148
Tax refunds	—	255,314	—	—	—
Tax rebates [1]	—	681,159	—	—	—
Vendors/individuals	222,369	177,222	14,631	12,222	130,354
Payables, net	$ 231,108	$ 1,133,152	$ 18,033	$ 12,228	$ 148,562

(1) House Bills 192, 222, and 816 passed during the 2023 Legislative session provide for a one-time income tax and a two year property tax rebate, see Note 1 for more information.

	Business-type Activities		
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance
Accrued interest	$ 1,258	$ 5	$ —
Payroll	16	828	—
Vendors/individuals	3	17,707	2,654
Payables, net	$ 1,277	$ 18,540	$ 2,654

E. Deferred Inflows of Resources

	Governmental Activities				
	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	State Special Revenue
Leases deferred inflows [3]	$ —	$ —	$ —	$ 487,874	$ 237
OPEB deferred inflows [1]	—	137,110	8,890	—	—
Pension deferred inflows [2]	32	339,932	5,793	—	124
Total deferred inflows	$ 32	$ 477,042	$ 14,683	$ 487,874	$ 361

	Business-type Activities	
	Municipal Finance Programs	Nonmajor Enterprise Funds
OPEB deferred inflows [1]	$ 46	$ 2,550
Pension deferred inflows [2]	26	1,407
Total deferred inflows	$ 72	$ 3,957

(1) Further detail regarding OPEB related deferred inflows of resources is provided in Note 7.
(2) Further detail regarding pension related deferred inflows of resources is provided in Note 6.
(3) Further detail regarding lease related deferred inflows is provided in Note 10.

NOTE 5. CAPITAL ASSETS

Changes in capital asset balances for the fiscal year ended June 30, 2023, are reflected in the following table (in thousands):

Governmental Activities	Beginning Balance	Increases (1)	Decreases (1)	Ending Balance
Capital assets not being depreciated:				
Land	$ 790,130	$ 17,414	$ (3)	$ 807,541
Construction work in progress	1,306,782	595,887	(563,854)	1,338,815
Easements	278,912	425	—	279,337
Museum and art	86,755	42	—	86,797
Right to use lease land	72	—	(72)	—
Other	30,652	221	(10)	30,863
Total capital assets not being depreciated	2,493,303	613,989	(563,939)	2,543,353
Capital assets being depreciated:				
Infrastructure	6,040,878	533,635	(340,162)	6,234,351
Land improvements	80,716	3,229	(126)	83,819
Buildings/improvements	677,642	46,974	(9,894)	714,722
Equipment	459,928	30,343	(10,930)	479,341
Easements - amortized	1,158	—	(73)	1,085
Right to use lease land	1,812	—	(185)	1,627
Right to use lease buildings	162,066	21,324	(11,539)	171,851
Right to use lease equipment	484	154	(32)	606
Right to use subscription (2)	34,092	13,137	—	47,229
Other	6,319	271	—	6,590
Total capital assets being depreciated	7,465,095	649,067	(372,941)	7,741,221
Less accumulated depreciation and amortization for:				
Infrastructure	(1,769,164)	(220,502)	216,716	(1,772,950)
Land improvements	(43,756)	(3,254)	63	(46,947)
Buildings/improvements	(458,956)	(41,042)	19,531	(480,467)
Equipment	(314,550)	(24,354)	8,598	(330,306)
Right to use lease land	(160)	(90)	66	(184)
Right to use lease buildings	(20,997)	(22,207)	3,501	(39,703)
Right to use lease equipment	(119)	(104)	32	(191)
Right to use subscription	—	(10,004)	—	(10,004)
Other	(5,133)	(288)	—	(5,421)
Total accumulated depreciation and amortization	(2,612,835)	(321,845)	248,507	(2,686,173)
Total capital assets being depreciated, net	4,852,260	327,222	(124,434)	5,055,048
Intangible assets	44,258	32,121	(22,492)	53,887
Governmental activities capital assets, net	$ 7,389,821	$ 973,332	$ (710,865)	$ 7,652,288

(1) The increases and decreases noted above include adjustments related to prior periods and correction of errors.
(2) The beginning balance has been restated for implementation of GASB Statement No. 96.

Business-type Activities	**Beginning Balance**	**Increases (1)**	**Decreases (1)**	**Ending Balance**
Capital assets not being depreciated:				
Land	$ 800	$ —	$ —	$ 800
Construction work in progress	3,830	8,921	(4,030)	8,721
Other	3,426	225	(3)	3,648
Total capital assets not being depreciated	8,056	9,146	(4,033)	13,169
Capital assets being depreciated:				
Infrastructure	1,175	—	—	1,175
Land improvements	3,830	—	—	3,830
Buildings/improvements	16,393	—	—	16,393
Equipment	9,960	495	(80)	10,375
Right to use lease buildings	4,067	—	(493)	3,574
Right to use lease equipment	—	12	—	12
Right to use subscription (2)	1,734	—	—	1,734
Total capital assets being depreciated	37,159	507	(573)	37,093
Less accumulated depreciation and amortization for:				
Infrastructure	(802)	(19)	—	(821)
Land improvements	(2,511)	(149)	—	(2,660)
Buildings/improvements	(8,283)	(581)	—	(8,864)
Equipment	(7,883)	(373)	69	(8,187)
Right to use lease buildings	(404)	(351)	25	(730)
Right to use subscription	—	(446)	—	(446)
Total accumulated depreciation and amortization	(19,883)	(1,919)	94	(21,708)
Total capital assets being depreciated, net	17,276	(1,412)	(479)	15,385
Intangible assets	1,768	6,377	(5,176)	2,969
Business-type activities capital assets, net	$ 27,100	$ 14,111	$ (9,688)	$ 31,523

(1) The increases and decreases noted above include adjustments related to prior periods and corrections of errors.
(2) The beginning balance has been restated for implementation of GASB Statement No. 96.

Total right to use assets (in thousands):

	Right to Use Lease Capital Assets	Right to Use Lease Accumulated Amortization	Right to Use Subscription	Right to Use Subscription Amortization	Right to Use Lease Capital Assets, Net
Governmental activities	$ 174,084	$ (40,078)	$ 47,229	$ (10,004)	$ 171,231
Business-type activities	3,586	(730)	1,734	(446)	4,144
Total	$ 177,670	$ (40,808)	$ 48,963	$ (10,450)	$ 175,375

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

	Depreciation (1)	Right to Use Lease Asset Amortization	Right to Use Subscription Amortization	Total
General government	$ 12,016	$ 3,451	$ 469	$ 15,936
Public safety	26,452	5,236	3,092	34,780
Transportation, including depreciation of the highway system maintained by the State	222,325	218	1,227	223,770
Health and human services	3,967	9,532	3,706	17,205
Education	196	719	747	1,662
Natural resources, including depreciation of the state's dams	11,607	2,320	—	13,927
Depreciation and amortization on capital assets held by the internal service funds	12,877	925	763	14,565
Total – Governmental Activities	$ 289,440	$ 22,401	$ 10,004	$ 321,845

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

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

	Depreciation (1)	Right to Use Lease Asset Amortization	Right to Use Subscription Amortization	Total
Liquor Stores	$ 89	$ 28	$ —	$ 117
State Lottery	41	207	—	248
Prison Funds	411	—	—	411
MUS Group Insurance	—	36	—	36
MUS Workers Compensation	—	5	—	5
West Yellowstone Airport	522	—	—	522
Other Enterprise Funds	59	75	446	580
Total – Business-type Activities	$ 1,122	$ 351	$ 446	$ 1,919

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

NOTE 6. RETIREMENT PLANS

A. General

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

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

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

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

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

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

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

A summary of the number of participating employer and nonemployer contributing entities as of June 30, 2023, follows:

Classification of Participant	GWPORS	PERS-DBRP	PERS-DCRP	SRS	MPORS	FURS	VFCA	TRS
Employer	7	551	348	57	36	28	228	364
Nonemployer contributing entity	—	1	—	—	1	1	1	1
Total Participants	7	552	348	57	37	29	229	365

There are 630 State employees who are eligible to participate in defined benefit pension plans, other than the plans listed above.

B. Summary of Significant Accounting Policies

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

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

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

C. Summary of All Public Employee Retirement Plans

A summary of classes of members in JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, VFCA, TRS, and PERS-DCRP, covered by benefit terms at June 30, 2023, follows:

Type of Plan for Reporting Purposes	Single-Employer Defined Benefit			Multi-Employer Defined Benefit						Multi-Employer Defined Contribution
Plan Designation	JRS	HPORS (1)	GWPORS	PERS-DBRP(2)	SRS	MPORS (1)	FURS	VFCA (3)	TRS	PERS-DCRP
Classification of Member										
Active	60	235	1,017	29,622	1,543	862	826	2,510	19,978	3,406
Inactive entitled to, but not yet receiving, benefits or a refund:	—	—	—	—	—	—	—	—	—	—
Vested	2	21	184	4,982	220	134	49	832	2,214	1,066
Non-vested	2	47	593	24,636	981	239	106	8,464	5,854	1,383
Inactive members and beneficiaries currently receiving benefits:	—	—	—	—	—	—	—	—	—	—
Service retirements	69	357	475	24,914	837	900	680	1,534	15,465	224
Disability retirements	—	4	2	86	31	27	13	1	172	7
Survivor benefits	5	9	13	554	23	28	17	6	2,070	3
Total membership	138	673	2,284	84,794	3,635	2,190	1,691	13,347	45,753	6,089

(1) Includes Deferred Retirement Option Plan (DROP) in the Active count.

(2) The PERS-DBRP inactive non-vested count includes dormant accounts that were previously not counted until FY2017.

(3) The VFCA Inactive non-vested count is being included in the membership count. Prior to Fiscal Year 2022 the count was not included in the actuarial funding valuation.

The following table represents the aggregate proportional share of the pension amounts for all defined benefit plans from the perspective of the State as the employer and/or nonemployer contributing entity for primary government, discretely presented component units, and fiduciary component units reported as of June 30, 2023, based on the actuarial valuation as of June 30, 2021 (amounts presented in thousands):

Aggregate Pension Amounts - All Defined Benefit Plans

	Primary Government			Discretely Presented Component Units (1)	Fiduciary Component Units	TOTAL
	State as Employer	State as Nonemployer Contributing Entity	Total Primary Government			
Net Pension Liabilities	$ 1,233,382	$ 1,289,775	$ 2,523,157	$ 212,683	$ 1,886	$ 2,737,726
(Net Pension Assets)	(51,435)	—	(51,435)	—	—	(51,435)
Pension Deferred Outflows of Resources	312,867	289,186	602,053	68,069	341	670,463
Pension Deferred Inflows of Resources	208,645	138,669	347,314	17,798	139	365,251
Pension Expense or Nonemployer Contributing Entity Grant Expense	131,501	117,739	249,240	39,943	311	289,494

(1) MSF pension deferred outflows of resources difference of $900.6 thousand is due to MSF reporting on a calendar year-end basis on financial statements with a 6-month subsequent contribution while a 12-month subsequent contribution is disclosed in Note 6.

D. Defined Benefit Retirement Plans

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

(1) Plan Descriptions and Funding Policies

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

Summary of Benefits

Member's current salary[1] or highest average compensation (HAC)[2]
[1]Hired prior to July 1, 1997, and did not elect Guaranteed Annual Benefit Adjustment (GABA) – monthly compensation at time of retirement;
[2]Hired on or after July 1, 1997, or electing GABA – HAC during any consecutive 36 months;
[2]Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's HAC.

Eligibility for benefit
Age 60, 5 years of membership service;
Any age with 5 years of membership service – involuntary termination, actuarially reduced.

Vesting
5 years of membership service.

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

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

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

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

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

Employer contributions to the system – During the 2021 Legislative Session, Senate Bill 175 was passed suspending the employer contributions beginning the first full pay period occurring in July 2021 through the last full pay period occurring in June 2023. Beginning July 1, 2023, employer contributions will then resume at a reduced rate of 14.00% down from the current statutory rate of 25.81%. If the funded ratio of the JRS drops below 120%, the employer contribution rate will return to 25.81%. This impacts measurement date June 30, 2022, for employer reporting date June 30, 2023.

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

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

Deferred Retirement Option Plan (DROP)

Beginning October 1, 2015, eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, Chapter 6, Part 10, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the HPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory employer contributions continue to the retirement system; mandatory employee contributions are deposited to the member's DROP account. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the Internal Revenue Service (IRS). If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2023, the balance held by MPERA for HPORS DROP participants was approximately $6.9 million.

Summary of Benefits

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

Eligibility for benefit
20 years of membership service, regardless of age.

Early Retirement
Hired prior to July 1, 2013 – 5 years of membership service, actuarially reduced from age 60.
Hired on or after July 1, 2013 – 10 years of membership service, actuarially reduced from age 60.

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

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

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

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

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

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

Vesting
Hired prior to July 1, 2013 – 5 years of membership service.
Hired on or after July 1, 2013 – 10 years of membership service.

Monthly benefit formula
Retire prior to July 1, 2013 – 2.5% of HAC per year of service credit.
Retire on or after July 1, 2013 – 2.6% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)
Hired on or after July 1, 1997, or those electing GABA – after the member has completed 12 full months of retirement, the member’s benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member’s benefit.

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

Minimum Monthly Benefit (non-GABA)
If hired prior to July 1, 1997, and member did not elect GABA – the minimum monthly benefit is equal to 2% of the service credit multiplied by the current base compensation of a probationary highway patrol officer. Any annual increase is limited to 5.0% over the current benefit and may not exceed 60% of the current base salary of a probationary officer.

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

Member contributions to the system – Contributions are deducted from each member's salary and remitted by participating employer.
Hired prior to July 1, 1997, and not electing GABA – Plan members are required to contribute 13.00%.
Hired after June 30, 1997, and electing GABA – Plan members are required to contribute 13.05%.
Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Employer contributions to the system – As the employer, the State is required to contribute 38.33% of a member's compensation. The first 28.15% is payable from the same sources used to pay a member's compensation. The remaining amount, equal to 10.18%, is payable from the General Fund through a statutory appropriation. Employer contributions and state contributions (if any) must be paid on all working retirees.

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

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

Summary of Benefits

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

Eligibility for benefit
Service Retirement
Age 50 with 20 years of membership service.

Early Retirement (reduced benefit)
Age 55 with 5 years of membership service.

Vesting
5 years of membership service.

Monthly benefit formula
2.5% of HAC per year of service credit.

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

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

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

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

Employer contributions to the system – State agency and university employers are required to contribute 9.0% of a member's compensation. Employer contributions and state contributions (if any) must be paid on all working retirees.

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

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

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

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

Eligibility for benefit
Service retirement:
Hired prior to July 1, 2011 –
Age 60, 5 years of membership service;
Age 65, regardless of membership service; or
Any age, 30 years of membership service.

Hired on or after July 1, 2011 –
Age 65, 5 years of membership service;
Age 70, regardless of membership service.

Early retirement, actuarially reduced:

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

Second retirement (all require retuning to PERS-covered employment or PERS service):

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

- A refund of member's contributions from second employment plus regular interest (0.22%);
- No service credit for second employment;
- Start the same benefit amount the month following termination; and
- GABA starts again in the January immediately following second retirement

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

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

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

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

Vesting
5 years of membership service

Monthly benefit formula
Members hired prior to July 1, 2011 –

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

Members hired on or after July 1, 2011 –

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

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007, and June 30, 2013
- Members hired on or after July 1, 2013
    - 1.5% for each year PERS is funded at or above 90%;
    - 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
    - 0% whenever the amortization period for PERS is 40 years or more.

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

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

Employer contributions to the system
State and University System employers are required to contribute 9.07% of member compensation.
Local government entities are required to contribution 8.97% of member compensation.
School district employers contributed 8.70% of member compensation.

Per the 2013 Legislative Session's House Bill 454, section 4, effective July 1, 2013, PERS employer contributions temporarily increased 1%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The Employer additional contributions, including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. As of January 1, 2023, the additional contributions will not be terminated.

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

Non-Employer Entity Contributions
Special Funding
The State contributes 0.1% of member compensation on behalf of local government entities.
The State contributes 0.37% of member compensation on behalf of school district entities.
The State contributes a statutory appropriation from the General Fund. Funding provided for the plan's fiscal year ended June 30, 2022, totaled $34.6 million.

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

Summary of Benefits

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

Eligibility for benefit
Service Retirement: 20 years of membership service, regardless of age.
Early Retirement: Age 50, 5 years of membership service, actuarially reduced.

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

a. If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
- is not awarded service credit for the period of reemployment;
- is refunded the accumulated contributions associated with the period of reemployment;
- starting the first month following termination of service receives the same retirement benefit previously paid to the member; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA in January immediately following the second retirement.

b. If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
- is awarded service credit for the period of reemployment;
- starting the first month following termination of service receives:
  - the same retirement benefit previously paid to the member; and
  - a second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
  - on the initial retirement benefit starting in January immediately following second retirement; and
  - on the second retirement benefit starting in January after receiving that benefit for at least 12 months

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

Vesting
5 years of membership service

Monthly benefit formula
2.5% of HAC per year of service

Guaranteed Annual Benefit Adjustment (GABA)
After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.
- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

Contributions to the Plan

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

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

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

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

Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of the MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, Chapter 9, Part 10, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2023, the balance held by MPERA for MPORS DROP participants was approximately $10.6 million.

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

Summary of Benefits

Member's final average compensation (FAC)

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

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

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

Eligibility for benefit
Service Retirement: Age 50, with 5 years of membership service, or 20 years of membership service, regardless of age.
Second Retirement: Age 50, reemployed in a MPORS position

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

Monthly benefit formula
2.5% of FAC per year of service credit.

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

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

(2) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
   a. Is awarded service credit for the period of reemployment;
   b. Starting the first month following termination of service receives:
      i. The same retirement benefit previously paid to the member, and
      ii. A second retirement benefit for the period of reemployment calculated based on the laws in effect as of the member's rehire date; and
   c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
      i. On the initial retirement benefit in January immediately following second retirement, and
      ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.

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

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

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

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

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

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

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

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

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

Summary of Benefits

Member's compensation
Hired prior to July 1, 1981, and not electing GABA – highest monthly compensation (HMC);
Hired after June 30, 1981, and those electing GABA – highest average compensation (HAC) during any consecutive 36 months.
Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's highest average compensation.
Part-time firefighter – 15% of regular compensation of a newly confirmed full-time firefighter.

Eligibility for benefit
Service retirement: 20 years of membership service, regardless of age.
Early Retirement: Age 50, 5 years of membership service.

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

Monthly benefit formula
Members hired prior to July 1, 1981, and not electing GABA are entitled to the greater of:
2.5% of HMC per year of service; or
- if less than 20 years of service – 2% of HMC for each year of service;
- if more than 20 years of service – 50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years.

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

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

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

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

Member contributions to the system – Contributions are deducted from each member's salary and remitted by the participating employer. For members:
Hired prior to July 1, 1997, and not electing GABA, member contributions as a percentage of salary are 9.50%;
Hired on or after July 1, 1997, and electing GABA, member contributions as a percentage of salary are 10.70%.
Member contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

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

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

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

Summary of Benefits

Eligibility for benefit
Age 55, 20 years of credited service;
Age 60, 10 years of credited service.

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

Vesting
10 years of credited service.

Monthly benefit formula (effective January 1, 2016)
$8.75 per year of credited service up to 20 years;
$7.50 per year of credited service after 20 years

Contributions to the Plan

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

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

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

Summary of Benefits

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

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

- Tier Two uses a 5-year average final compensation (AFC) (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)

- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation—1.85% of the AFC multiplied by the years of creditable service—for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than 1.6667 x AFC x years of creditable service)

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

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

All State and University employers are required to contribute 11.75% of compensation provided to an active, non-reemployed member. All school districts and other employers are required to contribute 9.37% of an active, non-reemployed, member's compensation to the System.

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

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

(2) Actuarial Assumptions

For all plans administered by MPERA, the total pension liability used to calculate the net pension liability/(asset) for each plan was determined by an actuarial valuation as of June 30, 2022, applied to all periods included in the measurement. For the TRS plan, the total pension liability used to calculate the net pension liability as of June 30, 2022, is based on the results of an actuarial valuation as of July 1, 2022. No update procedures were used for MPERA or TRS to roll forward the total pension liability to the measurement date. The significant assumptions and other inputs used to measure the total pension liability were the following:

Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Administrator	MPERA								TRS
Valuation Date	June 30, 2022								July 1, 2022
Actuarial Experience Study	May 2022								
Inflation	2.75%								
Total Wage Increases, including inflation	3.50%	4.54% to 10.12%	4.54% to 10.12%	3.50% to 8.47%	4.54% to 10.12%	4.54% to 10.12%	4.54% to 10.12%	N/A	3.50% to 9.00% for non-university members 4.25% for university members
General Wage Growth	3.50%							N/A	3.50 %
Merit Increase	None	1.00% to 6.40%	1.00% to 6.40%	0 to 4.80%	1.00% to 6.40%	1.00% to 6.40%	1.00% to 6.40%	N/A	0 to 5.50% for non-university members 0.75% for university members
Investment Return	7.30%								
Administrative Expense	$55.6 thousand	$77.3 thousand	$168.9 thousand	$4.7 million	$239.3 thousand	$160.2 thousand	$130.9 thousand	$331.8 thousand	$3.6 million
Post-retirement Benefit Increases and GABA	7/1/1997 or elected GABA – 3.0%	7/1/1997 or elected GABA - 3.0% 7/1/2013 - 1.5%	Pre-7/1/2007 - 3.0% 7/1/2007 - 1.5%	Pre-7/1/2007 - 3.0% 7/1/2007 through 6/30/2013 - 1.5% 7/1/2013 - (a) 1.5% for each year if PERS is funded at or above 90%; (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, (c) 0% whenever the amortization period is 40 years or more	Pre-7/1/2007 - 3.0% 7/1/2007 - 1.5%	7/1/1997 or elected GABA - 3.0%	7/1/1997 or elected GABA - 3.0%	N/A	Tier One members - 1.5% Tier Two members - equal to or greater than 0.5% but no more than 1.5%

Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Post-retirement Benefit Increases - Waiting Period	1 year	Pre-7/1/2013 - 1 year 7/1/2013 - 3 years	1 year	1 year	1 year	1 year	1 year	N/A	3 years
Post-retirement Benefit Increases - Minimum Benefit Adjustment	Pre-7/1/1997 and did not elect GABA: benefits increase same as salary of sitting judge.	Pre-7/1/1997 and did not elect GABA: 2% x service credits x base salary of probationary officer. Limited to 5.0% over current benefit and may not exceed 60% of base salary of probationary officer.	N/A	N/A	N/A	Pre-7/1/1997 and did not elect GABA - 1/2 of monthly salary of new officer	Pre-7/1/1997 and did not elect GABA - 1/2 of monthly salary of new firefighter	N/A	N/A

Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Mortality	**For PERS and JRS Plans** Mortality among active participants is based on: PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021. Mortality Table among disabled pensioners is based on: PUB-2010 General Amount Weighted Disabled Retiree Mortality Table, projected to 2021, set forward 1 year for both males and females. Mortality among beneficiaries is based on: PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021 with ages set forward 1 year for males and females. Projected generationally using MP-2021. Mortality Table among retired healthy pensioners is based on: PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021. **For Other Plans** Mortality among contributing members is based on: PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021. Mortality among service retired members is based on: PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males and adjusted 105% for males and 100% for females. Projected generationally using MP-2021. Mortality among beneficiaries is based on: PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, set forward one year for males. Projected generationally using MP-2021. Mortality among disabled members is based on: PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, set forward one year for males.								Mortality among contributing members is based on PUBT-2010 General Employee Mortality Table projected to 2021. Projected generationally using MP-2021. Mortality among service retired members is based on PUBT-2010 Retiree Mortality Table projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021. Mortality among beneficiaries is based on PUBT-2010 Contingent Survivor Mortality Table projected to 2021. Projected generationally using MP-2021. Mortality among disabled members is based on PUBT-2010 Disabled Retiree Mortality Table projected to 2021.

Changes in actuarial assumptions and methods: For JRS, PERS-DBRP, SRS, MPORS, FURS, VFCA, HPORS, and TRS the discount rate was increased from 7.06% to 7.30%. For GWPORS, the discount rate was decreased from 7.06% to 5.55%. For JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS the investment rate of return was increased from 7.06% to 7.30%. For JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS the inflation rate was increased from 2.40% to 2.75%.

The payroll growth assumption was reduced from 3.50% to 3.25% for JRS, PERS-DBRP, GWPORS, FURS, HPORS, and MPORS. The mortality tables for PERS and JRS were updated to PUB-2010 tables for general employees. The mortality tables for GWPORS, FURS, HPORS, MPORS, SRS, and VFCA were updated to PUB-2010 for public safety employees. The mortality tables for TRS were updated to PUB-2010 for teachers.

Rates were updated for withdrawals, retirement, and disability for PERS and JRS. Rates were updated for withdrawals, retirement, disability retirement, and salary merit scales for GWPORS, FURS, MPORS, and SRS. Rates were updated for retirement, disability, and salary merit scales for HPORS. Retirement rates were updated for VFCA. Rates were updated for retirement, termination, and salary merit scales for TRS.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date, for JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS.

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

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

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

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

(3) Discount Rate

The discount rate used to measure the total pension liability was 7.30% for JRS, HPORS, and SRS. The discount rate used to measure the total pension liability was 5.55% for GWPORS. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers will be made based on the PERB's funding policy, which establishes the contractually required rates under MCA. Based on those assumptions, each pension plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2105 for JRS, 2129 for HPORS, 2122 for GWPORS, and 2127 for SRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The municipal bond rate incorporated in the discount rate for GWPORS was 3.37%. It was based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of June 30, 2022, and was applied to all periods of projected benefit payments after June 30, 2059. The municipal bond rate was not incorporated in the discount rate for JRS, SRS, and HPORS.

The discount rate used to measure the total pension liability for PERS-DBRP, MPORS, and FURS was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entity will be made based on the PERB's funding policy, which establishes the contractually required rates under MCA. Based on those assumptions, each pension plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126 for PERS-DBRP, 2134 for MPORS, and 2133 for FURS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate.

The discount rate used for VFCA to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from the nonemployer contributing entity will be made based on the PERB's funding policy, which establishes the contractually required rates under MCA. Based on those assumptions, the VFCA's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2116. A municipal bond rate was not incorporated in the discount rate.

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

(4) Target Allocations

The long-term expected return on pension plan investments is reviewed as part of the regular experience study prepared for the JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, and VFCA plans administered by MPERA. The most recent analysis of each plan, performed for the six-year period ended June 30, 2021, is outlined in a report dated May 2, 2022, without consideration for the administrative expense shown. The report can be found on the MPERA website. The current long-term return on pension plan investments is reviewed as part of the regular experience studies prepared for the TRS. The most recent analysis performed for the period covering July 1, 2016, through June 30, 2021, is outlined in a report dated May 3, 2022, without consideration for the administrative expense analysis shown. The report can be found on the TRS website. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years. All the plans administered by MPERA and TRS have the same target allocation and long-term expected real rate of return. The target allocation and best estimates of the arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the table below:

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

(5) Change in Net Pension Liability (Asset)

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

	JRS		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at 6/30/2021	$ 74,408	$ 133,610	$ (59,202)
Service costs	2,022	—	2,022
Interest	5,099	—	5,099
Difference between expected and actual experience	(2,782)	—	(2,782)
Changes of assumptions	(1,467)	—	(1,467)
Contributions – employer	—	79	(79)
Contributions – member	—	629	(629)
Net investment income	—	(5,547)	5,547
Benefit payments	(4,357)	(4,357)	—
Plan administrative expense	—	(56)	56
Net changes	(1,485)	(9,252)	7,767
Balances at 6/30/2022	$ 72,923	$ 124,358	$ (51,435)

	HPORS		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2021	$ 271,049	$ 185,980	$ 85,069
Service costs	4,089	—	4,089
Interest	18,597	—	18,597
Difference expected and actual experience	(2,487)	—	(2,487)
Changes in assumptions	(2,749)	—	(2,749)
Contributions – employer	—	6,639	(6,639)
Contributions – non-employer (State)	—	4,213	(4,213)
Contributions – member	—	2,285	(2,285)
Net investment income	—	(7,841)	7,841
Refund of contributions	(1,515)	(1,515)	—
Benefit payments	(13,743)	(13,743)	—
Plan administrative expense	—	(77)	77
Net changes	2,192	(10,039)	12,231
Balances at 6/30/2022	$ 273,241	$ 175,941	$ 97,300

GWPORS

	State as Primary Government Employer			State's Discretely Presented Component Units			Total State (Plan)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2021	$ 292,440	$ 261,405	$ 31,035	$ 13,410	$ 11,987	$ 1,423	$ 305,850	$ 273,392	$ 32,458
Service costs	9,617	—	9,617	522	—	522	10,139	—	10,139
Interest	20,077	—	20,077	1,090	—	1,090	21,167	—	21,167
Difference between expected and actual experience	(1,213)	—	(1,213)	(66)	—	(66)	(1,279)	—	(1,279)
Changes in assumptions	84,515	—	84,515	4,588	—	4,588	89,103	—	89,103
Contributions – employer	—	4,687	(4,687)	—	254	(254)	—	4,941	(4,941)
Contributions – member	—	5,762	(5,762)	—	313	(313)	—	6,075	(6,075)
Net investment income	—	(11,117)	11,117	—	(603)	603	—	(11,720)	11,720
Refunds of contributions	(1,389)	(1,389)	—	(75)	(75)	—	(1,464)	(1,464)	—
Benefit payments	(10,071)	(10,071)	—	(547)	(547)	—	(10,618)	(10,618)	—
Plan administrative expense	—	(160)	160	—	(9)	9	—	(169)	169
Other changes [1]	(2,337)	(2,089)	(248)	2,337	2,089	248	—	—	—
Net changes	99,199	(14,377)	113,576	7,849	1,422	6,427	107,048	(12,955)	120,003
Balances at 6/30/2022	$ 391,639	$ 247,028	$ 144,611	$ 21,259	$ 13,409	$ 7,850	$ 412,898	$ 260,437	$ 152,461

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

(6) Sensitivity Analysis

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability/(asset) to changes in the discount rate, the table below presents the net pension liability/(asset), of the plans administered by MPERA and TRS, calculated using the discount rate of 7.30% for all plans except GWPORS which uses 5.55%; as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1.00% lower (6.30% for for all plans except GWPORS using 4.55%) or 1.00% higher (8.30% for all plans except GWPORS using 6.55%) than the current rate.

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

		Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Primary Government	State as Employer	1.0% Decrease	$ (44,409)	$ 136,019	$ 212,041	$ 1,388,275	$ 10,849	$ —	$ 7,079	$ —	$ 24,685
		Current	(51,435)	97,300	144,611	963,045	6,670	—	4,084	—	17,672
		1.0% Increase	(57,498)	66,243	90,570	606,283	3,269	—	1,693	—	11,803
	State as NER	1.0% Decrease	—	—	—	474,435	—	238,564	186,017	10,910	963,530
		Current	—	—	—	329,115	—	158,319	107,328	5,223	689,790
		1.0% Increase	—	—	—	207,194	—	94,588	44,496	444	460,703
Discretely Presented Component Units		1.0% Decrease	—	—	11,510	265,733	—	—	—	—	28,627
		Current	—	—	7,850	184,339	—	—	—	—	20,494
		1.0% Increase	—	—	4,916	116,050	—	—	—	—	13,688
Fiduciary Component Units		1.0% Decrease	—	—	—	2,718	—	—	—	—	—
		Current	—	—	—	1,886	—	—	—	—	—
		1.0% Increase	—	—	—	1,187	—	—	—	—	—
Total		1.0% Decrease	(44,409)	136,019	223,551	2,131,161	10,849	238,564	193,096	10,910	1,016,842
		Current	(51,435)	97,300	152,461	1,478,385	6,670	158,319	111,412	5,223	727,956
		1.0% Increase	$ (57,498)	$ 66,243	$ 95,486	$ 930,714	$ 3,269	$ 94,588	$ 46,189	$ 444	$ 486,194

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

In accordance with GASB 68, the employer is required to recognize and report certain amounts associated with its participation in the JRS, HPORS, and GWPORS, the plans the State participates in as a single-employer. GASB 68 became effective June 30, 2015, and includes requirements for participant to record and report its net pension liability (NPL) or net pension asset (NPA), pension expense, deferred inflows of resources, and deferred outflows of resources associated with pensions. In accordance with GASB 68, employers and the nonemployer contributing entities are required to recognize and report certain amounts associated with their participation in the PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS. GASB 68 became effective June 30, 2015, and includes requirements for participants to record and report their proportionate share of the collective net pension liability, pension expense, deferred inflows of resources, and deferred outflows of resources associated with pensions. The proportionate shares were determined based on contributions made to the plan by employers and the nonemployer contributing entity in a special funding situation, when a plan has the nonemployer contributing entity, during the measurement period July 1, 2021, through June 30, 2022, relative to the total contributions received from all participating employers and the nonemployer contributing entity. Due to the existence of the special funding situation in the PERS-DBRP, FURS, MPORS, VFCA, and TRS, the State is required to report a proportionate share of the collective net pension liability that is associated with the non-State employers in these plans, respectively.

Net Pension Liability (Asset): The following presents the state's net pension liability as of June 30, 2023 (amounts presented in thousands):

Plan as of Measurement Date		Net Pension Liability (Asset) as of 6/30/2021	Net Pension Liability (Asset) as of 6/30/2022	Percent of NPL/NPA as of 6/30/2021	Percent of NPL/NPA as of 6/30/2022	Change in Percent of NPL/NPA
JRS	Primary government	$ (59,202)	$ (51,435)	100.00 %	100.00 %	— %
HPORS	Primary government	85,069	97,300	100.00 %	100.00 %	— %
GWPORS	*Primary government*	*31,035*	*144,611*	*95.62 %*	*94.85 %*	*(0.77)%*
	Discretely presented component units	*1,423*	*7,850*	*4.38 %*	*5.15 %*	*0.77 %*
	State of Montana totals	32,458	152,461	100.00 %	100.00 %	— %

Collective Net Pension Liability: The following presents the state's proportionate share of the collective net pension liability as of June 30, 2023 (amounts presented in thousands).

Plan as of Measurement Date		Net Pension Liability as of 6/30/2021	Net Pension Liability as of 6/30/2022	Percent of Collective NPL as of 6/30/2021	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
PERS-DBRP	*Primary government*	*$ 775,391*	*$ 963,045*	*42.76 %*	*40.50 %*	*(2.26)%*
	Discretely presented component units	*139,999*	*184,339*	*7.72 %*	*7.75 %*	*0.03 %*
	Fiduciary component units	*1,417*	*1,886*	*0.08 %*	*0.08 %*	*— %*
	Nonemployer contributing entity	*238,887*	*329,115*	*13.17 %*	*13.84 %*	*0.67 %*
	State of Montana totals	1,155,694	1,478,385	63.73 %	62.17 %	(1.56)%
SRS	Primary government	3,709	6,670	5.09 %	4.87 %	(0.22)%
MPORS	Nonemployer contributing entity	121,842	158,319	67.02 %	67.02 %	— %
FURS	*Primary government*	*2,151*	*4,084*	*2.51 %*	*2.57 %*	*0.06 %*
	Nonemployer contributing entity	*57,910*	*107,328*	*67.67 %*	*67.57 %*	*(0.10)%*
	State of Montana totals	60,061	111,412	70.18 %	70.14 %	(0.04)%
VFCA	Nonemployer contributing entity	1,323	5,223	100.00 %	100.00 %	— %
TRS	*Primary government*	*16,872*	*17,672*	*1.02 %*	*0.90 %*	*(0.12)%*
	Discretely presented component units	*19,002*	*20,494*	*1.15 %*	*1.04 %*	*(0.11)%*
	Nonemployer contributing entity	*592,396*	*689,790*	*35.76 %*	*35.07 %*	*(0.69)%*
	State of Montana totals	628,270	727,956	37.93 %	37.01 %	(0.92)%

Pension Expense

The State recognized the following pension expenses for the State as the primary government employer, the State's discretely presented component units, and the State's fiduciary component units, and pension grant expenses for the State as nonemployer contributing entity, for the year ended June 30, 2023 (amounts presented in thousands):

Plan	Primary Government: State as Employer	Primary Government: State as Nonemployer Contributing Entity	Discretely Presented Component Units	Fiduciary Component Units	Total
JRS	$ (2,272)	$ —	$ —	$ —	$ (2,272)
HPORS	10,742	—	—	—	10,742
GWPORS	27,359	—	1,491	—	28,850
PERS-DBRP [1]	92,638	29,332	26,356	311	148,637
SRS	1,137	—	—	—	1,137
MPORS [2]	—	27,108	—	—	27,108
FURS [3]	873	21,963	—	—	22,836
VFCA [4]	—	1,829	—	—	1,829
TRS [5]	1,024	37,507	12,096	—	50,627

(1) Of the total pension expense for the State as a nonemployer contributing entity, $1.3 million is the grant expense for special funding support provided by the General Fund to local government and school district participants, $35.0 million is the grant expense for special funding support provided by the General Fund as a statutory appropriation for all participating employers; -$7.0 million is the pension expense that is actuarially allocated to the State as a nonemployer contributing entity.

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

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

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

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

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

As of the fiscal year ended June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts presented in thousands):

JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 188	$ 2,152
Changes of assumptions	1,413	1,100
Net difference between projected and actual earnings on pension plan investments	1,485	—
Totals	$ 3,086	$ 3,252

HPORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 956	$ 2,114
Changes of assumptions	35,264	64,686
Net difference between projected and actual earnings on pension plan investments	2,034	—
Contributions subsequent to the measurement date	7,107	—
Totals	$ 45,361	$ 66,800

GWPORS	Primary Government		Discretely Presented Component Units		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,337	$ 2,576	$ 127	$ 140	$ 2,464	$ 2,716
Changes in assumptions	96,003	32,576	5,211	1,768	101,214	34,344
Net difference between projected and actual earnings on pension plan investments	3,374	—	183	—	3,557	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	837	975	138	—	975	975
Contributions subsequent to the measurement date	4,957	—	299	—	5,256	—
Totals	$ 107,508	$ 36,127	$ 5,958	$ 1,908	$ 113,466	$ 38,035

PERS-DBRP	Primary Government				Discretely Presented Component Units		Fiduciary Component Units	
	State as Employer		State as Nonemployer Contributing Entity					
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,277	$ —	$ 4,195	$ —	$ 2,350	$ —	$ 24	$ —
Change of assumptions	35,889	70,504	12,265	24,094	6,870	13,495	70	138
Net difference between projected and actual earnings on pension plan investments	28,303	—	9,673	—	5,418	—	55	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,874	28,033	6,860	4,577	1,525	464	56	1
Contributions subsequent to the measurement date	66,556	—	22,482	—	14,224	—	136	—
Totals	$ 147,899	$ 98,537	$ 55,475	$ 28,671	$ 30,387	$ 13,959	$ 341	$ 139

SRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 924	$ —
Changes of assumptions	960	161
Net difference between projected and actual earnings on pension plan investments	283	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	6	—
Contributions subsequent to the measurement date	682	—
Totals	$ 2,855	$ 161

MPORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 704	$ 829
Change of assumptions	13,972	3,039
Net difference between projected and actual earnings on pension plan investments	5,767	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,285	2,213
Contributions subsequent to the measurement date	19,621	—
Totals	$ 42,349	$ 6,081

FURS	Primary Government			
	State as Employer		State as Nonemployer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 356	$ 8	$ 9,361	$ 210
Change of assumptions	1,061	—	27,893	—
Net difference between projected and actual earnings on pension plan investments	257	—	6,741	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	264	11	1,768	2,289
Contributions subsequent to the measurement date	811	—	20,821	—
Totals	$ 2,749	$ 19	$ 66,584	$ 2,499

VFCA	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 48	$ 2,878
Change of assumptions	3,865	—
Net difference between projected and actual earnings on pension plan investments	678	—
Contributions subsequent to the measurement date	3,145	—
Totals	$ 7,736	$ 2,878

TRS	Primary Government				Discretely Presented Component Units	
	State as Employer		State as Nonemployer Contributing Entity			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 259	$ —	$ 10,110	$ —	$ 300	$ —
Change of assumptions	903	1,616	35,254	63,056	1,047	1,873
Net difference between projected and actual earnings on pension plan investments	413	—	16,134	—	479	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	373	2,133	7,385	35,484	14,191	58
Contributions subsequent to the measurement date	1,461	—	48,159	—	15,707	—
Totals	$ 3,409	$ 3,749	$ 117,042	$ 98,540	$ 31,724	$ 1,931

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from the contributions made subsequent to the June 30, 2022, measurement date will be recognized as a reduction of the net pension liability (asset) in the fiscal year ended June 30, 2024.

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

Year ended June 30:	JRS	HPORS	SRS	MPORS	VFCA
2024	$ 30	$ 3,046	$ 681	$ 8,900	$ 863
2025	(789)	(32,562)	584	3,271	216
2026	(2,377)	(3,209)	214	(4,093)	(456)
2027	2,970	4,179	533	8,569	1,090
2028	—	—	—	—	—
Thereafter	—	—	—	—	—

Year ended June 30:	GWPORS		
	Primary Government	Discretely Presented Component Units	Total
2024	$ 21,010	$ 1,150	$ 22,160
2025	21,189	1,168	22,357
2026	18,348	1,114	19,462
2027	5,877	319	6,196
2028	—	—	—
Thereafter	—	—	—

Year ended June 30:	PERS-DBRP			
	Primary Government		Discretely Presented Component Units	Fiduciary Component Units
	State as Employer	State as Nonemployer Contributing Entity		
2024	$ 4,498	$ 844	$ 2,859	$ 68
2025	(55,606)	(8,112)	(7,147)	(69)
2026	(30,527)	(10,432)	(5,843)	(59)
2027	64,441	22,022	12,335	126
2028	—	—	—	—
Thereafter	—	—	—	—

Year ended June 30:	FURS	
	Primary Government	
	State as Employer	State as Nonemployer Contributing Entity
2024	$ 433	$ 10,272
2025	309	7,291
2026	240	4,050
2027	725	16,809
2028	212	4,842
Thereafter	—	—

Year ended June 30:	TRS		
	Primary Government		Discretely Presented Component Units
	State as Employer	State as Nonemployer Contributing Entity	
2024	$ (284)	$ (3,804)	$ 7,399
2025	(919)	(21,103)	3,780
2026	(1,544)	(42,746)	1,606
2027	946	37,996	1,301
2028	—	—	—
Thereafter	—	—	—

E. Legal Actuarial Status of Plans

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

A traditional funding actuarial valuation of each of the defined benefit plans is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress and to determine the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ended June 30, 2023. The statutory funding rate is tested in the valuation of each public retirement plan to determine if it is sufficient to cover the normal cost rate plus an amortization payment of the unfunded actuarial liability, if any, within 30 years or 25 years for JRS, HPORS, SRS, and GWPORS. Note 17 Subsequent Events, provides information regarding a one time supplemental funding for JRS, HPORS, and GWPORS to be made in FY2024. As of June 30, 2023, all the public retirement systems were in compliance with the state law.

F. Public Employee Defined Contribution Retirement Plans

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

Member and employer contribution rates are established by state law and may be amended only by the Legislature. Employees contribute at a rate of 7.90% of their compensation. Contributions made to the plan by an employee remain 100% vested in their interest. Members who achieve 5 years of employment are vested in the plan. Should they terminate prior to this 5-year period, all employer contributions are forfeited to the plan. Amounts forfeited are held in a separate plan forfeiture account and can only be used to pay the administrative expenses, including startup costs, of the plan. Total pension expense for the State as a PERS-DCRP employer for the year ended June 30, 2023, is $10.8 million and, contribution forfeitures were $806.9 thousand.

Local government entities contribute 8.97% of member compensation. School district employers contributed 8.70% of member compensation. The State contributes 0.10% of member compensation on behalf of local government entities and 0.37% of member compensation on behalf of school district entities. Each State agency and University employer contributed 9.07% of member compensation.

The total contribution rate of 9.07%, referenced in the preceding paragraph, is allocated as follows: 8.73% to the member's retirement account; 0.04% to the defined contribution education fund; and 0.30% to the defined contribution Other Post Employment Benefit (OPEB) disability plan.

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

G. Montana University System Retirement Program

Montana University System-Retirement Program (MUS-RP) – This system was established in January 1988 and is underwritten by the Teachers Insurance and Annuity Association (TIAA). Effective July 1, 1993, MUS-RP was made the mandatory retirement plan for new faculty and administrative staff with contracts under the authority of the Board of Regents, previously referred to as the Optional Retirement Program (ORP). The MUS-RP is a defined contribution retirement plan governed by Title 19, Chapter 21, MCA. Combined contributions to the faculty and professional staff plan cannot exceed 13% of the participant's compensation per Section 19-21-203, MCA. Combined contributions to the classified staff plan are 16.97% less 0.04% for education programming paid to Montana Public Employee Retirement Administration (MPERA) per Section 19-3-316, MCA and Section 19-3-315, MCA. The employer contribution to the MUS-RP for classified staff increases 0.10% annually in July per statute.

The benefits at retirement depend upon the amount of contributions, amount of investment gains and losses, and investment allocations by the participant. Individuals are immediately vested for both employee and employer contributions. The Montana University System records employee/employer contributions, and remits monies to TIAA. Total contributions made to the plan by the employer were $19.4 million, and the total employee contributions were $22.2 million for the fiscal year ended June 30, 2023.

H. 457(b)-Deferred Compensation Plan

The 457(b)-Deferred Compensation Plan (457(b) Plan) is an Other Employee Benefit Plan established in 1974. The Deferred Compensation Plan is governed by Title 19, Chapter 50, MCA, in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all employees of the State, Montana University System, and contracting political subdivisions. The State and 72 non-state entity employers participate in the 457(b)-Plan.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts, or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement™ is the record keeper for the plan. Participants elect to defer a portion of their salary, within IRC limits. The deferred salary is not available to employees until separation from service, retirement, death, or upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

I. Method Used to Value Investments

The Montana Board of Investments (BOI) manages the investments, as authorized by state law, for the defined benefit retirement plans in two investment pools, the Consolidated Asset Pension Pool (CAPP) and the Short-Term Investment Pool (STIP). CAPP is an internal investment pool and STIP is an external investment pool. Each retirement plan's ownership in the pools is based on the funds contributed. Individual investments in the pools are not specifically identified to the respective retirement plan. Investments are reported at either fair value or cost, depending on the underlying investment type. Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Mortgages classified in Level 3 are present value adjusted. Investment valuation not classified within the fair value measurement levels are reported at Net Asset Value or cost. Further detail related to investments is provided in Note 3.

J. Long-term Contracts for Contributions

Per Section 19-2-706, MCA, the Montana Legislature enacted a provision of the Employee Protection Act (EPA) allowing state and university system employees who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. In fiscal year 2023, 303 employees participated in the program.

The Employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by MPERA on the unpaid balance. Total contributions received (including interest) during fiscal year 2023 totaled $630.1 thousand. The outstanding balance at June 30, 2023, totaled $18.1 thousand.

K. Litigation

Consolidated MPERB v. Lewis and Clark County and Montana Association of Counties (MACo), Lewis and Clark County, and Cascade County V. MPERB and MPERA. On May 1, 2020, the MPERB filed a Complaint for Declaratory Relief in the First Judicial District against Lewis and Clark County. This complaint asks the District Court to rule that Article VIII, § 15 of the Montana Constitution vests the Montana Public Employees' Retirement Board with the authority to: 1) actuarially determine the amount of the unfunded pension liabilities attributable to a component unit of the Lewis and Clark County that has terminated its participation in a MPERB administered defined benefit plan; and 2) compel the payment of this unfunded pension liability upon this component unit's termination. On June 1, 2020, the MPERB filed its First Amended Complaint amending its original pleading to add a claim for breach of contract.

The MACo filed a Complaint for Declaratory Judgment, Injunctive Relief, and a Writ of Prohibition against the MPERB and MPERA in the First Judicial District Court of Lewis and Clark County related to the same underlying issue that caused MPERA to initiate its action against Lewis and Clark County. This Complaint asked the District Court to rule that: 1) Article VIII, § 15 of the Montana Constitution does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 2) the 1947 Contract between the MPERB and Lewis and Clark County and Cascade County, as well as other similar agreements between the MPERB and all other Montana counties, does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 3) MACo is entitled to a preliminary and permanent injunction enjoining the MPERB from assessing withdrawal penalties against Montana counties; and 4) MACo is entitled to a Writ of Prohibition barring the MPERB from assessing withdrawal penalties against Montana counties. On May 15, 2020, MACo filed a First Amended Complaint and added the additional parties of Lewis and Clark County and Cascade County to this action as plaintiffs as well as additional claims for breach of express and implied contract.

On May 13, 2020, Lewis and Clark County filed a motion to dismiss the MPERB's Complaint and followed that on June 18, 2020, with a motion to dismiss MPERB's 1st Amended Complaint. Likewise, on June 25, 2020, the MPERB filed a motion to dismiss, or in alternative, a motion for partial summary judgment, several of the counts in the MACo suit. Both cases were subsequently consolidated into a single action by the Court on February 22, 2021.

On February 1, 2022, the district court ruled on the respective motions of the parties. In the only real narrowing of the case, the District Court cited statute that the State cannot be held liable under theories of implied contract to dismiss the counties' claim against the MPERB for breach of the covenant of good faith and fair dealing. The parties filed their respective answers on February 25, 2022, and are now conducting discovery.

In the opinion of management and legal counsel, the disposition of unfunded actuarial accrued liabilities owed to PERS in the consolidated Lewis and Clark County and the Montana Association of Counties (MACo) case, will have a material, adverse effect on the PERS plan's financial position as a whole should the Court rule against MPERA and the MPERB. An estimate of the potential liability for the Lewis and Clark County and MACo case cannot presently be made.

As of June 30, 2023, TRS has no pending litigation that would significantly affect the information presented in this financial report.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information Non-trust Plans

The State of Montana (State) and the Montana University System (MUS) provide optional postemployment healthcare benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Medical, dental, and vision benefits are available through this plan. The State and MUS offer OPEB plans that are not administered through trusts; as such, there are no plan assets accumulated to offset the total OPEB liability.

In accordance with Section 2-18-704, MCA, the State provides post-retirement health insurance benefits to eligible employees who receive retirement benefits from the Public Employees' Retirement System (PERS) or various other State retirement systems, and elect to start medical coverage within 60 days of leaving employment. Retirement eligibility criteria differ by state retirement plan. Further detail on state retirement plans is provided in Note 6. MUS provides post-retirement health insurance benefits to eligible employees who receive retirement benefits from their plan, or an annuity under the MUS-RP, and have been employed by MUS for at least five years, are age 50, or have worked 25 years with MUS. They must elect to start medical coverage within 60 days of leaving employment. Spouses, unmarried dependent children, and surviving spouses are also eligible for both plans.

Montana State Fund, a discretely presented component of the State and participant in the State OPEB plan, by statute, prepares separately issued financial statements on a calendar year-end basis. Due to the difference in reporting period, there will be a variance between the note disclosures and the financial statements for OPEB related information.

B. Plan Descriptions

Both healthcare OPEB plans for the State and MUS are reported as single-employer plans. In addition to the primary government, the participating employers under the State OPEB plan are Facility Finance Authority, Montana Board of Housing, Public Employees' Retirement System, Montana State Fund, and Teachers' Retirement System. The participating employers under the MUS OPEB plan are Office of Commissioner of Higher Education (OCHE), Montana State University - Billings (MSU-Billings), Montana State University - Bozeman (MSU-Bozeman), Great Falls College MSU, Montana State University - Northern (MSU-Northern), Montana Technological University, Helena College UM, University of Montana - Missoula (UM-Missoula), and University of Montana - Western (UM-Western). Participating employers under MUS, but excluded from the total OPEB liability due to not qualifying as component units, are Dawson Community College (Dawson CC), Flathead Valley Community College (Flathead CC), and Miles Community College (Miles CC). Each participating employer is required to disclose additional information as required per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75).

The State and MUS pay for post-employment healthcare benefits on a pay-as-you-go basis. Section 2-18-812, MCA gives authority for establishing and amending the funding policy to the Department of Administration for the State group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The healthcare OPEB plans allow retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in reporting the total OPEB liability in the related financial statements and note disclosures. Reported contributions are not a result of direct funding to the plans or for associated liabilities, but are a measure of the difference in retiree payments into the plans and actual medical costs associated with those individuals paid for by the plans.

As of December 31, 2022, the State OPEB plan's administratively established retiree medical premiums vary between $466.00 and $2,272.00 per month, depending on the medical plan selected, family coverage, and Medicare eligibility. Administratively established dental premiums vary between $41.10 and

$70.00 per month and vision hardware premiums vary between $7.64 and $22.26 per month, depending on the coverage selected. The plan provides different coinsurance amounts and deductibles depending on whether members use participating or non-participating providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the member is not enrolled in Medicare. A basic life insurance plan on the life of the retiree is also included with a retiree's core benefits until the retiree reaches age 65 or is eligible for Medicare.

As of June 30, 2023, the MUS OPEB plan's administratively established retiree medical premiums vary between $368.00 and $2,452.00 per month. Retiree dental premiums vary between $52.00 and $156.00 per month, while vision premiums vary from $10.70 to $31.18, depending on the types and number of dependents enrolled and which medical Third Party Administrator (TPA) was selected. The plan provides different coinsurance amounts and deductibles depending on whether members use in-network or out-of-network providers. The plan automatically reduces claim reimbursement for members eligible for Medicare, even if the member is not enrolled in Medicare. The premium changes were based on actual claims experience and actuarial projections based on the experience and trends.

C. Basis of Accounting

Total OPEB liability is reported on an accrual basis on the proprietary and fiduciary fund financial statements, the government-wide financial statements, and the component unit financial statements. Total OPEB liability is not reported on the governmental fund financial statements, as it is considered a long-term liability. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Both OPEB plans state, that an employee enrolled in the OPEB plan, who (a) at least meets the early retirement criteria defined by Montana Public Employees' Retirement Administration (MPERA); and (b) makes arrangements with their respective benefit office, within 60 days of the date active employee coverage ends, to continue post-retirement coverage, may continue with the OPEB plan on a self-pay basis, retroactive back to the date active employee coverage was lost, and adhere to these provisions. Therefore, each plan does not include terminated employees who have accumulated benefits but are not yet receiving them. There have been no significant changes in the number covered or the type of coverage as of June 30, 2023.

The number of State Plan participants as of December 31, 2022, follows:

State Plan Participants

Enrollment	State (1)	Facility Finance Authority (2)	Montana Board of Housing (2)	Public Employee Retirement Board (3)	Montana State Fund (2)	Teachers Retirement System (3)	Total
Active employees	11,716	2	30	47	275	22	12,092
Retired employees, spouses, and surviving spouses	1,967	2	3	1	22	2	1,997
Total	13,683	4	33	48	297	24	14,089

The number of MUS Plan participants as of December 31, 2022, follows:

MUS Plan Participants

Enrollment	MSU-GFC (2)	UM-HC (2)	MSU-Billings (2)	MSU-Bozeman (2)	MSU-Northern (2)	OCHE (1)	UM-Missoula (2)	UM-MT Tech (2)	UM-Western (2)	Total
Active employees	98	76	421	2,955	158	50	1,872	365	180	6,175
Retired employees, spouses, and surviving spouses	7	14	103	433	31	13	458	83	49	1,191
Total	105	90	524	3,388	189	63	2,330	448	229	7,366

(1) Primary Government
(2) Discretely Presented Component Units of Primary Government
(3) Fiduciary Component Units of Primary Government

D. Schedule of Changes in Total OPEB Liability

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

Annual OPEB Cost & Changes in Total OPEB liability
(in thousands)

	State Plan			MUS Plan		
	Primary Government Total OPEB Liability	Discrete Component Unit and Fiduciary Component Unit Total OPEB Liability	Total State Plan	Primary Government Total OPEB Liability	Discrete Component Unit Total OPEB Liability	Total MUS Plan
Balances at 6/30/2022	$ 120,087	$ 3,549	$ 123,636	$ 465	$ 47,110	$ 47,575
Changes for the year:						
Service cost	5,571	176	5,747	18	2,191	2,209
Interest	4,123	122	4,245	17	1,632	1,649
Difference between expected and actual experience	(55,270)	(1,453)	(56,723)	193	21,594	21,787
Changes of assumptions or other inputs	(42,351)	(1,257)	(43,608)	(315)	(36,487)	(36,802)
Benefit payments	(2,234)	(66)	(2,300)	—	—	—
Net changes	(90,161)	(2,478)	(92,639)	(87)	(11,070)	(11,157)
Balances at 6/30/2023 (1)	$ 29,926	$ 1,071	$ 30,997	$ 378	$ 36,040	$ 36,418

(1) State, fiduciary component units, and discretely presented component units proportion of the collective total OPEB liability as of the measurement date for fiscal years 2022 and 2023 for the State Plan was 100% both years and for the MUS Plan is 95.18% and 95.45%, respectively.

E. Actuarial Methods and Assumptions

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

The schedule of changes in the State’s and MUS's TOL and related ratios, presented as required supplementary information following the notes to the financial statements is designed to present multi-year trend information about whether the actuarial value of plan TOL is increasing or decreasing over time relative to the actuarial liabilities for benefits. The schedule of changes in the State’s and MUS's TOL and related ratios are based on the substantive plan (the plan as understood by the employer and the plan members). This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

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

Other Postemployment Benefits
State Single Employer Plan

	Retiree/Surviving Spouse	Spouse
Contributions (weighted average):		
Before Medicare eligibility	$ 15,372	$ 7,370
After Medicare eligibility	5,592	5,213
Actuarial valuation date	December 31, 2022	
Experience study period	January 1, 2022, through December 31, 2022	
Actuarial measurement date (1)	March 31, 2023	
Actuarial cost method	Entry age normal funding method	
Amortization method	Level percent of payroll, open basis	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial assumptions:		
Discount rate	3.98%	
Projected payroll increases	3.50%	
Participation:		
Future retirees	40.00%	
Future eligible spouses	70.00%	
Marital status at retirement	70.00%	

(1) Updated procedures were used to roll forward the total OPEB liability to the measurement date.

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

Mortality - Retired: For TRS retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102% for males and 103% for females, projected generationally using MP-2021. For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021. For safety MPERA retirees, mortality follows the Pub-2010 Safety Retiree table set forward 1 year and adjusted 105% for males, or adjusted 100% for females, projected generationally using MP-2021.

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

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

Changes in actuarial assumptions and methods since last measurement date: The discount rate increased from 3.31% to 3.98%. The projected payroll increased from 2.5% to 3.5%.

Changes in benefit terms since last measurement date: None

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

Other Postemployment Benefits
MUS Single Employer Plan

	Retiree/Surviving Spouse	Spouse
Contributions (in thousands):		
Before Medicare eligibility	$ 11,772	$ 10,055
After Medicare eligibility	4,416	4,969

Actuarial valuation date	December 31, 2022
Actuarial measurement date (1)	March 31, 2023
Experience study period	January 1, 2022, through December 31, 2022
Actuarial cost method	Entry age normal funding method
Amortization method	Level percent of payroll, open basis
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75
Actuarial assumptions:	
Discount rate	3.98%
Projected payroll increases	3.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%

(1) Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Contributing Members: For TRS and MUS-RP employees, mortality follows the Pub-2010 Teacher table, projected generationally using MP-2021. For general MPERA members, mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021. For GWPORS members, mortality follows the Pub-2010 Safety table, projected generationally using MP-2021.

Mortality - Retired: For TRS and MUS-RP retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102% for males and 103% for females, projected generationally using MP-2021. For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021. For GWPORS retirees, mortality follows the Pub-2010 Safety

Retiree table set forward 1 year and adjusted 105% for males, or adjusted 100% for females, projected generationally using MP-2021.

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

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

Changes in actuarial assumptions and methods since last measurement date: The discount rate increased from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

Changes in benefit terms since last measurement date: None

Sensitivity of the TOL to changes in the discount rate

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

	State OPEB plan (in thousands)		
	1.0% Decrease (2.98%)	Current Discount Rate (3.98%)	1.0% Increase (4.98%)
Primary Government	$ 39,917	$ 29,926	$ 22,759
Discrete Component Units and Fiduciary Component Units	1,436	1,071	807
Total OPEB liability	$ 41,353	$ 30,997	$ 23,566

	MUS OPEB plan (in thousands)		
	1.0% Decrease (2.98%)	Current Discount Rate (3.98%)	1.0% Increase (4.98%)
Primary Government	$ 480	$ 378	$ 302
Discrete Component Units	44,849	36,040	29,365
Total OPEB liability	$ 45,329	$ 36,418	$ 29,667

Sensitivity of the TOL to changes in the healthcare cost trend rates

The following presents the TOL of the State and MUS OPEB plans, as well as what they would be if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. Rates shown on the State Plan are trend rates for medical/pharmacy, respectively.

	State Plan (in thousands)		
	1.0% Decrease (5.5%/8.0%)	Current Healthcare Cost Trend Rate (6.5%/9.0%)	1.0% Increase (7.5%/10.0%)
Primary Government	$ 22,886	$ 29,926	$ 39,954
Discrete Component Unit and Fiduciary Component Units	808	1,071	1,442
Total OPEB liability	$ 23,694	$ 30,997	$ 41,396

	MUS Plan (in thousands)		
	1.0% Decrease (5.5%)	Current Healthcare Cost Trend Rate (6.5%)	1.0% Increase (7.5%)
Primary Government	$ 299	$ 378	$ 486
Discrete Component Unit	29,202	36,040	45,326
Total OPEB liability	$ 29,501	$ 36,418	$ 45,812

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the State OPEB plan's OPEB expense is $5.7 million and the MUS OPEB plan's OPEB expense is $2.1 million.

At June 30, 2023, the State OPEB plan deferred outflows and inflows of resources are from the following sources:

	State Plan (in thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Difference between expected and actual experience	$ —	$ 64,841
Changes of assumptions or other inputs	91,084	82,980
Amounts associated with transactions subsequent to the measurement date of the total OPEB liability	792	—
Total	$ 91,876	$ 147,821
Discrete Component Units and Fiduciary Component Units		
Difference between expected and actual experience	$ 327	$ 1,473
Changes of assumptions or other inputs	2,434	2,439
Amounts associated with transactions subsequent to the measurement date of the total OPEB liability	28	—
Total	$ 2,789	$ 3,912

At June 30, 2023, the MUS OPEB plan deferred outflows and inflows of resources are from the following sources:

	MUS Plan (in thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Difference between expected and actual experience	$ 178	$ 276
Changes of assumptions or other inputs	429	505
Total	$ 607	$ 781
Discrete Component Units		
Difference between expected and actual experience	$ 19,838	$ 23,929
Changes of assumptions or other inputs	42,108	56,010
Total	$ 61,946	$ 79,939

Deferred outflows of resources and deferred inflows of resources related to TOL will be recognized as OPEB expense as follows:

	Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense		
	State Plan (in thousands)		
Year ended June 30	**Primary Government**	**Discrete Component Units and Fiduciary Component Units**	**State Plan Total**
2024	$ (4,220)	$ (71)	$ (4,291)
2025	(4,220)	(71)	(4,291)
2026	(4,220)	(71)	(4,291)
2027	(4,220)	(71)	(4,291)
2028	(4,220)	(71)	(4,291)
Thereafter	(35,637)	(796)	(36,433)

	Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense		
	MUS Plan (in thousands)		
Year ended June 30	**Primary Government**	**Discrete Component Units**	**MUS Plan Total**
2024	$ (17)	$ (1,742)	$ (1,759)
2025	(17)	(1,742)	(1,759)
2026	(17)	(1,742)	(1,759)
2027	(17)	(1,742)	(1,759)
2028	(17)	(1,742)	(1,759)
Thereafter	(89)	(9,283)	(9,372)

F. General Information Trust Plan

General Information

Section 19-3-2141, MCA, establishes a long-term disability plan trust fund (PERS-DCRP Disability) for all State of Montana employees that participate in the Public Employee's Retirement System-Defined Contribution Retirement Plan (PERS-DCRP). All new PERS members are initially members of the Public Employee Retirement System-Defined Benefit Retirement Plan (PERS-DBRP) and have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed, the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. Only those participants that choose the PERS-DCRP are covered by the PERS-DCRP Disability plan.

Plan Description

The PERS-DCRP Disability is a multiple-employer cost-sharing plan that covers employees of the State, local governments, and certain employees of the university system and school districts, who are not covered by a separate retirement system governed by Title 19, MCA. The PERS-DCRP Disability plan provides disability benefits to PERS-DCRP plan members who are vested in the plan and are currently ineligible for retirement.

A separate trust has been established for purposes of providing disability benefits to PERS-DCRP Disability plan members, and it is accounted for as a fiduciary fund. The assets are held in a trust capacity for the beneficiaries. The Public Employee Retirement System issues publicly available annual reports, which include financial statements and required supplemental information for the plan. Those reports may be obtained online (http://mpera.mt.gov) or by contacting the following:

Public Employees' Retirement Board
100 North Park, Suite 200
P.O. Box 200131
Helena, MT 59620-0131

G. Termination Benefits

During the year ended June 30, 2023, the State made the following termination benefit arrangements: provided for one-time lump-sum incentive payments for 38 employees, and paid administrative leave for 51 employees.

During the year ended June 30, 2023, component units of the State made the following termination benefit arrangements: continued coverage of health insurance benefits and/or one-time incentive payments for 17 employees.

During the year ended June 30, 2023, the cost of termination benefits for the fiscal year was $486.4 thousand and $423.4 thousand for the State and its component units, respectively.

NOTE 8. RISK MANAGEMENT

There are three primary government public entity risk pools and one claims-servicing pool that are reported within the enterprise funds. These pools include Hail Insurance, the Montana University System (MUS) Group Insurance Plan, the MUS Workers Compensation Program, and the Subsequent Injury claims-servicing pool. The State of Montana (Old Fund) provides risk financing as an entity other than a public entity risk pool. The liability and payment of the workers' compensation claims for incidents occurring before July 1, 1990, are reported in the government-wide financial statements within the primary government. Unpaid claims and claim adjustment expenses are estimated based on the ultimate cost of settling the claims, including the effects of inflation and other societal/economic factors. Additionally, the primary government reports its own risk management activity within two internal service funds: Employees Group Benefits Plans and Administration Insurance Plans. In all of these funds, there are no significant reductions in insurance coverage from the prior year. These funds use the accrual basis of accounting. By statute, these funds cannot invest in common stock. Investments are recorded at fair value. Premiums and discounts are amortized using the straight-line method over the life of the securities.

A. Public Entity Risk Pools

(1) Hail Insurance – Any Montana producer engaged in growing crops subject to destruction or damage by hail may participate in the Hail Insurance program. The Hail Insurance program issued 326 policies during the 2023 growing season. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs, and claims paid for hail damage. Depending upon the reserve fund's actuarial soundness and the damage in a season, producers may receive a premium refund. Anticipated investment income is considered in computing a premium deficiency, of which there is none.

A claim must be submitted to the State Board of Hail Insurance within 14 days of a loss occurrence. The claim must indicate whether the grain is stemming, in the boot, heading out, in the milk, in the stiff dough, ready to bind, or combine. If beans, peas, or other crops are damaged, the growth-stage must also be indicated. Inspection of a crop will occur as promptly as possible after claim receipt. The liability on all insured crops expires after October 1. The insurance only covers loss or damage to growing grain that exceeds 5.0% destruction by hail.

To reduce its exposure to large losses, the fund purchased Crop Hail Quota Share Reinsurance for the 2023 growing season, with a 50.0% share of premiums and losses allotted to the Reinsurer and a 50.0% share of each allotted to the State Hail Insurance. The fund recorded a liability of $43.5 thousand, which is 50.0% of the estimated claims ($87.0 thousand) plus adjustment expenses through June 30, 2023. The amount deducted from the estimated claims as of June 30, 2023, for reinsurance was $43.5 thousand (50.0% of estimated claims). The premiums ceded to the Reinsurer through June 30, 2023, were $1.1 million, which was 50.0% of total premiums of $2.2 million.

Any crop insurance liability is paid to the producers within one year of occurrence; therefore, liabilities are not discounted. The fund has no excess insurance or annuity contracts.

(2) Montana University System (MUS) Group Insurance Plan – This plan is authorized by the Board of Regents and in Section 20-25-13, MCA. The plan's purpose is to provide medical, dental, prescription drug, and related group benefits coverage to employees of the Montana University System and affiliates, and their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured, except for life insurance, long-term disability, and accidental death and dismemberment insurance. Delta Dental administers the dental plan, Blue Cross and Blue Shield of Montana administers the vision plan, and Navitus is the administrator for the prescription drug program. Blue Cross and Blue Shield of Montana is the third-party claims administrators for the self-insured managed care plan and also has a contract for utilization management. The utilization management program consists of hospital pre-authorization and medical necessity review, as well as large case management. Premiums are collected from employees through payroll deductions and recorded in the MUS Group Insurance enterprise fund. The claims liability is calculated by Actuaries Northwest and estimated to be $9.6 million as of June 30, 2023, based on prior year experience. A liability is reported in the accompanying financial statements for these estimated claims.

(3) Montana University System (MUS) Workers' Compensation Program – This plan was formed to provide self-insured workers compensation coverage for MUS employees. The MUS Board of Regents provides workers' compensation coverage under Compensation Plan Number One (Section 39-7-2101, MCA). The program is self-insured for workers' compensation claims with losses in excess of $750.0 thousand per occurrence ($500.0 thousand for claims occurring prior to July 1, 2013) and $1.0 million per aircraft occurrence covered by reinsurance with a commercial carrier. Employer's liability claims are covered to a maximum of $1.0 million above the self-insured amount of $750.0 thousand ($500.0 thousand for claims occurring prior to July 1, 2013). During fiscal year 2023, the program ceded $403.6 thousand in premiums to reinsurers.

The MUS Workers' Compensation Program Committee establishes premium rates for all participating campuses based on actuarial calculations of premium need and composite premium rate. Premium rates are adjusted periodically based on inflation, claims experience, and other factors. Premiums are recorded as revenue in the MUS Workers' Compensation Program in the period for which coverage is provided. Members may be subject to supplemental assessments in the event of deficiencies. The program considers anticipated investment income in determining if a premium deficiency exists.

The fund recorded a liability of $3.8 million for estimated claims at June 30, 2023. The liability is based on the estimated ultimate cost of settling the reported and unreported claims, claims reserve development, including the effects of inflation, and other societal and economic factors. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Estimated claims liabilities are recomputed periodically based on a current review of claims information, experience with similar claims, and other factors. Adjustments to estimated claims liabilities are recorded as an increase or decrease in claims expense in the period the adjustments are made.

(4) Subsequent Injury – The purpose of the Subsequent Injury Fund (SIF) is to assist individuals with a permanent impairment that may create an obstacle to employment by limiting workers' compensation exposure for employers who hire SIF-certified individuals. The program is funded through an annual assessment for Montana self-insured employers and a surcharge on premium for private insured and Montana State Fund policyholders.

The Employment Standards Division sets the assessment and surcharge rates annually. The amount assessed is calculated by adding the amount of paid losses reimbursed by SIF from April 1 of the previous calendar year through March 31 of the current calendar year, plus administration expenses, less other income earned. Employers share in the reimbursement in two ways: (1) if self-insured, the reimbursement is based on their share of overall paid losses in the previous calendar year, (2) if insured through a private carrier or Montana State Fund, the reimbursement is based on both overall paid losses in the previous calendar year, and the amount of the employer's premium paid for their business.

The SIF program reduces the liability of the employer (if self-insured) or insurer by placing a limit of 104 weeks on the amount an employer (if self-insured), or the employer's insurer, will have to pay for medical and wage loss benefits in the event a worker who is SIF-certified becomes injured or re-injured on the job. SIF will assume liability for the claim when the 104 weeks is reached. For an insured employer, since the insurer's liability is limited to 104 weeks on the claim, this can favorably impact the employer's modification factor, which in turn could keep premiums lower than would otherwise be the case without SIF. For a self-insured employer, it provides a direct recovery of expenses paid for a workers' compensation claim. If a certified worker does become injured on the job, the worker remains entitled to all benefits due under the Workers' Compensation Act.

An estimated liability is recorded based on a projected cost analysis and total population of registered SIF participants. As of June 30, 2023, this liability amount was estimated to be $2.5 million.

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

	Hail Insurance		MUS Group Insurance Plan		MUS Workers Compensation	
	2023	2022	2023	2022	2023	2022
Unpaid claims and claim adjustment expenses at beginning of year	$ 12	$ 76	$ 8,839	$ 10,663	$ 3,860	$ 5,234
Incurred claims and claim adjustment expenses: provision for insured events of the current year	449	544	110,900	101,744	2,172	1,771
Increase (decrease) in provision for insured events of prior years	710	(49)	—	—	(376)	(1,711)
Total incurred claims and claim adjustment expenses	1,159	495	110,900	101,744	1,796	60
Payments: Claims and claim adjustment expenses attributable to insured events of the current year	(405)	(532)	(110,133)	(103,568)	(600)	(374)
Claims and claim adjustment expenses attributable to insured events of prior years	(722)	(27)	—	—	(1,224)	(1,060)
Total payments	(1,127)	(559)	(110,133)	(103,568)	(1,824)	(1,434)
Total unpaid claims and claim adjustment expenses at end of year	$ 44	$ 12	$ 9,606	$ 8,839	$ 3,832	$ 3,860

B. Entities Other Than Pools

(1) Administration Insurance Plans – This self-insurance plan provides coverage for general liability, automobile liability, automobile physical damage, foster care liability, and State-administered foreclosure of housing units. The State self-insures the $2.0 million deductible per occurrence for most property insurance, as well as various deductible amounts for other State property. The State also self-insures against property losses below $2.0 million of value, with State agencies paying the first $1.0 thousand. Commercial property insurance protects approximately $6.9 billion of State-owned buildings and contents. The State's property insurance includes separate earthquake and flood protection coverage, with deductibles of $2.0 million for earthquake and $2.0 million for flood per occurrence. Premiums are collected from all state agencies, including component units, and recorded as revenue in the Administration Insurance Fund.

An annual actuarial study prepared by Willis Towers Watson (WTW) Company, and issued for the accident period July 1, 2011, through June 30, 2023, is the basis for estimating the liability for unpaid claims and is supported by historical loss data. As of June 30, 2023, the estimated claims liability was $23.1 million.

(2) Employee Group Benefits Plans – The medical and dental health plans provided by the State are fully self-insured with the State assuming the risk for claims incurred by employees of the State, elected officials, retirees, former employees covered by COBRA benefits, and their dependents. The State contracted with Blue Cross Blue Shield of Montana as the third-party administrator for medical coverage.

Delta Dental is the administrator for dental coverage. Navitus is the administrator for the pharmacy program. Contributions are collected through payroll deductions, deductions through the Montana Public Employee Retirement Administration, the Legislative Branch, and self-payments. The contributions are recorded as revenue in the Employee Group Benefits internal service fund. As of June 30, 2023, estimates for claims liabilities, which include both incurred but not reported claims and grandfathered claims resulting from a 1998 change in period for which the benefit coverage is available, as well as other actuarially determined liabilities, were $18.5 million as provided by Actuaries Northwest, a consulting actuarial firm. In fiscal year 2024, $18.3 million of these claims liabilities are estimated to be paid.

(3) State of Montana (Old Fund) – State of Montana (Old Fund) covers workers' compensation claims that were incurred before July 1, 1990. Old Fund was originally a risk financing insurance entity, but upon depletion of all of its assets, is now financed by the General Fund. The participants within the pool are individuals outside of governmental entities.

An actuarial study prepared by WTW, as of June 30, 2023, estimated the cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. At June 30, 2023, $39.7 million of unpaid claims and claim adjustment expenses were reported at face value.

(4) Changes in Claims Liabilities for the Past Two Years – These funds establish liabilities for both reported and incurred but not reported claims. Grandfathered claims are not included as they relate to future claims not yet incurred. The following table presents changes in the balances of claims liabilities during the past two fiscal years (in thousands).

	Administration Insurance Plans		Employers Group Benefits Plan		State of Montana Old Fund	
	2023	2022	2023	2022	2023	2022
Amount of claims liabilities at the beginning of each fiscal year	$ 19,080	$ 17,146	$ 25,877	$ 19,665	$ 41,478	$ 43,704
Incurred claims:						
Provision for insured events of the current year	9,725	6,585	198,390	199,225	—	—
Increase (decrease) in provision for insured events of prior years	4,887	14,040	(5,399)	1,651	4,064	3,151
Total incurred claims	14,612	20,625	192,991	200,876	4,064	3,151
Payments:						
Claims attributable to insured events of the current year	(6,305)	(2,001)	(179,970)	(173,504)	—	—
Claims attributable to insured events of prior years	(4,312)	(16,690)	(20,391)	(21,160)	(5,886)	(5,377)
Total payments	(10,617)	(18,691)	(200,361)	(194,664)	(5,886)	(5,377)
Total claims liability at end of each fiscal year	$ 23,075	$ 19,080	$ 18,507	$ 25,877	$ 39,656	$ 41,478

NOTE 9. COMMITMENTS

A. Highway Construction

At June 30, 2023, the Department of Transportation had contractual commitments of approximately $627.8 million for construction of various highway projects. Funding for these highway projects is to be provided by federal grants and matched with state special revenue funds.

B. Capital Assets and/or Other Construction

At June 30, 2023, the Department of Administration, Architecture & Engineering Division (A&E) had contractual commitments of approximately $130.5 million for planning and construction of capital projects for the renovation, deferred maintenance, and new construction of state-owned facilities. These projects will be funded with $26.0 million in capital project funds, $50.4 million in federal special revenue funds (including $1.1 million in ARPA federal funds), $7.6 million in state special revenue funds, $15.0 million in private donations, and $0.5 million in proprietary funds. The Montana University System will fund $31.0 million in university plant funds. A&E also had $2.4 million contractual commitments for the planning and implementation of the division's new Broadband Program and $149.0 million in grant awards. The Broadband Program commitments will be funded with ARPA & Infrastructure Investment and Jobs Act federal grants.

At June 30, 2023, the Department of Fish, Wildlife, and Parks had contractual commitments of approximately $2.8 million for engineering and construction of various capital projects, which will be provided by federal grants and state special revenue funds.

At June 30, 2023, the Department of Justice, Division of Motor Vehicles had commitments of $32.2 million for the CARS project, a subscription-based information technology arrangement, to include consultation services, software, and maintenance. The funding for this will be provided by the General Fund and state special revenue funds.

At June 30, 2023, the Department of Labor and Industry had $2.7 million contractual commitments for Montana State AmeriCorps Programs and $14.7 million for information technology contracts of which $1.2 million is for a subscription-based information technology arrangement. The funding for these programs will be provided by federal grants and state special revenue funds.

At June 30, 2023, the Public Service Commission had a $1.0 million contractual commitment for an information technology contract. The funding for this program will be provided by state special revenue funds.

At June 30, 2023, the Office of the Secretary of State had a contractual commitment of approximately $351.4 thousand for developing and implementing the ElectMT system to replace the existing statewide Voter Registration and Election Management system (MT Votes). The majority of the funding for this project is to be provided by a federal grant from the U.S. Election Assistance Commission.

At June 30, 2023, the Department of Transportation, has contractual commitments of approximately $164.0 million for engineering and construction of various infrastructure projects and approximately $3.4 million for buses and transit facilities for various local governments and transit authorities. The funding for both of these commitments will be provided by federal funds.

At June 30, 2023, the Department of Livestock had a $1.0 million commitment for information technology contracts. The funding for these programs will be provided by state special revenue funds.

At June 30, 2023, the Commissioner of Higher Education had a $610.0 thousand commitment for ACT testing for fiscal year 2024, which will be provided by federal funds.

At June 30, 2023, the Department of Military Affairs had a commitment for the mitigation of Limestone Hills unexploded ordinance for $1.1 million, which will be provided by federal funds.

C. Loan and Mortgage Commitments

The Montana Board of Investments (BOI) makes firm commitments to fund commercial loans, residential mortgages, and Veterans' Home Loan Mortgages (VHLM) from the Coal Severance Tax Permanent Trust Fund. These commitments have expiration dates and may be extended according to BOI policies. As of June 30, 2023, BOI had committed, but not yet purchased, $16.3 million in loans from Montana lenders. Additionally, lenders had reserved $20.9 million for loans as of June 30, 2023. As of June 30, 2023, another $0.5 million represented lender reservations for the VHLM residential mortgage purchases with no purchase commitments, and an additional $3.1 million is reserved in the Multifamily Coal Trust Homes Program.

BOI makes reservations to fund mortgages from the State's pension funds. As of June 30, 2023, there were no mortgage reservations. All BOI residential mortgage purchases are processed by the Montana Board of Housing (MBOH). MBOH does not differentiate between a mortgage reservation and a funding commitment.

BOI makes firm commitments to fund loans from the INTERCAP loan program. The BOI's outstanding commitments to eligible Montana governments, as of June 30, 2023, totaled $27.7 million.

D. Bond Commitments

At June 30, 2023, the outstanding tax-exempt bonds distributed by the Facility Finance Authority were issued in the amount of $5.5 million of which $1.5 million in principal payments are scheduled to be paid by June 30, 2024. These bonds have been issued to operating treatment facilities and prerelease centers. The Department of Corrections agrees to provide payment on behalf of the contractors for the total principal and interest due regarding these outstanding bonds. These costs are then recovered through the center's monthly billing for inmate room and board.

E. Proprietary Fund Commitments

Budgets are administratively established in the enterprise and internal service funds, excluding depreciation, compensated absences, and bad debt expense. Appropriations may be committed for goods/services that are not received as of fiscal year-end. These executory commitments are included in unrestricted net position in the accompanying financial statements as follows (in thousands):

Enterprise Funds	Amount
Liquor Warehouse	$ 281
Other Enterprise Funds	18
Subtotal - Enterprise funds	$ 299
Internal Service Funds	
Labor Central Services	$ 4,765
Admin Insurance	3
Subtotal - Internal Service funds	$ 4,768

F. Encumbrances

As of June 30, 2023, the State of Montana encumbered expenditures as presented in the table below (in thousands):

	Federal Special Revenue Fund	General Fund	Nonmajor Governmental Funds	State Special Revenue Fund	Total
Encumbrances	$ 126,791	$ 22,206	$ 1,341	$ 116,223	$ 266,561

NOTE 10. RIGHT-TO-USE/FINANCED PURCHASE PAYABLES AND LEASE RECEIVABLES

A. Right-to-Use/Financed Purchase Payables

Right-to-use assets include lease assets and subscription-based information technology arrangements (SBITA) assets. Leases, SBITAs, and financed purchases consist of agreements that grant the State use of property in exchange for payments over a period of time. The primary difference is that a financed purchase agreement grants ownership of the property to the State by the end of the contract period. In contrast, lease and SBITA agreements only grant the use of the property for a specified period. A right-to-use agreement may contain an option to purchase the property or it may be a contract that transfers ownership of the property to the State with specific types of termination options. The State's lease payables are primarily related to the use of buildings, with some contracts related to the use of land and equipment. The State's SBITA payables are associated with the subscriptions of underlying IT assets provided by the SBITA vendors. The State's financed purchase payables are exclusively associated with equipment purchases. Information regarding the right-to-use assets can be found in Note 5.

Principal and interest requirements to maturity for leases, SBITAs, and financed purchases at June 30, 2023, were as follows (in thousands):

	Governmental Activities					
Fiscal Year Ended June 30:	Lease Principal	Lease Interest	SBITA Principal	SBITA Interest	Financed Purchase Principal	Financed Purchase Interest
2024	$ 19,841	$ 2,093	$ 8,348	$ 485	$ 2,668	$ 281
2025	17,626	1,869	7,086	355	2,107	211
2026	15,245	1,592	6,015	245	1,902	156
2027	13,840	1,340	6,254	151	1,805	108
2028	11,430	1,122	4,765	53	1,708	63
2029 - 2033	38,431	3,224	345	9	633	21
2034 - 2038	18,458	902	—	—	—	—
2039 - 2043	3,039	50	—	—	—	—
2044 - 2048	33	11	—	—	—	—
2049 - 2053	43	7	—	—	—	—
2054 - 2058	54	4	—	—	—	—
2059 - 2063	13	—	—	—	—	—
Total	$ 138,053	$ 12,214	$ 32,813	$ 1,298	$ 10,823	$ 840

	Business-Type Activities			
Fiscal Year Ended June 30:	Lease Principal	Lease Interest	SBITA Principal	SBITA Interest
2024	$ 340	$ 44	$ 430	$ 18
2025	344	40	452	11
2026	355	34	230	6
2027	253	29	194	3
2028	141	26	—	—
2029 - 2033	708	95	—	—
2034 - 2038	601	42	—	—
2039 - 2043	188	2	—	—
Total	$ 2,930	$ 312	$ 1,306	$ 38

B. Lease Receivables

The State's lease receivables are primarily associated with the leasing of lands granted to the State to support public schools and state institutions. For the fiscal year ended June 30, 2023, the State's total lease revenue was $5.7 million, and the related interest revenue was $3.3 million.

C. Lease-Leaseback Transaction

The State's lease payable and lease receivable balances exclude $702.8 thousand related to an arrangement where the State is leasing a building that was constructed on land that is being leased from the State. GASB Statement No. 87 requires such arrangements to be accounted for as a net transaction.

D. Intra-Entity Leases of Investment Properties

The State owns buildings that are recorded as investments under GASB Statement No. 72, which are leased to discretely presented component units and fiduciary component units. In those cases, the discretely presented component units and fiduciary component units may record lease payables. However, the State does not record receivables for leases recorded as investments.

Total lease principal and interest requirements payable to the primary government at June 30, 2023, were as follows (in thousands):

	Discretely Presented Component Units		Fiduciary Component Units	
Fiscal Year Ended June 30:	Lease Principal	Lease Interest	Lease Principal	Lease Interest
2024	$ 22	$ 4	$ 397	$ 102
2025	23	3	408	106
2026	24	3	431	99
2027	26	2	454	91
2028	27	2	478	84
2029 - 2033	120	4	2,782	289
2034 - 2038	—	—	1,998	64
Total	$ 242	$ 18	$ 6,948	$ 835

E. Variable Payments

Variable lease or SBITA payments, other than those variable payments that depend on an index or a rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease liability or SBITA liability. For the fiscal year ended June 30, 2023, the State recognized $505.3 thousand as expenses from the variable payments for SBITA.

Variable lease payments, other than those variable payments that depend on an index or a rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease receivable. For the fiscal year ended June 30, 2023, the State recognized $29.5 thousand as revenues from the variable payments for leases.

NOTE 11. STATE SHORT-TERM DEBT AND LONG-TERM LIABILITIES

A. General Information

The State has no constitutional limit on its power to issue obligations or incur debt other than a provision that no debt may be created to cover deficits incurred because appropriations exceeded anticipated revenues. No State debt shall be created unless authorized by a two-thirds vote of the members of each house of the Legislature or a majority of the electors voting thereon. The Board of Examiners (consisting of the Governor, Secretary of State, and Attorney General) is authorized, pursuant to various enabling acts, to issue bonds and notes of the State.

B. Short-term Debt

On November 30, 2021, the Board of Investments adopted Resolution 249, which allowed for the redemption of all outstanding bonds of the INTERCAP program and the issuance of a new bond to the Board of Investments Unified Investment Program. The bond may be extended annually each February, with no limit on the number of extensions. The INTERCAP program lends money to local governments for capital projects and improvements.The following schedule summarizes the activity for the year ended June 30, 2023.

Business-Type Activities

	Beginning Balance (1)	Additions	Reductions	Ending Balance
INTERCAP Bonds	$ 68,707	$ —	$ —	$ 68,707

(1) In fiscal year 2022 the INTERCAP Bond was reported as long-term debt because the renewal period was greater than twelve months. The terms changed for fiscal year 2023 so the Bond payable was reclassified to short-term debt.

C. Long-term Debt

The full faith, credit, and taxing powers of the State are pledged for the payment of all general obligation debt. Revenue and mortgage bonds are secured by a pledge from the facilities to which they relate and by certain other revenues, fees, and assets of the State and the various colleges and universities. Primary government bonds and notes outstanding on June 30, 2023, were as follows (in thousands):

Governmental Activities	Series	Amount Issued	Interest Range (%) (1)	Principal Payments Fiscal Year 2024	Principal Payments In Year of Maturity (2)	Balance June 30, 2023
Special revenue bonds						
Coal Severance Tax Refunding (Taxable) (3)	2020L	$ 11,965	1.62	$ 300	55 (2031)	$ 300
Total special revenue bonds		$ 11,965		$ 300		$ 300
Notes Payable						
Middle Creek Dam Project (4)		$ 3,272	8.125	$ 108	226 (2034)	$ 1,556
Oracle Project		668	—	334	334 (2024)	334
Tongue River Dam Project (5)		11,300	—	290	290 (2038)	4,346
Total notes payable		$ 15,240		$ 732		$ 6,236
Subtotal before unamortized balances		27,205		1,032		6,536
Total governmental activities		$ 27,205		$ 1,032		$ 6,536

(1) The interest range is over the life of the obligation.
(2) Year of maturity refers to the fiscal year.
(3) Bonds were private sales.
(4) U.S. Bureau of Reclamation loan to the Department of Natural Resources & Conservation.
(5) Northern Cheyenne Tribe loan to the Department of Natural Resources & Conservation. The loan will not accrue interest. The issuance of a coal severance tax bond to the tribe secures the loan repayment.

D. Debt Service Requirements

Primary government debt service requirements on June 30, 2023, were as follows (in thousands):

	Governmental Activities			
	Special Revenue Bonds		Notes Payable	
Fiscal Year Ended June 30:	Principal	Interest	Principal	Interest
2024	$ 300	$ 2	$ 732	$ 38
2025	—	—	403	38
2026	—	—	408	38
2027	—	—	413	38
2028	—	—	419	38
2029 - 2033	—	—	2,185	190
2034 - 2038	—	—	1,676	76
Total	$ 300	$ 2	$ 6,236	$ 456

E. Summary of Changes in Long-term Liabilities

Primary government long-term liability activities for the year ended June 30, 2023, were as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due In More Than One Year
Governmental activities						
Bonds/notes payable						
General obligation bonds	$ 130,772	$ —	$ 130,772	$ —	$ —	$ —
Special revenue bonds	12,695	—	12,395	300	300	—
Notes payable	6,963	—	727	6,236	732	5,504
	150,430	—	143,894	6,536	1,032	5,504
Unamortized premium	12,787	—	12,787	—	—	—
Total bonds/notes payable (2)	163,217	—	156,681	6,536	1,032	5,504
Other liabilities						
Right to use lease payable (3)	138,384	20,057	20,388	138,053	19,841	118,212
Right to use SBITA payable (4)	32,113	6,504	5,804	32,813	8,348	24,465
Financed purchase payable (3)	14,505	—	3,682	10,823	2,668	8,155
Compensated absences payable (1)	108,589	69,418	63,951	114,056	63,549	50,507
Estimated insurance claims	103,540	211,667	233,969	81,238	30,951	50,287
Pollution remediation	158,688	—	6,334	152,354	17,361	134,993
Net pension liability	1,915,996	594,454	653	2,509,797	—	2,509,797
Total OPEB liability	118,518	—	88,778	29,740	—	29,740
Total other liabilities	2,590,333	902,100	423,559	3,068,874	142,718	2,926,156
Total governmental activities long-term liabilities	$ 2,753,550	$ 902,100	$ 580,240	$ 3,075,410	$ 143,750	$ 2,931,660
Business-type activities						
Bond payable (5)	$ —	$ —	$ —	$ —	$ —	$ —
Right to use lease payable (3)	3,259	12	341	2,930	340	2,590
Right to use SBITA payable (4)	1,543	—	237	1,306	430	876
Compensated absences payable (1)	2,309	1,266	1,138	2,437	1,138	1,299
Estimated insurance claims	14,495	114,601	113,123	15,973	12,778	3,195
Net pension liability	10,590	3,189	419	13,360	—	13,360
Total OPEB liability	2,030	—	1,468	562	—	562
Total business-type activities long-term liabilities	$ 34,226	$ 119,068	$ 116,726	$ 36,568	$ 14,686	$ 21,882

(1) The compensated absences liability attributable to the governmental activities will be liquidated by several governmental and internal service funds. The Employee Group Benefits and Administration Insurance internal service funds will liquidate the estimated insurance claims liability.

(2) Deferred outflows, including those related to bonds payable, are reported separately on the Statement of Net Position based on GASB Statement No. 65.

(3) The right to use lease payable and the financed purchase payable beginning balances were restated due to prior period adjustments.

(4) The beginning balance has been restated for the implementation of GASB Statement No. 96.

(5) In fiscal year 2022 the INTERCAP Bond Payable was reported as long-term debt because the renewal period was greater than twelve months. The terms changed for fiscal year 2023 so the Bond payable was reclassified to short-term debt and the beginning balance has been restated.

F. Refunded and Early Retired Debt

Defeased Debt

During the 2023 Legislative session, House Bill 251 was approved. This bill established a Debt and Liability Free account to utilize excess General Fund balances to pay off outstanding bonds, notes, and other obligations. As a result, several bonds were defeased with either cash-funded defeasance or escrow-funded defeasance. As of June 30, 2023 the bonds listed below (in thousands) were legally defeased, are no longer outstanding under State law, and are no longer reflected as liabilities.

DEFEASED TO ESCROW

Bond or Note Issue	Principal Amount Outstanding	Cash Required for Escrow
Series 2020H, General Obligation Long-Range Building Program Bonds, amount issued $5,900	$ 5,475	$ 6,110
Series 2014, General Obligation Long-Range Building Program Refunding Bonds, amount issued $28,810	10,980	11,374
Series 2020I, General Obligation Trust Lands Refunding Bonds (Taxable), amount issued $12,510	10,025	9,092
Series 2020G, General Obligation Bonds, amount issued $32,505	27,235	32,317
Series 2022D, General Obligation Bonds, amount issued $16,035	15,190	15,448
Series 2020C, General Obligation Bonds, amount issued $28,900	21,230	23,821
Series 2013C, General Obligation Long-Range Building Program Refunding Bonds, amount issued $6,780	880	898
	$ 91,015	**$ 99,060**

DEFEASED WITH CASH PAY OFF

Bond or Note Issue	Principal Amount Outstanding	Cash Required for Pay Off - non-escrow
Series 2008D, General Obligation, amount issued $3,100	$ 995	$ 1,011
Series 2020E, General Obligation, amount issued $2,658	2,101	2,112
Series 2020K, General Obligation, amount issued $985	441	443
Series 2020J, General Obligation, amount issued 24,865	16,065	16,160
Series 2005D, General Obligation, amount issued $2,000	405	412
	$ 20,007	**$ 20,138**
Total defeased debt	**$ 111,022**	**$ 119,198**

Prepayments

The Department of Natural Resources and Conservation (DNRC) used current available resources in the amount of $7.4 million to prepay special revenue bond series 2020L, resulting in the decrease of the outstanding balance.

G. Conduit Debt Obligations

Information is presented below for financing authorities participating in debt issues. The related debt issued does not constitute a debt, liability, obligation, or pledge of faith and credit of the State. Accordingly, these bonds and notes are not reflected in the accompanying financial statements.

Montana Board of Investments (BOI) is authorized to issue Qualified Zone Academy Bonds (QZAB) under the Municipal Finance Consolidation Act as conduit (no-commitment) debt. The revenues, and in some cases, the taxing power of the borrower, are pledged to repay the bonds. At June 30, 2023, QZAB debt outstanding aggregated $3.5 million.

BOI is also authorized to issue Qualified School Construction Bonds (QSCB) under the Municipal Finance Consolidation Act as conduit (no-commitment) debt. The revenues of the borrower are pledged to repay the bonds. At June 30, 2023, QSCB debt outstanding aggregated $1.8 million.

H. Estimated Pollution Remediation Obligation

Estimated pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The estimates are derived using the expected cash flows method and technical estimates from record of decisions, consent decrees, and/or settlement agreements. There may be factors influencing the estimates that are not known at this time. Prospective recoveries from other responsible parties may reduce the State’s obligation.

The State’s estimated pollution remediation liability as of June 30, 2023, was $152.4 million. Of this liability, $3.4 million resulted in settlement agreements to restore natural resources, water supplies, and natural resource-based recreational opportunities up to the settlement amount; $149.0 million is based on decrees or settlements for remediation activities. Other estimated liabilities have been recorded for soil and Polychlorinated Biphenyls (PCB) contamination and removal of asbestos contamination. The estimated pollution remediation liability was recorded in compliance with accounting and reporting standards and does not constitute the State’s total acceptance of the liability or responsibility for these matters.

I. Non-Exchange Financial Guarantee

BOI provides loan guarantees from STIP, TFIP, and the Coal Severance Tax Fund to the Facility Finance Authority (FFA). BOI exposure to bond issues, surety bonds, and designated loans of FFA totaled $109.1 million as of June 30, 2023. FFA is a discretely presented component unit of the State of Montana. FFA guarantee requests are submitted to BOI for review and approval. BOI’s participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into FFA’s statutorily allowed capital reserve account is explicitly limited by statute, which requires BOI to act prudently. The guarantee requests from FFA pertain to bonds issued by FFA with a term of up to 40 years. BOI receives a credit enhancement fee at FFA bond closing based on the term of the financing, the type of bond, the rating of the borrower, and the type of reserve fund. BOI and FFA have entered into an agreement detailing repayment to BOI. No credit enhancement fees were generated during the fiscal year. BOI has not had to perform on any loan guarantee in the past.

The following schedule summarizes the activity related to the non-exchange financial guarantee during the year ended June 30, 2023 (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 113,573	$ —	$ 4,440	$ 109,133

NOTE 12. INTERFUND BALANCES AND TRANSFERS

A. Balances Due From/To Other Funds

Balances due from/to other funds arise when there is a timing difference between the dates that reimbursable expenditures and interfund services provided/used are recorded in the accounting system and the dates on which payments are made. Balances also arise when there is a timing difference between the dates transfers between funds are recorded and the dates on which payments are made. Balances due from/to other funds also include the current portion of balances related to amounts loaned by the Municipal Finance Programs to other funds, under the Board of Investments' INTERCAP loan program. Balances due from/to other funds are expected to be repaid within one year from origination.

Balances due from/to other funds at June 30, 2023, consisted of the following (in thousands):

	Due to Other Funds						
	Federal Special Revenue	General Fund	Internal Service Funds	Nonmajor Enterprise Funds [2]	Nonmajor Governmental Funds	State Special Revenue	Total
Due from Other Funds							
Federal Special Revenue	$ —	$ 26,174	$ —	$ —	$ —	$ 370	$ 26,544
General Fund	1,419	—	—	27,379	—	26,701	55,499
Internal Service Funds	10	—	34	—	—	10	54
Municipal Finance Programs	—	—	1,820	205	1	—	2,026
Nonmajor Enterprise Funds	428	—	—	—	—	—	428
Nonmajor Governmental Funds	8,716	29	—	—	—	1,668	10,413
State Special Revenue [1]	77	14	—	1,000	3	—	1,094
Total	$ 10,650	$ 26,217	$ 1,854	$ 28,584	$ 4	$ 28,749	$ 96,058

(1) Total due from other funds to the state special revenue fund on the fund financial statement is reported as $9.9 million. The difference of $8.8 million between the amount reported above and the amount reported in the fund financial statement relates to long-term receivables. The receivables are reported on the fund financial statement, and the long-term liabilities are reported on the government-wide statement.

(2) Total due to other funds from the nonmajor enterprise funds on the fund financial statement is reported as $28.8 million. The difference of $170.5 thousand between the amount reported above and the amount reported on the fund financial statement relates to loans payable. The receivables are reported on the government-wide statement, and the liabilities are reported on the fund financial statement.

B. Interfund Loans Receivable/Payable

Montana statutes include a provision for interfund loans when the expenditure of an appropriation is necessary, and the cash balance in the fund from which the appropriation was made is insufficient to pay the expenditure. Interfund loans receivable/payable are expected to be repaid within one year from the date of origination.

Interfund loans receivable/payable at June 30, 2023, consisted of the following (in thousands):

	Interfund Loans Payable							
	Coal Severance Tax	Federal Special Revenue	Internal Service Funds	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	State Special Revenue	Land Grant	Total
Interfund Loans Receivable								
General Fund	$ 1,567	$ 110,878	$ 824	$ 9,926	$ —	$ 4,145	$ —	$ 127,340
Internal Service Funds	—	—	—	—	—	12	—	12
Nonmajor Enterprise Funds	—	91	—	—	—	454	—	545
Nonmajor Governmental	—	1,000	—	—	—	—	—	1,000
State Special Revenue	—	112,928	433	309	555	—	5	114,230
Total	$ 1,567	$ 224,897	$ 1,257	$ 10,235	$ 555	$ 4,611	$ 5	$ 243,127

C. Advances To/From Other Funds

Advances to/from other funds represent the portion of interfund loans that are not expected to be repaid within one year from the date of origination. Advances to/from other funds also include the noncurrent portion of balances related to amounts loaned by the Municipal Finance Programs to other funds, under the Board of Investments' INTERCAP loan program. For more information on the INTERCAP loan program, refer to Note 11.

Advances to/from other funds at June 30, 2023, consisted of the following (in thousands):

	Advances from Other Funds					
	Federal Special Revenue	Internal Service Funds	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	State Special Revenue	Total
Advances to Other Funds						
General Fund	$ 47,372	$ —	$ —	$ 2,500	$ —	$ 49,872
Municipal Finance Programs	—	8,099	14	1,123	—	9,236
Nonmajor Governmental Funds	—	—	—	—	3,823	3,823
State Special Revenue	850	—	179	—	—	1,029
Total	$ 48,222	$ 8,099	$ 193	$ 3,623	$ 3,823	$ 63,960

Additional detail for certain advance balances at June 30, 2023, follows (in thousands):

Advances from the Municipal Finance Programs under the INTERCAP Loan Program

Departmental Function	Balance
Natural Resources and Conservation	$ 814
Public Safety	3,521
Transportation	4,901
Total	$ 9,236

D. Interfund Transfers

Routine transfers between funds are recorded to (1) transfer revenues from the fund legally required to receive the revenue to the fund authorized to expend the revenue, (2) transfer resources from the General Fund and special revenue funds to debt service funds to support principal and interest payments, (3) transfer resources from enterprise funds to the General Fund to finance general government expenditures, and (4) provide operating subsidies.

Interfund transfers for the year ended June 30, 2023, consisted of the following (in thousands):

	Transfers Out								
	Coal Severance Tax	Federal Special Revenue	General Fund (1)	Internal Service Funds	Land Grant	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	State Special Revenue	Total
Transfers In									
Coal Severance Tax	$ —	$ —	$ —	$ —	$ —	$ —	$ 640	$ —	$ 640
Federal Special Revenue	—	—	423	—	—	—	—	2,855	3,278
General Fund (1)	18,105	567	—	—	8	78,178	—	38,752	135,610
Internal Service Funds	—	9	31,425	36	—	2	—	2,752	34,224
Land Grant	—	—	54	—	—	—	—	48	102
Nonmajor Enterprise Funds	—	427	18,000	—	—	—	—	282	18,709
Nonmajor Governmental Funds	—	33,662	493,122	118	220	—	400	21,644	549,166
State Special Revenue	10,909	13,429	46,719	263	75,383	12,299	25,162	—	184,164
Total	$ 29,014	$ 48,094	$ 589,743	$ 417	$ 75,611	$ 90,479	$ 26,202	$ 66,333	$ 925,893

(1) Several State Special Revenue funds are combined with the General Fund for reporting purposes (discussed further in Note 1). As a result, several transfers are not accounted for in the above table, as both the transfer-ins and respective transfer-outs have been eliminated as required for proper financial reporting. Transfers from the General Fund to the following funds were eliminated (in millions):

Description	Amount
Budget Stabilization Reserve	$ 377.0
Fire Suppression Fund	159.7
Behavioral Health System for Future Generations	70.0
Montana Surplus Tax Rebates	515.0
Emergency Shelter Facilities Grants	5.0
Capitol Complex Legislative Branch	25.0
Debt and Liability Free	125.0
Capitol Complex Executive Branch	25.0
Medicaid 24-7 Facility Contingency	56.5
Securing Access to Federal Expenditures to Repair (SAFER) Montana Roads	100.0
Total	$ 1,458.20

NOTE 13. FUND EQUITY DEFICITS

The following funds have a deficit net position remaining at June 30, 2023, as follows (in thousands):

Fund Type/Fund		Deficit
Governmental Funds		
Federal/Private Construction Grants	$	(97)
Internal Service Funds [1]		
Information Tech Services	$	(13,618)
Admin Central Services		(1,515)
Building and Grounds		(452)
Labor Central Services		(6,926)
Commerce Central Services		(890)
OPI Central Services		(1,911)
DEQ Indirect Cost Pool		(2,654)
Payroll Processing		(1,204)
Warrant Processing		(107)
Investment Division		(3,409)
Aircraft Operation		(577)
Justice Legal Services		(1,282)
Personnel Training		(15)
Other Internal Services		(200)
SABHRS Finance & Budget Bureau		(814)
Enterprise Fund [1]		
State Lottery	$	(2,417)
Subsequent Injury		(831)

[1] The allocation of net pension liability and total OPEB liability is a significant factor in creating these deficits. For more detail related to these liabilities, see Notes 6 and 7, respectively.

NOTE 14. MAJOR PURPOSE PRESENTATION

Special Revenue and Fund Balances Classifications by Purpose – In the governmental fund financial statements, classifications of special revenue fund revenues and fund balances are presented in the aggregate. The tables presented below further display the special revenue fund revenues and fund balances by major purpose for the year ending June 30, 2023.

State Special Revenue By Source (in thousands)

	General Government	Public Safety	Transportation	Health and Human Services	Education	Natural Resources	Total
Licenses/permits	$ 139,674	$ 56,171	$ 27,616	$ 1,513	$ 175	$ 103,858	$ 329,007
Taxes	349,625	6,732	281,765	—	—	15,531	653,653
Charges for services	30,075	21,385	6,443	33,729	3,443	18,022	113,097
Investment earnings (losses)	1,768	2,037	4,127	1,717	898	17,208	27,755
Securities lending income	—	70	—	1	10	120	201
Sale of documents/ merchandise/property	525	4,351	116	48	1	7,152	12,193
Rentals/leases/royalties	282	125	649	49	3	355	1,463
Contributions/premiums	36,630	—	—	1,975	—	100	38,705
Grants/contracts/donations	1,361	243	216	4,932	16,108	5,168	28,028
Federal	10,341	—	1	682	—	—	11,024
Federal indirect cost recoveries	—	67	53,477	146	—	7,729	61,419
Other revenues	4,990	1,074	313	(21)	188	666	7,210
Transfers in	33,175	27,771	—	10,612	12,268	100,338	184,164
Total State Special Revenue	$ 608,446	$ 120,026	$ 374,723	$ 55,383	$ 33,094	$ 276,247	$ 1,467,919

Federal Special Revenue By Source (in thousands)

	General Government	Public Safety	Transportation	Health and Human Services	Education	Natural Resources	Total
Charges for services	$ 1,272	$ 14	$ —	$ 8,128	$ 2	$ 19	$ 9,435
Investment earnings (losses)	31,226	76	—	—	70	328	31,700
Grants/contracts/donations	164	—	—	—	6	—	170
Federal	403,877	16,396	626,440	2,602,700	401,156	119,287	4,169,856
Federal indirect cost recoveries	1	—	—	97,105	73	267	97,446
Other revenues	2	71	1	1,993	4	—	2,071
Transfers in	4	1,854	—	1,135	285	—	3,278
Total Federal Special Revenue	$ 436,546	$ 18,411	$ 626,441	$ 2,711,061	$ 401,596	$ 119,901	$ 4,313,956

Governmental Fund Balance By Function, (in thousands)
June 30, 2023

		Special Revenue		Permanent			
	General	State	Federal	Coal Severance Tax	Land Grant	Nonmajor	Total
Fund balances:							
Nonspendable							
Inventory	$ 6,525	$ 23,190	$ —	$ —	$ —	$ —	$ 29,715
Permanent fund principal	—	500	—	679,723	929,342	414,260	2,023,825
Long-term notes/receivables	49,872	—	—	—	—	—	49,872
Prepaid expenditure	1,022	513	91	—	—	11	1,637
Total nonspendable	57,419	24,203	91	679,723	929,342	414,271	2,105,049
Restricted							
General government	—	7,207	21,012	—	—	10,039	38,258
Public safety	—	151,110	—	—	—	1	151,111
Transportation	—	182,156	3,972	—	—	—	186,128
Health and human services	—	43,331	1,243	—	—	1,436	46,010
Education	—	34,088	1,445	—	—	7	35,540
Natural resources	—	804,282	—	—	—	15,894	820,176
Total restricted	—	1,222,174	27,672	—	—	27,377	1,277,223
Committed							
General government	741,547	208,770	29,206	558,449	—	731,741	2,269,713
Public safety	—	108,228	—	—	—	—	108,228
Transportation	85,145	32,675	—	—	—	—	117,820
Health and human services	13,791	69,467	—	—	—	—	83,258
Education	—	42,487	—	—	—	—	42,487
Natural resources	191,012	424,299	—	—	—	32,141	647,452
Total committed	1,031,495	885,926	29,206	558,449	—	763,882	3,268,958
Assigned							
General government	—	981	—	—	—	1,114	2,095
Public safety	—	23	—	—	—	—	23
Health and human service	—	2,301	—	—	—	—	2,301
Education	—	63	—	—	—	—	63
Natural resources	—	57	—	—	—	—	57
Encumbrance	22,206	—	—	—	—	—	22,206
Total assigned	22,206	3,425	—	—	—	1,114	26,745
Unassigned	812,573	—	—	—	—	(97)	812,476
Total fund balance	$ 1,923,693	$ 2,135,728	$ 56,969	$ 1,238,172	$ 929,342	$ 1,206,547	$ 7,490,451

NOTE 15. RELATED PARTY TRANSACTIONS

The Montana School for the Deaf and Blind is associated with a foundation, a nonprofit organization outside of state government. The school's foundation is governed by a board of directors. The superintendent of the school is a non-voting member of the foundation board and the school's Student Life Director is a voting member of the board. There were no transactions between the two entities during fiscal year 2023.

The Department of Labor and Industry Workforce Services Division rents space in Libby, MT from Mineral Plaza, LLC, in which one of the owners is a local job service manager. The term of the lease is July 1, 2022, through June 30, 2023. The annual lease amount for fiscal year 2023 was $31.6 thousand. The manager retired from the department in June of 2023.

The Department of Labor and Industry Workforce Services Division rented space in Cut Bank, MT from Glacier Community Health Center, Inc., in which one of the active board members is a local job service manager. The lease expired on August 31, 2022 and is not being renewed. During fiscal year 2023, $5.8 thousand in rent was paid towards this lease.

DNRC leases an office building in Glasgow, Montana, from a current DNRC employee. Annual lease payment for the building by DNRC is $67.5 thousand. The lease is valid through September 30, 2025. This employee terminated their employment with DNRC as of June 3, 2023 and was not involved in any decision making in regards to the agency lease of the office building.

Per Administrative Rules of Montana 17.58.101, the Montana Petroleum Tank Release Compensation Board (Board) is an independent board that is attached to Department of Environmental Quality (DEQ) for administrative purposes only. Board members are required to follow Montana's code of ethics, which includes recusing oneself in matters related to a conflict of interest. One board member is an employee of a company that had a release of funds that were paid as direct payments to contractors on behalf of the company. The total amount of such payments was $96.7 thousand for the fiscal year ended June 30, 2023.

There are campus-affiliated foundations within the Montana University System (MUS) identified in the Montana Board of Regents of Higher Education Policy 901.9 – Campus-Affiliated Foundations; Montana University System Foundation. The private foundations affiliated with campuses of the MUS provide support to their respective campuses, consistent with the mission and priorities of such campuses. Transactions occur between the Commissioner of Higher Education and said foundations as reimbursements for hosting MUS constituents and other related events and gatherings. Amounts differ each year based on the number of activities and events hosted in each fiscal year. For fiscal year 2023, transactions totaled $10.9 thousand.

The MUS Group Insurance program offers insurance coverage and collects insurance premiums from the community colleges as a related party. The premium revenue collected was $4.8 million for the fiscal year ended June 30, 2023.

All lotteries that offer multi-state games transact with the Multi-State Lottery Association (MUSL), which requires the lottery directors from each of the states to be on the MUSL board of directors. The Director of the Montana Lottery is on the MUSL board along with other directors of other states. The Director of the Montana Lottery is in a position to vote and have influence for both MUSL and the Montana Lottery who have significant transactions between each other. The Montana Lottery has prize reserves with MUSL in the amounts of $1.1 million for the fiscal year ended June 30, 2023. The prize reserve monies are assets to the Montana Lottery and would be transferred over if the Montana Lottery were to quit any of the multi-state games. Weekly, MUSL collects each state's share of prize expenses to go towards respective jackpots. If a state has a large enough prize amount or number of winners for any particular draw, MUSL would then reimburse any state for the excess amount of prizes paid out. The Montana Lottery paid MUSL $9.9 million for its share of prizes and received reimbursements for prizes in the amount of $1.8 million for the fiscal year ended June 30, 2023.

The Department of Transportation had a financial employee who was also a county commissioner within the district they served. The department made payments of $38.3 thousand for fiscal year 2023 to the same county.

NOTE 16. CONTINGENCIES

Litigation

The State is party to legal proceedings, which normally occur in government operations. In the opinion of the State's legal counsel and the Department of Administration, the likelihood the legal proceedings will have a material adverse impact on the State's financial position is remote, except where listed below.

PPL v. Montana involves ownership of sections of riverbed on the Missouri, Clark Fork, and Madison rivers. The case originated in 2003, when a group of parents of school-age children sued Petitioner PPL Montana, LLC (PPL), in Federal Court, alleging that the company must pay rent for the use of state-owned riverbeds to generate hydroelectric power. After the Federal Court dismissed the case for lack of jurisdiction, PPL filed an action in the state district court seeking a declaration that the state could not charge them rent for the use of the riverbeds at issue. The State intervened in the case and counterclaimed for a declaration that PPL and its co-plaintiffs unlawfully occupied state lands and must compensate the State Land Trust on behalf of its public beneficiaries for the use of those lands. The legal test for ownership of the riverbeds is whether the rivers at issue were navigable at the time of statehood. Based upon the historical record, the District Court granted the State summary judgment on the question of navigability, and the case proceeded to trial on the issue of compensation for the use of trust lands. In June of 2008, the Court issued its ruling and ordered that PPL owed the State almost $41.0 million for past use of the riverbeds.

PPL appealed the decision to the Montana Supreme Court. The case was briefed and argued before the Court. In March 2010, the Montana Supreme Court issued a decision upholding the district court's finding of navigability and determination of compensation.

PPL appealed the case to the United States Supreme Court. The case was briefed and argued, and in February 2012, the Court reversed the Montana Supreme Court's decision. The United States Supreme Court concluded that the Montana courts had applied an incorrect legal standard for determining a river's navigability. The Court clarified that navigability had to be determined on a segment-by-segment basis. The Court remanded the case for further proceedings, and the case currently is pending in the Montana First Judicial District, Lewis and Clark County, Judge Michael McMahon presiding. The cause number is CDV 2004-846. Additional detail is provided below as the case has been remanded to the United States District Court, District of Montana, Helena Division.

The most obvious impact of the Supreme Court's decision is that the State is no longer entitled to the $41.0 million judgment. The monetary amount that the State may be entitled to depends on the navigability of the rivers, which will have to be determined under the Supreme Court's segment-by-segment approach. Going forward, the litigation will focus on applying the Supreme Court's segmentation approach to determine the navigable reaches of the Madison, Clark Fork, and Missouri Rivers. At this stage, it is difficult to predict an outcome of this litigation.

A less obvious financial impact is the bill of costs that PPL submitted to the district court following the remand. PPL requested that the district court tax the State of Montana with $1.2 million for PPL's costs relating to the appellate proceedings. All, but approximately $31.0 thousand, relate to premiums that PPL paid for a supersede as bond in support of staying the $41.0 million judgment. In May 2012, the State filed its response to PPL's bill of costs and agreed to costs of $31.3 thousand. However, the State moved the court to deny PPL's request for costs related to the supersede as bond. The parties stipulated to hold this issue in abeyance until the court rules on all remaining matters in the case. Counsel for the State has agreed to release the supersede as bond. In the opinion of counsel, there are good legal arguments that support the State's position that it should not be required to pay the supersede as bond premiums; however, legal and procedural uncertainties exist that make an adverse determination reasonably possible.

This case is now known as State of Montana v. Talen Montana, LLC et al. (Cause No. CV 16-35-H-DLC-JCL). A bench trial occurred on January 3 through January 19, 2022. No decision was made by the Judge. The parties were required to submit amended proposed findings of fact and conclusions of law.

The State of Montana submitted its proposed findings and conclusions on April 29, 2022, and an amended proposed findings and conclusions on May 13, 2022. Talen filed notice of suggestion of bankruptcy on May 10, 2022. The Court entered an automatic stay of proceedings because of the bankruptcy filing on June 23, 2022. The Court lifted the stay on September 16, 2022, and ordered Talen to respond to Montana's amended proposed findings of fact and conclusions of law by October 6, 2022, which Talen complied with on October 6, 2022. The Court has not rendered a decision on parties' proposed findings of fact and conclusions of law. The State's claims against the utilities remained unchanged throughout trial, and the State still holds the opinion that no further potential liability to the State is expected relative to this action.

The Court entered its Findings of Fact and Conclusions of Law on August 25, 2023, quieting title in favor of Montana on certain segments, in favor of the United States in all other disputed reaches, and in favor of Talen and NorthWestern for the riverbed lying between the ordinary low water marks of certain disputed reaches. The Court certified its liability findings as final for purposes of appeal to the Ninth Circuit, staying its determination of damages pending the Ninth Circuit's resolution of the appeal. Montana appealed, and Talen and NorthWestern cross-appealed. Briefing in the Ninth Circuit is currently set to begin on March 13, 2024.

Diaz et al. v. Blue Cross and Blue Shield of Montana et al. (Diaz) was a lawsuit filed in the Montana First Judicial District Court, Lewis and Clark County, Cause No. BVD-2008-956, in October 2008, by plaintiffs Jeanette Diaz, Leah Hoffman-Bernhardt, and Rachel Laudon, individually, and on behalf of others similarly situated, naming Blue Cross and Blue Shield of Montana (BCBS), New West Health Services (New West), Montana Comprehensive Health Association, and the State of Montana (State) as defendants. The complaint alleges that the defendants have violated the made-whole laws of Montana and illegally given themselves subrogation rights.

On June 12, 2009, the Plaintiffs filed with the District Court a motion for class certification. The District Court Judge denied the Plaintiffs' motion for class certification on December 16, 2009. The Plaintiffs appealed this decision to the Montana Supreme Court. As part of the review of the underlying decision denying class certification, the Montana Supreme Court remanded the case to the District Court to determine the question of whether the made-whole laws, codified in Section 2-18-902 and Section 33-30-1102, MCA, apply to the various types of third-party administrators (TPAs) at issue in Diaz. The District Court held that these laws do not apply to TPAs. The Plaintiffs appealed this decision.

On December 21, 2011, the Supreme Court issued its decision, holding that the District Court abused its discretion in denying a class action and that BCBS and New West, as TPAs of the State's health plan, are not subject to the made-whole laws as "insurers" under Section 2-18-901 and Section 2-18-902, MCA, or under a third-party beneficiary theory.

On June 20, 2012, the District Court ruled on the State's summary judgment motion seeking an order from the court that the State has not violated the made-whole laws in the administration of its health plan. The court denied the State's motion, ruling that the State is an insurer for the purposes of the made-whole laws and that it must conduct a made-whole analysis before exercising and subrogation/coordination of benefits rights. The State filed with the District Court a motion requesting that the court certify its decision to the Montana Supreme Court. The District Court granted the motion, and the Montana Supreme Court, over the Plaintiffs' objection, ultimately agreed in a November 27, 2012, Order to hear this issue. The Plaintiffs also appealed to the Montana Supreme Court, the District Court's definition of the class action.

On August 6, 2013, the Montana Supreme Court issued its opinion, affirming the Montana First Judicial District Court's decision defining the class action to include only those State benefit plan members who had timely filed claims for covered benefits for services that took place no earlier than eight years before the filing of the Plaintiffs' complaint, which was October 23, 2008.

On November 6, 2013, the Montana Supreme Court issued its opinion, affirming the District Court's June 20, 2012, decision that the applicable made-whole laws apply to the State benefit plan.

On September 8, 2014, the District Court issued an order ruling on several motions that the parties had filed. The principal rulings were: (i) the Court authorized Plaintiffs to proceed with additional discovery to determine if the class definition should be altered or amended; (ii) given its order to allow additional discovery, the Court held in abeyance its decision on the State's Motion for Summary Judgment requesting that the class be limited to those who timely filed claims within the one-year filing restriction contained in the State's policy; (iii) the Court granted the Plaintiffs' motions asking the Court to require the State to conform its health plans, procedures, notices, and practices to comply with the Montana Supreme Court's rulings in this case and to pay covered medical expenses, await the resolution of claims against liability carriers, and then conduct a made-whole determination before it can exercise subrogation or accept reimbursements from its members or providers; and (iv) the Court ordered the parties to develop a class notice to be sent to past and current plan members dated back to eight years before this suit was filed. The State and Plaintiffs' counsel developed the notice that has been sent to class members.

On April 13, 2015, the District Court issued an Order on Interest to Be Paid, requiring the State to include in the payments ultimately made to class members' interest at the rate of 10.0% per annum. For claims arising before December 24, 2009, interest would begin 30 days following the Montana Supreme Court's decision in Blue Cross and Blue Shield of Montana, Inc. v. Montana State Auditor. For any claims arising after December 24, 2009, interest would begin starting on the day the underlying medical expenses were incurred.

On October 5, 2015, the Plaintiffs filed with the District Court a motion directing the State to pay attorney fees arising from the class action suit. On November 9, 2015, the District Court issued an order denying Plaintiffs' motion for attorney fees.

On December 14, 2015, the District Court issued an order certifying that its orders concerning interest and attorney fees were final for purposes of an appeal to the Montana Supreme Court. On January 12, 2016, the Plaintiffs filed a Notice of Appeal with the Montana Supreme Court, appealing the interest and attorney fee orders.

Pursuant to the Montana Supreme Court's mandatory mediation process, the parties reached a settlement on attorney fee payments; however, the parties did not reach an agreement on the interest issue. On October 25, 2016, the Montana Supreme Court issued its ruling on the interest issue, finding that November 14, 2009, is the date that interest commences; and, for claims arising after November 14, 2009, interest will begin starting on the day the underlying medical expenses were incurred.

On April 28, 2017, the District Court appointed a Special Master to consider and resolve issues regarding expanding the class to persons with unsubmitted claims; whether to include claims after 2009; whether the State must identify members from third-party administrators other than Blue Cross/Blue Shield; whether, if at all, the State must reform its systematic practices; supervising the payment and notice process; which party or parties should pay the Special Master for her time and expenses; whether the District Court should approve a partial payment of attorney fees; setting a time frame for making claims; setting a time for ending the class action; determining payment of residual funds; and any other issues as necessary to facilitate the swift and equitable resolution of the case.

As of June 30, 2017, the State paid Plaintiffs $1.4 million in based payments plus interest.

On June 21, 2017, the Special Master issued a report and recommended order regarding the partial payment of the Plaintiffs' counsels' attorney fees. This recommendation was based on a stipulation the State and the Plaintiffs' counsel had reached, agreeing that the State would pay counsel $400.8 thousand for claims made by individuals that could be documented. The State has paid this amount to class counsel.

The Special Master issued a second report and recommended an order expanding the class on August 8, 2018. The principal findings of this recommendation were to expand the class definition to include those individuals who did not submit claims to the State for processing; to expand the class to end June 30, 2016; and to redefine the class as (a) employees, employee dependents, retirees, and retiree dependents who participate or participated in the State of Montana's health benefit plan(s), administered or operated by the State and/or the third party administrators whose claims for covered benefits took place no earlier than eight years prior to the filing of the complaint in this action, which was October 23, 2008; (b) who were injured through the legal fault of persons who have legal obligations to compensate them for all damages sustained; and (c) who have not been made whole for their damages (or for whom the State and TPAs conducted no made-whole analysis) because the State and the third party administrators programmatically failed to pay benefits for their covered medical costs. On October 29, 2018, the District Court Judge issued an Order Adopting the Special Master's Report Expanding the Class.

As of June 30, 2018, the State paid Plaintiffs $1.7 million in based payments plus interest.

On April 23, 2019, the District Court Judge approved the parties' motion for a process to identify and distribute residual funds for known class members on the master list for Blue Cross Blue Shield of Montana claims. On May 2, 2019, the State issued payment of $122.0 thousand to the Hunt Law Firm for the residual funds and interest thereon.

On May 1, 2019, the parties filed the Notice to Special Master of Agreement on Notice Procedure. Pursuant to that notice, the State distributed notices to all former and current State employees enrolled in the State health plan between January 1, 2010, through June 30, 2016. Notice was distributed through email and first-class mail. The initial distribution of notices was May 23, 2019. The deadline for a claimant to return a claim to the State was November 30, 2019.

As of June 30, 2019, the State paid Plaintiffs $2.0 million, including the payment for residual funds and interest.

As of June 30, 2020, the State paid Plaintiffs $2.9 million for claim payments, interest, and attorney fees for Plaintiffs' counsel.

As of February 28, 2021, the state paid Plaintiffs a cumulative $3.0 million for claim payments, interest, and Plaintiffs' attorney fees.

On March 23, 2021, Plaintiffs filed a motion to enforce an October 29, 2018 Order to address first party medical payments coverage in casualty insurance policies (the "Med-pay Claims"). Plaintiffs contend that the Med-pay Claims should be paid. On July 23, 2021, Special Master held a hearing on Plaintiffs' motion.

As of June 30, 2023, the amount paid by State for claim payments, interest, and attorney fees for Plaintiffs' counsel has not changed from February 28, 2021. Since the case is ongoing, the State does not have sufficient information to determine the ultimate cost to the State.

Disability Rights Montana v. Gootkin and Salmonsen (Cause # CV-15-22) is a civil rights case filed by the ACLU of Montana on behalf of the Plaintiff, alleging deliberate indifference in the provision of mental health care to seriously mentally ill inmates at Montana State Prison. Plaintiff sought only declaratory and injunctive relief and later amended its complaint, seeking similar relief under Section 1983 of Title 42 of the United States Code, the Civil Action for Deprivation of Rights. The District Court had dismissed the case for failure to state a claim, which order was appealed by Plaintiffs to the Ninth Circuit Court of Appeals. The Ninth Circuit Court of Appeals overturned the district court's ruling and remanded the case back to the district court in front of a new judge. As a result, the Department of Corrections (Department) has participated in on-going discovery, with the aid of outside expert witnesses and the defense of the case through outside legal counsel. The parties had previously exchanged settlement proposals without success. Because of legislation enacted during the 2019 legislative session, the Department implemented significant changes in the use of restrictive housing, especially as related to seriously mentally ill inmates. The Plaintiff seeks only prospective injunctive and declaratory relief, as well as reasonable attorney's fees, litigation expenses and costs, which could likely exceed $1.0 million.

On April 10, 2022, the parties entered into a settlement agreement in which the Department agreed to institute a number of changes in procedures related to the housing and treatment of the seriously mentally ill inmates at Montana State Prison, to be monitored by an independent monitor. The parties were responsible for their own attorney's fees and other litigation costs. The independent monitor has determined the Department is in substantial compliance with the terms of the settlement agreement. The Plaintiff is reviewing the most recent monitor report, and the parties are working on final resolution of several terms of the agreement. The projected costs for the independent monitor should not exceed $250,000.

Vincent, Benner, and Hoch v. DPHHS (CDV-19-0314, Eighth Judicial District Court, Cascade County) was filed on May 17, 2019, by Montana Optometric Association members seeking class certification of all licensed Montana optometrists who are participating providers in Montana Medicaid. The named plaintiffs claim the Department's Medicaid rate structure discriminates against them because they are paid less than physicians (doctors of medicine or doctors of osteopathy) for performing the same services. They cite Section 37-10-104, MCA, as the basis of the discrimination claim. They seek declaratory relief and permanent injunctive relief in their claims of discrimination, violations of MAPA, breach of contract, and implied covenant of good faith. They request damages, interests, costs, and attorney fees, which would amount to more than $1 million. Plaintiffs' motion for class certification has been granted. Notices are in the process of going out to class members.

Blixseth v. Montana Department of Revenue (MDOR), (BK Case No. 11-15010) Mr. Blixseth filed a Complaint in US Bankruptcy Court, District of Nevada, on December 23, 2021, against MDOR seeking costs, attorneys fees, and proximate and punitive damages. On January 25, 2022, the Department filed a Motion to Dismiss the adversary proceeding asserting Eleventh Amendment sovereign immunity. On July 27, 2022, the Bankruptcy Court granted the Department's Motion to Dismiss as to the punitive damages. However, the Bankruptcy Court denied the Department's Motion as to costs, attorneys fees, and proximate damages. The Department filed a Notice of Appeal to the 9th Circuit Bankruptcy Appellate Panel on August 10, 2022. Mr. Blixseth filed a Motion for Summary Disposition and an opposing motion to the Department's Notice of Appeal before the 9th Circuit on December 16, 2022. On that same day, Mr. Blixseth filed a Motion for Sanctions. The Department's opening brief was due to be filed on December 23, 2022. The Department filed an extension motion on the opening brief, but the 9th Circuit denied the motion, stating that the briefing schedule is stayed until resolution of Mr. Blixseth's Motion for Summary Disposition. On December 22, 2022, the Department file a response to Mr. Blixseth's Motion for Summary Disposition and he replied on December 28, 2022. The matter remains pending before the 9th Circuit. At this time, the litigation is still dealing with the threshold jurisdictional question and no discovery has been conducted. Without answers to the jurisdictional question and the without discovery, the "degree of probability of an unfavorable outcome and any associated loss" cannot be reasonably estimated. On March 31, 2023, the Department filed its opening Appellate Brief and on May 31, 2023, Mr. Blixseth filed his answering brief. The Ninth Circuit heard oral argument on the appeal on January 10, 2024, in Pasadena, CA.

Public Employee Retirement Board (PERB) – Refer to Note 6, section K, for contingency disclosure information.

Montana State Fund – Refer to Note 18, Section O, for contingency disclosure information.

Federal Contingencies

Federal Grants – The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs (which are not included in the basic financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or financial and compliance audits by the granter agencies of the Federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities of the State. The State's management believes ultimate disallowances and sanctions, if any, will not have a material effect on the basic financial statements.

Food Distribution Program – The amount reported for Food Distribution programs (Assistance Listing Number (ALN) #10.555, #10.565, #10.567, #10.569, and #93.053) represents the dollar value of food commodities distributed to eligible recipients during the year. The U.S. Department of Agriculture provides the current value of the commodities used by the State to compute the amount reported. The amount of funds received to administer the program is also included in the reported amount. The State also distributes food commodities to other states in the western region of the United States, the value of which is excluded from the reported amounts. During fiscal year 2023, the State distributed $288.3 thousand of food commodities under ALN #10.567 to other states.

The State distributed $10.9 million in commodities in fiscal year 2023. The value at June 30, 2023, of commodities stored at the State's warehouse, is $7.2 million, for which the State is liable in the event of loss. The State has insurance to cover this liability.

Miscellaneous Contingencies

Gain Contingencies – Certain natural resource and corporate tax assessments are not reported on the State's financial statements because they are being protested administratively. As of June 30, 2023, the following assessments (by fund type) were outstanding (in thousands):

Taxes	General Fund	Special Revenue
Oil & Gas Production Tax	$ 229	$ 43
Total	$ 229	$ 43

The collectability of these contingencies is dependent upon the decisions of the court, other authorities, or agreed-upon settlements. The corporate tax assessments include material estimates that could result in a significant reduction of the tax assessed once actual numbers are provided. Interest related to corporate tax assessments is distributed to the General Fund and is included in the assessment total above.

The oil and gas production tax noted above represents the state portion of the total protested amount of $505.6 thousand.

Loss Contingencies – Certain corporations have requested refunds that are not reported on the State's financial statements as of June 30, 2023. The corporations have appealed the Department of Revenue's decision to deny or adjust the refund. As of June 30, 2023, these include $256.7 thousand of General Fund corporation tax refunds. $146.9 thousand of the $256.7 thousand total is related to interest.

Certain companies have protested property taxes that have been included as revenue on the State's financial statements as of June 30, 2023. As of June 30, 2023, these include $59.5 thousand of protested property taxes recorded in the General Fund and $68.6 thousand recorded in State Special Revenue Funds.

NOTE 17. SUBSEQUENT EVENTS

Investment Related Issues

Since June 30, 2023, the Board of Investments (BOI) has:

1. Made additional commitments to fund loans from the INTERCAP loan program of approximately $31.6 million. In November 2023, BOI requested an additional advance of $2.0 million to cover INTERCAP fundings.
2. Committed an additional $125.0 million within Real Estate, $157.0 million within Real Assets, and $305.0 million within Private Investments, of which $483.5 million is related to Consolidated Asset Pension Pool (CAPP), $87.5 million to Trust Funds Investment Pool (TFIP), and $16.0 million to Separately Managed Accounts (SMA) based on current exchange rates.
3. Funded an additional $9.5 million to Montana lenders from the Coal Severance Tax Permanent Fund's In-State Loan Program.
4. Funded an additional $2.5 million for the Veterans' Home Loan Program (VHLM) and an additional $13.8 million for the Multi Family Coal Trust Home Program.

Other Subsequent Events

The 2023 Montana Legislature passed HB 569 appropriating $27.6 million from the general fund to the Highway Patrol Officers' Retirement System (HPORS), $26.8 million to the Sheriffs' Retirement System (SRS), and $41.2 million to the Game Wardens' and Peace Officers' Retirement System (GWPORS) to amortize the systems in 25 years. The payments will be made for the fiscal year beginning July 1, 2023. More information is available in Note 6.

On February 20, 2024, the Department of Revenue issued a $10.0 million corporate income tax refund out of the General Fund. This refund is related to an overpayment of estimated payments over the last few years.

The Department of Natural Resources prevailed in a litigation with Avista Corp., regarding the State's claim for rent on riverbed acreage occupied by their hydroelectric projects. In December 2023, Avista was required to release lease payments made under protest from escrow, and as a result, the State received $24.5 million.

NOTE 18. COMPONENT UNITS

A. Condensed Financial Statements

Below are the condensed financial statements of the component units for the State of Montana as of June 30, 2023 (in thousands):

Condensed Statement of Net Position

Component Units

	Montana Board of Housing	Facility Finance Authority	Montana Reinsurance Association [1]	Montana State Fund [1]	Montana State University	University of Montana	Total Component Units
Assets:							
Cash, investments and other assets	$ 635,277	$ 9,906	$ 15	$ 1,572,170	$ 916,670	$ 774,942	$ 3,908,980
Due from primary government	—	—	—	—	823	1,504	2,327
Due from component units	—	—	—	—	—	85	85
Capital assets (net) (Note 18C)	2,348	238	—	44,347	645,832	453,169	1,145,934
Total assets	637,625	10,144	15	1,616,517	1,563,325	1,229,700	5,057,326
Deferred Outflows of Resources	738	125	—	5,496	75,644	56,850	138,853
Liabilities:							
Accounts payable and other liabilities	9,231	17	249	83,670	73,132	72,749	239,048
Due to primary government [2] [3]	—	—	—	—	1,656	48	1,704
Due to component units	—	—	—	—	85	—	85
Advances from primary government [2] [3]	—	—	—	—	12,020	2,852	14,872
Long-term liabilities (Note 18I)	464,891	647	44,266	1,021,314	422,224	378,108	2,331,450
Total liabilities	474,122	664	44,515	1,104,984	509,117	453,757	2,587,159
Deferred Inflows of Resources	496	79	—	3,102	54,333	50,755	108,765
Net Position:							
Net investment in capital assets	(77)	(3)	—	44,347	416,411	259,905	720,583
Restricted	163,822	—	—	—	458,976	462,556	1,085,354
Unrestricted	—	9,529	(44,500)	469,580	200,132	59,577	694,318
Total net position	$ 163,745	$ 9,526	$ (44,500)	$ 513,927	$ 1,075,519	$ 782,038	$ 2,500,255

(1) Montana Reinsurance Association and Montana State Fund report their financial statements on a calendar-year basis. The information provided is for the year ended December 31, 2022.

(2) Loans from the Coal Severance Tax Permanent Fund make up $4.3 million and $2.9 million of these balances for Montana State University and University of Montana, respectively.

(3) Loans from the Board of Investment's INTERCAP and the Department of Environmental Quality's energy conversation loan programs make up $9.2 million of the balance for Montana State University.

Condensed Statement of Activities

Component Units

	Montana Board of Housing	Facility Finance Authority	Montana Reinsurance Association [1]	Montana State Fund [1]	Montana State University	University of Montana	Total Component Units
Expenses	$ 20,702	$ 779	$ 44,827	$ 201,148	$ 743,632	$ 525,910	$ 1,536,998
Program Revenues:							
Charges for services	2,696	714	—	168,470	333,176	190,602	695,658
Operating grants and contributions	21,607	320	29,756	—	330,565	193,423	575,671
Capital grants and contributions	—	—	—	—	554	1,032	1,586
Total program revenues	24,303	1,034	29,756	168,470	664,295	385,057	1,272,915
Net (expense) program revenues	3,601	255	(15,071)	(32,678)	(79,337)	(140,853)	(264,083)
General Revenues:							
Unrestricted investment earnings (losses)	—	—	—	(123,360)	15,259	9,247	(98,854)
Payment from primary government [2][3]	—	—	9,828	—	156,608	112,982	279,418
Gain on sale of capital assets	—	—	—	—	99	—	99
Miscellaneous	—	—	—	1,425	—	1	1,426
Contributions to term and permanent endowments	—	—	—	—	—	72,987	72,987
Total general revenues and contributions	—	—	9,828	(121,935)	171,966	195,217	255,076
Change in net position	3,601	255	(5,243)	(154,613)	92,629	54,364	(9,007)
Total net position – July 1 – as previously reported	160,133	9,271	(39,257)	668,540	982,890	728,081	2,509,658
Adjustments to beginning net position (Note 2)	11	—	—	—	—	(407)	(396)
Total net position – July 1 – as restated	160,144	9,271	(39,257)	668,540	982,890	727,674	2,509,262
Total net position – June 30	$ 163,745	$ 9,526	$ (44,500)	$ 513,927	$ 1,075,519	$ 782,038	$ 2,500,255

(1) Montana Reinsurance Association and Montana State Fund report their financial statements on a calendar-year basis. The information provided is for the year ended December 31, 2022.

(2) Payments to both Montana State University and the University of Montana are appropriated by the State legislature to assist with higher education related costs.

(3) Payments to Montana Reinsurance Association is the association member assessments collected by Montana Commissioner of Securities and Insurance.

B. Cash/Cash Equivalents and Investments

Due to the integration of funds and combined financial information, component unit cash and cash equivalents, equity in pooled investments, and investments are included with the primary government in Note 3. For more detail on investments held outside of the Montana Board of Investments, refer to the entity's respective separately issued financial statements.

C. Capital Assets

The following table summarizes net capital assets reported by the discretely presented component units (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

	Montana State University	University of Montana	Other	Total
Capital assets not being depreciated:				
Land	$ 8,203	$ 8,306	$ 1,139	$ 17,648
Construction work in progress	34,574	63,755	196	98,525
Capitalized collections	10,077	28,726	—	38,803
Livestock for educational purposes	4,438	—	—	4,438
Total capital assets not being depreciated	57,292	100,787	1,335	159,414
Capital assets being depreciated:				
Infrastructure	45,122	9,904	—	55,026
Land improvements	35,775	16,468	—	52,243
Buildings/Improvements	894,575	691,050	27,941	1,613,566
Equipment	198,231	127,748	7,753	333,732
Livestock	—	245	—	245
Library books	68,335	61,765	—	130,100
Leasehold improvements	8,668	—	—	8,668
Right to use lease buildings(1)	47,947	143	8,307	56,397
Right to use lease equipment(1)	441	1,198	—	1,639
Right to use subscriptions	5,562	24,228	—	29,790
Total capital assets being depreciated	1,304,656	932,749	44,001	2,281,406
Total accumulated depreciation	(734,263)	(589,560)	(14,366)	(1,338,189)
Total capital assets being depreciated, net	570,393	343,189	29,635	943,217
Intangible assets	109	968	15,963	17,040
MSU Component Unit capital assets not being depreciated	5,905	—	—	5,905
MSU Component Unit capital assets being depreciated, net	12,133	—	—	12,133
UM Component Unit capital assets not being depreciated	—	3,129	—	3,129
UM Component Unit capital assets being depreciated, net	—	5,096	—	5,096
Discretely Presented Component Units capital assets, net	$ 645,832	$ 453,169	$ 46,933	$ 1,145,934

(1) Beginning balances for right to use assets were restated due to GASB 87 implementation.

Total right to use lease capital assets (in thousands):

	Montana State University	University of Montana	Other	Total
Right to Use Lease Capital Assets	$ 53,950	$ 25,569	$ 8,307	$ 87,826
Right to Use Lease Accumulated Amortization	(10,008)	(9,986)	(1,116)	$ (21,110)
Total Right to Use Lease Capital Assets, net	$ 43,942	$ 15,583	$ 7,191	$ 66,716

D. Other Postemployment Benefits (OPEB)

Non-university component units are included in the State of Montana benefit plan, whereas the Office of the Commissioner of Higher Education (included in the primary government otherwise) is included in the Montana University System benefit plan. For these reasons, component unit OPEB information is included in Note 7.

E. Risk Management

(1) Montana State Fund or New Fund (MSF) – MSF estimates unpaid claims and claim adjustment expenses based on the ultimate cost of settling the claims, including the effects of inflation and other societal/economic factors. There are no significant reductions in insurance coverage from the prior year, nor any insurance settlements exceeding insurance coverage for the last three years for MSF. This fund uses the accrual basis of accounting. Montana State Fund investments are recorded at fair value, and the premiums and discounts are amortized using the scientific interest method over the life of the securities.

This fund provides liability coverage to employers for injured employees who are insured under the Workers' Compensation and Occupational Disease Acts of Montana and workers' compensation claims occurring on or after July 1, 1990. MSF is a self-supporting, competitive State fund, and functions as the guaranteed market. At December 31, 2022, approximately 23,000 employers were insured with MSF. Anticipated investment income is considered for computing a premium deficiency, and employers must pay premiums to MSF within specified time frames.

An actuarial study prepared by WTW, as of December 31, 2022, estimated the cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. Due to the fact that actual claim costs depend on complex factors such as inflation and changes in the law, claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, and other economic and societal factors.

A provision for inflation is implicit in the calculation of estimated future claim costs because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. As of December 31, 2022, $924.4 million of unpaid claims and claim adjustment expenses were presented at face value.

Section 39-71-2311, MCA, requires MSF to set premiums, at least annually, at a level sufficient to ensure adequate funding of the insurance program during the period the rates will be in effect. It also requires MSF to establish a minimum surplus above risk-based capital requirements to support MSF against risks inherent in the business of insurance.

For the year ended December 31, 2022, MSF ceded premiums to other reinsurance companies to limit the exposure arising from large losses. This arrangement, an excess of loss contract, provides coverage for occurrences up to $100.0 million; however, MSF retains the first $10.0 million of coverage. The excess of loss protection applies to an individual occurrence with a maximum of $10.0 million on any one life.

In the event reinsurers are unable to meet their obligations, MSF would remain liable for all losses, as the reinsurance agreements do not discharge MSF from its primary liability to the policyholders.

Premium revenue was reduced by premiums paid for reinsurance coverage of $2.0 million during the year ended December 31, 2022.

Estimated claim reserves were reduced by $1.6 million as of December 31, 2022, for the amount of reinsurance estimated to be ultimately recoverable on incurred losses.

(2) Montana Reinsurance Association (MRA) – MRA estimates its liability for claims that were incurred before year-end, but for which payment will not be made until after year-end. The estimate is based on information concerning incurred but not reported claims provided by MRA members that are currently participating in the Montana individual marketplace. The MRA's Board monitors the estimates with assistance from actuarial consultants, and the necessary adjustments are reflected in current operations. As of December 31, 2022, $44.3 million of the provision for unreported and unpaid claims were presented at face value. Differences between actual and estimated claims are charged to operations in the year that the differences , if any, become known.

The provision for incurred losses and loss adjustments increased during the year ended December 31, 2022. The change is primarily due to unanticipated developments during the year on losses incurred from previous years, and the corresponding change in the actuarial estimates of ultimate liabilities for incurred claims from those years.

(3) Changes in Claims Liabilities for the Past Two Years – As indicated above, the funds establish liabilities for both reported and unreported insured events, including estimates of future payments of losses and related claim adjustment expenses. The following table presents changes (in thousands) in the aggregate liabilities for Montana State Fund net of estimated reinsurance recoverable, and the liabilities for Montana Reinsurance Association. The information presented is at face value and has not been discounted.

	Montana State Fund		Montana Reinsurance Association	
Year Ended December 31,	**2022**	**2021**	**2022**	**2021**
Unpaid claims and claim adjustments expenses at beginning of year	$ 935,977	$ 940,161	$ 39,115	$ 32,890
Incurred claims and claim adjustment expenses:				
Provision for insured event of the current year	129,509	133,103	44,266	39,116
Increase (decrease) in provision for insured events of prior years	(26,980)	(29,843)	254	(7,681)
Total incurred claims and claim adjustment expenses	102,529	103,260	44,520	31,435
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(25,836)	(27,152)	—	—
Claims and claim adjustment expenses attributable to insured events of prior years	(88,278)	(80,292)	(39,369)	(25,210)
Total payments	(114,114)	(107,444)	(39,369)	(25,210)
Total unpaid claims and claim adjustment expenses at end of year	$ 924,392	$ 935,977	$ 44,266	$ 39,115

F. Lease Payables and SBITA Payables

Discretely presented component units reported lease payables primarily related to the use of buildings and equipment. The discretely presented component units' SBITA payables are associated with the subscriptions of underlying IT assets provided by the SBITA vendors. Information regarding the right to use assets associated with leases and SBITAs can be found in Section C of Note 18.

Principal and interest requirements to maturity for leases at June 30, 2023, were as follows (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

Fiscal Year	Montana State University		University of Montana		Other		Total	
Ended June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 4,563	$ 637	$ 291	$ 15	$ 366	$ 120	$ 5,220	$ 772
2025	4,625	556	159	8	373	113	5,157	677
2026	3,906	485	152	3	388	107	4,446	595
2027	3,997	420	27	—	401	101	4,425	521
2028	3,854	355	—	—	409	94	4,263	449
2029 - 2033	9,571	1,148	—	—	2,170	366	11,741	1,514
2034 - 2038	4,117	662	—	—	2,312	183	6,429	845
2039 - 2043	3,406	399	—	—	884	17	4,290	416
2044 - 2048	3,357	113	—	—	—	—	3,357	113
Total	$ 41,396	$ 4,775	$ 629	$ 26	$ 7,303	$ 1,101	$ 49,328	$ 5,902

Principal and interest requirements to maturity for SBITAs at June 30, 2023, were as follows (in thousands):

Fiscal Year	Montana State University		University of Montana		Total	
Ended June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,494	$ 33	$ 7,057	$ 280	$ 8,551	$ 313
2025	834	18	3,566	158	4,400	176
2026	434	9	2,977	57	3,411	66
2027	309	2	1,135	14	1,444	16
2028	—	—	425	—	425	—
Total	$ 3,071	$ 62	$ 15,160	$ 509	$ 18,231	$ 571

G. Lease Receivables

The leases receivables reported by Montana State University (MSU) and the University of Montana (UM) were associated with the leasing of building space. For the fiscal year ended June 30, 2023, MSU reported total lease revenue of $362.6 thousand and related interest revenue of $29.8 thousand while UM reported total lease revenue of $275.9 thousand and related interest revenue of $128.1 thousand.

H. Debt Service Requirements

Debt service requirements of discretely presented component units at June 30, 2023, were as follows (in thousands):

Fiscal Year Ended June 30:	Montana Board of Housing		Montana State University		Montana State University Direct Placement		University of Montana	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 16,725	$ 14,778	$ 8,485	$ 6,176	$ 350	$ 251	$ 3,255	$ 8,374
2025	16,825	14,420	8,585	5,973	365	241	3,380	8,246
2026	19,440	14,037	8,920	5,702	375	230	3,515	8,113
2027	18,300	13,522	8,195	5,449	385	219	3,670	7,958
2028	19,170	13,008	8,505	5,185	395	207	3,845	7,782
2029 - 2033	94,375	56,150	37,260	22,050	2,155	855	22,165	35,968
2034 - 2038	85,166	40,864	37,165	15,070	2,500	517	26,705	31,434
2039 - 2043	73,615	27,228	36,560	8,625	2,275	135	31,255	26,879
2044 - 2048	64,695	14,552	26,260	2,134	—	—	36,695	21,432
2049 - 2053	41,285	3,722	—	—	—	—	76,415	11,669
Total	$ 449,596	$ 212,281	$ 179,935	$ 76,364	$ 8,800	$ 2,655	$ 210,900	$ 167,855

I. Summary of Changes in Long-term Liabilities Payable

Long-term liability activity of discretely presented component units for the year ended June 30, 2023, was as follows (in thousands):

	Beginning Balance (2)	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due In More Than One Year
Discretely presented component units						
Bonds/notes payable						
Montana Board of Housing	$ 474,922	$ 39,412	$ 55,425	$ 458,909	$ 16,725	$ 442,184
Montana State University (MSU)	204,067	16,039	25,607	194,499	8,485	186,014
MSU Direct Placement	9,105	—	305	8,800	350	8,450
University of Montana (UM)	160,914	67,868	4,147	224,635	3,255	221,380
Total bonds/notes payable (1)	849,008	123,319	85,484	886,843	28,815	858,028
Other liabilities						
Right to use lease payable (4)	40,664	13,918	5,254	49,328	5,220	44,108
Right to use SBITA payable (5)	—	29,340	11,109	18,231	8,551	9,680
Compensated absences payable	70,430	27,725	25,031	73,124	28,302	44,822
Arbitrage rebate tax payable	1,044	501	556	989	47	942
Estimated insurance claims	975,092	147,049	153,483	968,658	173,084	795,574
Due to federal government	20,849	26	5,106	15,769	—	15,769
Derivative instrument liability (4)	79	—	79	—	—	—
Reinsurance funds withheld	65,318	—	7,035	58,283	—	58,283
Unearned compensation	579	100	41	638	—	638
Net pension liability	160,424	89,091	36,832	212,683	—	212,683
Total OPEB liability	50,480	16,373	28,202	38,651	—	38,651
Total other liabilities	1,384,959	324,123	272,728	1,436,354	215,204	1,221,150
	2,233,967	447,442	358,212	2,323,197	244,019	2,079,178
Long-term liabilities of Montana University System component units (3)					227	8,026
Total discretely presented component units' long-term liabilities					$ 244,246	$ 2,087,204

(1) When applicable, this amount includes unamortized discounts and unamortized premiums.
(2) Beginning balances are taken from component unit financial statements, which may have been adjusted from the prior year's ending balances.
(3) Inter-entity transaction eliminations between Montana University System component units for debt shown in the component unit information can cause negative balances in component unit information.
(4) The beginning balance has been restated due to prior period adjustments.
(5) The right-to-use SBITA payable resulted from the implementation of GASB 96.

J. Refunded and Early Retired Debt

Refunded Debt

On June 22, 2023, Montana State University (MSU) issued Series J 2023 tax-exempt bonds in the amount of $14.4 million, to refund the Series F 2018 Facilities Refunding Revenue bonds. The refunding resulted in an economic loss of $4.5 thousand.

Defeased Debt Outstanding

The University of Montana has defeased certain bond issues by placing the proceeds of new bonds in an irrevocable trust. The proceeds, together with interest earned thereon, will be sufficient for future debt service payments on the refunded issues. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's consolidated financial statements. As of June 30, 2023, $70.6 million of bonds outstanding were considered defeased.

K. Conduit Debt

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

Facility Finance Authority (FFA)

FFA is authorized to issue bonds and notes to finance projects for qualifying health care and other community-based service providers. The revenue bonds are payable solely from loan repayments to be made by eligible facilities pursuant to loan agreements, and further, from the funds created by the indentures and investment earnings thereon. The notes are payable solely from loan repayments pursuant to loan agreements. The revenue bonds and notes payable issued by FFA do not constitute a debt, liability, obligation, or pledge of faith and credit of the State of Montana. At June 30, 2023, revenue bonds and notes outstanding aggregated $1.4 billion.

Montana Board of Housing (MBOH)

MBOH is authorized to issue bonds and make mortgage loans in order to finance affordable housing for Montana residents. The bonds are special limited obligations, payable solely from pledged revenues and assets of the borrower, not general obligations of MBOH. These bonds issued by MBOH do not constitute a debt, liability, obligation, or pledge of faith and credit of the State of Montana. At June 30, 2023, bonds outstanding aggregated $291.7 million.

L. Non-Exchange Financial Guarantee

BOI provides loan guarantees from STIP, TFIP, and the Coal Severance Tax Fund to the Facility Finance Authority (FFA). BOI exposure to bond issues, surety bonds, and designated loans of the FFA totaled $109.1 million as of June 30, 2023. FFA is a discretely presented component unit of the State of Montana. FFA guarantee requests are submitted to BOI for review and approval. BOI's participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into FFA's statutorily allowed capital reserve account is explicitly limited by statute, which requires BOI to act prudently. The guarantee requests from FFA pertain to bonds issued by FFA with a term of up to 40 years. BOI and FFA have entered into an agreement detailing repayment to BOI. BOI has not had to perform on any loan guarantee in the past.

The following schedule summarizes the activity related to the non-exchange financial guarantee during the year ended June 30, 2023 (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 113,573	$ —	$ 4,440	$ 109,133

M. Derivative Instrument Transactions Related to Long-term Debt

Montana State University (MSU) has terminated its two interest rate swaps agreements in fiscal year 2023 and as of June 30, 2023, had no related outstanding obligations. The changes in the derivative instrument liability is detailed in Note 18I.

N. Related Party Transactions

Private nonprofit organizations with relations to the University of Montana (UM) include the University of Montana Alumni Association, the Montana Technology Enterprise Center (MonTEC), the Montana Tech Digger Athletic Association, and the Montana Tech Alumni Association. The associations and athletic association operate exclusively to encourage, promote, and support educational programs, research, scholarly pursuits, and athletics at, or in connection with, UM. For the year ended June 30, 2023, $346.6 thousand was transferred from or expended by the Montana Tech Digger Athletic Association for scholarships, academic, and institutional support. In exchange, UM provides the associations and athletic association with office space, staff, and some related office expenses.

MonTEC was established as a nonprofit 501(c)3 corporation in fiscal year 2001 as a result of an agreement between UM and the Missoula Area Economic Development Foundation (MAEDF). MonTEC provides low-cost lease space and business consulting to local “start-up” companies. The corporation’s board of directors is comprised of no less than five members and no more than nine members. The UM's Vice President for Research is the President of MonTEC and a voting member of the board of MonTEC. UM does not provide office space or other services to MonTEC.

Private nonprofit organizations affiliated with Montana State University (MSU) include the MSU-Bozeman Bookstore, Friends of KUSM, and Friends of KEMC. MSU-Bozeman leased certain office space from the MSU Foundation’s wholly-owned subsidiary, Advanced Technology Inc. (ATI). Rental and other payments to ATI totaled $623.0 thousand for the year ended June 30, 2023. Friends of Montana Public Television provided $2.4 million and Friends of KEMC Public Radio provided $1.2 million in support of the MSU’s television and radio stations for the year ended June 30, 2023.

O. Litigation Contingencies

All component units for the State of Montana are closely monitoring if they are involved in litigation arising in the normal course of business. There are no known matters at this time that will have a material adverse financial impact.

P. Subsequent Events

On July 10, 2023, Montana Board of Housing (MBOH) approved the North 3rd Apartment Project Bond Resolution in an amount not to exceed $66.6 million. This project subsequently closed on November 15, 2023, for an amount not to exceed $49.0 million.

On July 10, 2023, MBOH approved the Bozeman Apartments (now Lumberyard) Project Bond Resolution in an amount not to exceed $35.0 million. This project is closed on December 14, 2023, for an amount not to exceed $35.0 million.

On July 25, 2023, the Union Place project bonds closed for an amount not to exceed $8.9 million.

On August 3, 2023, MBOH issued Single Family Mortgage Bonds, Series A (non-AMT), in the aggregate principal amount of $41.0 million for the purpose of acquiring additional mortgage and down payment assistance loans for eligible Montana residents.

On August 14, 2023, MBOH approved the Parkview Apartments Project Bond Resolution in an amount not to exceed $15.0 million. The project subsequently closed on October 6, 2023, for an amount not to exceed $11.5 million.

On August 14, 2023, MBOH approved the Bond Resolution for the Single Family Mortgage Bonds, 2023 Series B (non-AMT), in the aggregate principal amount not to exceed $75.0 million, for the purpose of acquiring additional mortgage and down payment assistance loans for eligible Montana residents. On October 24, 2023, MBOH issued the bonds in the aggregate principal amount of $43.0 million.

On September 12, 2023, MBOH approved the Baxter Apartments Project Bond Resolution in an amount not to exceed $9.0 million. This project subsequently closed on November 17, 2023, for an amount not to exceed $7.3 million.

On October 12, 2023, the Highland Manor project bonds closed for an amount not to exceed $4.0 million.

On November 13, 2023, MBOH approved the Bond Resolution for the Single Family Mortgage Bonds, Series C (non-AMT), in the aggregate principal amount not to exceed $75.0 million. The proceeds of the bonds are primarily used for the purpose of acquiring additional mortgage and down payment assistance loans for eligible Montana residents. These bonds were issued on December 14, 2023, in the aggregate principal amount not to exceed $43.0 million.

On November 13, 2023, MBOH approved the Manor Project Bond Resolution in an amount not to exceed $8.5 million.

On December 11, 2023, MBOH approved Idaho Housing and Finance Association as Master Servicer, part of a strategic shift in MBOH's business model from using Mortgage Revenue Bond proceeds to purchase whole loans to purchasing mortgage backed securities. MBOH anticipates finalizing the contract on March 15, 2024, and expects this business model change to occur in the next fiscal year.

On January 8, 2024, MBOH approved the Twin Creek 4 Apartments Bond Resolution in an amount not to exceed $10.5 million, and the 7th and Aspen Project Bond Resolution in an amount not to exceed $4.3 million.

On November 7, 2023, Montana Facility Finance Authority (FFA) issued a direct loan in the amount of $119.6 thousand to the Mineral Community Hospital for the purpose of replacing an aging water heating and cooling system.

On November 8, 2023, FFA issued a direct loan in the amount of $255.6 thousand to the Glendive Medical Center for the purpose of replacing aging radiology equipment.

On December 15, 2023, FFA issued a direct loan in the amount of $500.0 thousand, and a trust fund loan in the amount of $427.0 thousand for a total of 927.0 thousand to the Bitterroot Health.

On February 8, 2024, FFA issued a trust fund loan in the amount of $1.5 million and a direct loan in the amount of $500.0 thousand to Community Hospital of Anaconda to finance the completion of renovation and expansion of the hospital's cancer center and to purchase surgical equipment.

On September 21, 2023, the Montana University System Board of Regents granted Montana State University (MSU) authority to the following:

- Expend up to $92.0 million to construct five academic buildings to serve the Mark and Robyn Jones College of Nursing. The project will leverage the $101.0 million donor investment from Mark and Robyn Jones to transform healthcare delivery in Montana for current and future generations.
- Expend up to $50.0 million to construct Gianforte Hall to serve the Gianforte School of Computing. The project will leverage the $50.0 million donation by the Gianforte Family Foundation.
- Spend up to $3.0 million to perform an investment-grade energy audit for academic, research, and administrative facilities at MSU to identify strategic opportunities to reduce utility consumption, maintenance costs, and environmental impacts.

On November 17, 2023, the Montana University System Board of Regents granted MSU authority to the following:

- Spend up to $6.5 million for the construction of pedestrian access improvements to improve safe access along Grant Street.
- Spend up to $25.0 million to design and construct the Facilities Yard Relocation Project.
- Expend up to $25.0 million for the construction of an indoor athletic practice facility.

On November 17, 2023, the Montana University System Board of Regents authorized MSU - Northern to expend up to $2.5 million to program, plan, and design the Aurora Center Health and Recreation Complex.

On September 8, 2023, Montana State Fund's Board of Directors declared a dividend of $35.0 million that was distributed to eligible policyholders during October.

On January 11, 2024, the Montana University System Board of Regents authorized MSU to spend up to $13.0 million to develop parking improvements on the Bozeman campus tied to multiple construction projects in the South District of campus.

Q. Commitments

As of June 30, 2023, Montana State University (MSU) had issued purchase orders committing the expenditure of approximately $33.2 million for equipment, supplies, and services which had not yet been received.

As of June 30, 2023, the University of Montana (UM) has spent $71.6 million of $154 million in budget authorizations for capital and maintenance projects.

As of June 30, 2023, Montana Board of Housing (MBOH) has committed $3.1 million to purchase Single Family Mortgages, consisting of $50.0 thousand for Foreclosure Prevention, $863.0 thousand for Disabled Affordable Accessible Homeownership, $726.4 thousand for Lot Refinance, and $1.5 million for Habitat for Humanity.

NOTE 19. COMPLIANCE WITH FINANCE-RELATED LEGAL PROVISIONS

Constitutionality of Retirement Plan Funding

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

A traditional funding actuarial valuation of each of the defined benefit plans is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress and to determine the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ended June 30, 2023. The statutory funding rate is tested in the valuation of each public retirement plan to determine if it is sufficient to cover the normal cost rate plus an amortization payment of the unfunded actuarial liability, if any, within 30 years or 25 years for JRS, HPORS, SRS, and GWPORS. As of June 30, 2023, all the public retirement systems were in compliance with the state law.

STATE OF MONTANA

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Licenses/permits	$ 149,808	$ 149,808	$ 155,003	$ 5,195
Taxes:				
Natural resource	56,632	56,632	115,793	59,161
Individual income	1,588,388	1,588,388	1,759,856	171,468
Corporate income	174,024	174,024	308,829	134,805
Property	339,302	339,302	162,176	(177,126)
Fuel	—	—	—	—
Other	278,580	278,580	294,299	15,719
Charges for services/fines/forfeits/settlements	26,665	26,665	27,457	792
Investment earnings (losses)	—	—	121,851	121,851
Sale of documents/merchandise/property	324	324	291	(33)
Rentals/leases/royalties	38	38	37	(1)
Contributions/premiums	—	—	130	130
Grants/contracts/donations	8,654	8,654	17,469	8,815
Federal	15,098	15,098	31,372	16,274
Federal indirect cost recoveries	238	238	380	142
Other revenues	154	154	92	(62)
Total revenues	2,637,905	2,637,905	2,995,035	357,130
EXPENDITURES				
Current:				
General government	826,330	826,330	408,047	418,283
Public safety	382,043	382,043	365,312	16,731
Transportation	15,000	15,000	15,000	—
Health and human services	667,481	667,481	616,588	50,893
Education	1,221,568	1,221,568	1,195,410	26,158
Natural resources	46,439	46,439	63,697	(17,258)
Debt service (Note RSI-1):				
Principal retirement	—	—	11,568	(11,568)
Interest/fiscal charges	—	—	1,533	(1,533)
Capital outlay (Note RSI-1)	—	—	12,312	(12,312)
Total expenditures	3,158,861	3,158,861	2,689,467	469,394
Excess of revenue over (under) expenditures	(520,956)	(520,956)	305,568	826,524
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	22	22	52	30
General capital asset sale proceeds	107	107	209	102
Bond issued	—	—	—	—
Energy conservation loans	—	—	—	—
Transfers in (Note 12)	360,514	360,514	135,610	(224,904)
Transfers out (Note 12)	(541,566)	(541,566)	(589,743)	(48,177)
Total other financing sources (uses)	(180,923)	(180,923)	(453,872)	(272,949)
Net change in fund balances (Budgetary basis)	(701,879)	(701,879)	(148,304)	553,575
RECONCILIATION OF BUDGETARY/GAAP REPORTING				
1. Securities lending income	—	—	193	193
2. Securities lending costs	—	—	(96)	(96)
3. Inception of right-to-use and financed purchase payables	—	—	6,773	6,773
4. Adjustments for nonbudgeted activity	—	—	—	—
(GAAP basis)	(701,879)	(701,879)	(141,434)	560,445
Fund balance - July 1	—	—	1,996,619	1,996,619
Prior period adjustments	—	—	69,127	69,127
Increase (decrease) in inventories	—	—	(619)	(619)
Fund balances - June 30	$ (701,879)	$ (701,879)	$ 1,923,693	$ 2,625,572

The notes to the required supplementary information are an integral part of this schedule.
Budgetary data is not broken down to the same account level as actual financial statement data, which accounts for some of the larger variances.
The original and final budget figures reflect adjustments to the original budget for various reasons, including legislative and executive changes.

STATE SPECIAL REVENUE FUND				FEDERAL SPECIAL REVENUE FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
$ 307,745	$ 307,745	$ 329,007	$ 21,262	$ —	$ —	$ —	$ —
63,058	63,058	113,647	50,589	—	—	—	—
—	—	—	—	—	—	—	—
12	12	14	2	—	—	—	—
21,810	21,810	23,209	1,399	—	—	—	—
282,138	282,138	281,739	(399)	—	—	—	—
218,209	218,209	235,065	16,856	1	1	—	(1)
119,973	119,973	108,265	(11,708)	8,523	8,523	9,435	912
—	—	22,825	22,825	—	—	31,700	31,700
12,531	12,531	12,142	(389)	17	17	—	(17)
1,519	1,519	1,322	(197)	—	—	—	—
33,348	33,348	38,705	5,357	—	—	—	—
17,082	17,082	10,282	(6,800)	171	171	170	(1)
6,059	6,059	10,249	4,190	5,729,261	5,729,261	4,169,856	(1,559,405)
58,898	58,898	61,394	2,496	95,242	95,242	97,446	2,204
6,705	6,705	6,112	(593)	1,357	1,357	2,071	714
1,149,087	1,149,087	1,253,977	104,890	5,834,572	5,834,572	4,310,678	(1,523,894)
379,904	379,904	240,152	139,752	2,211,401	2,211,401	246,764	1,964,637
132,173	132,173	104,805	27,368	53,176	53,176	22,106	31,070
398,384	398,384	261,513	136,871	967,521	967,521	172,532	794,989
276,936	276,936	243,637	33,299	3,325,280	3,325,280	2,682,775	642,505
114,028	114,028	96,642	17,386	714,713	714,713	402,060	312,653
362,107	362,107	189,808	172,299	724,877	724,877	172,875	552,002
—	—	9,219	(9,219)	—	—	6,171	(6,171)
—	—	1,248	(1,248)	—	—	484	(484)
—	—	109,841	(109,841)	—	—	464,523	(464,523)
1,663,532	1,663,532	1,256,865	406,667	7,996,968	7,996,968	4,170,290	3,826,678
(514,445)	(514,445)	(2,888)	511,557	(2,162,396)	(2,162,396)	140,388	2,302,784
51	51	45	(6)	—	—	13	13
552	552	362	(190)	—	—	—	—
1,100	1,100	—	(1,100)	—	—	—	—
—	—	218	218	—	—	—	—
307,368	307,368	181,931	(125,437)	421,821	421,821	3,278	(418,543)
(129,121)	(129,121)	(64,248)	64,873	(1,324,295)	(1,324,295)	(48,094)	1,276,201
179,950	179,950	118,308	(61,642)	(902,474)	(902,474)	(44,803)	857,671
(334,495)	(334,495)	115,420	449,915	(3,064,870)	(3,064,870)	95,585	3,160,455
—	—	201	201	—	—	—	—
—	—	(141)	(141)	—	—	—	—
—	—	13,706	13,706	—	—	5,468	5,468
—	—	(13,967)	(13,967)	—	—	—	—
(334,495)	(334,495)	115,219	449,714	(3,064,870)	(3,064,870)	101,053	3,165,923
—	—	2,071,929	2,071,929	—	—	(25,275)	(25,275)
—	—	(50,913)	(50,913)	—	—	(18,809)	(18,809)
—	—	(507)	(507)	—	—	—	—
$ (334,495)	$ (334,495)	$ 2,135,728	$ 2,470,223	$ (3,064,870)	$ (3,064,870)	$ 56,969	$ 3,121,839

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 1. BUDGETARY REPORTING

A. State Budget Process

The Montana Legislature meets in the odd-numbered years to prepare annual budgets for the next biennium. The Constitution requires that legislative appropriations not exceed available revenues. The Legislature uses revenue estimates in the budgetary process to establish appropriation levels. Expenditures may not legally exceed budget appropriations at the fund level. In addition, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceeded anticipated revenues. State law requires an appropriation for disbursements from the general, special revenue and capital projects funds, except for those special revenue funds from non-state and non-federal sources restricted by law or by the terms of an agreement. The level of budgetary control is established by fund type, except capital project funds, which are at project level. Budgets may be established in other funds for administrative purposes.

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

Appropriations may not be increased by amendment in the General Fund. However, a department, institution, or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the Governor through the budget director. In the second year of the biennium, during the legislative session, the Legislature may authorize supplemental appropriations. The Governor, or designee, may approve budget amendments for non-General Fund monies not available for consideration by the Legislature and for emergencies. In the accompanying financial schedule, original and final budget amounts are reported. There were no expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations for debt service activities are continuing through statutory authority until the obligation is extinguished. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided. Appropriations for capital projects funds are not made on an annual basis, but are adopted on a project-length basis. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

Appropriations may be continued into the next fiscal year when authorized by the Legislature or the Governor's Office. After fiscal year-end, appropriations that are not continued are reverted. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued or encumbered. Fund balances are not reserved for reverted appropriations. For fiscal year 2023, reverted governmental fund appropriations were as follows: $44.0 million in the General Fund, $174.4 million in the State Special Revenue Fund, and $567.7 million in the Federal Special Revenue Fund. Agencies are allowed to carry forward 30.0% of their reverted operating appropriations into the next two fiscal years. This amount can be used for new expenditures at the request of the agency and upon approval of OBPP.

B. Budget Basis

The Legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end, compensated absences, capital assets and inventories purchased in proprietary funds, certain loans from governmental funds, and other miscellaneous non-budgeted activity.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 2. PENSION PLAN INFORMATION

Required Supplementary Information
State of Montana as an Employer Entity

Judges' Retirement System
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (TPL)									
Service costs	$ 2,022	$ 1,897	$ 1,748	$ 1,772	$ 1,664	$ 1,628	$ 1,578	$ 1,653	$ 1,594
Interest	5,099	4,949	4,842	4,458	4,503	4,044	3,986	3,934	3,824
Differences between expected and actual experience	(2,782)	376	(262)	2,743	(2,901)	862	(1,341)	(1,032)	—
Changes of assumptions	(1,467)	1,870	1,912	—	—	3,865	—	—	—
Refunds of contributions	—		—	—	(149)	—	—	—	—
Benefit payments	(4,357)	(4,205)	(4,038)	(3,846)	(3,723)	(3,554)	(3,416)	(3,041)	(3,023)
Net change in total pension liability	(1,485)	4,887	4,202	5,127	(606)	6,845	807	1,514	2,395
Total pension liability – beginning	74,408	69,521	65,319	60,192	60,798	53,953	53,146	51,632	49,237
Total pension liability – ending	$ 72,923	$ 74,408	$ 69,521	$ 65,319	$ 60,192	$ 60,798	$ 53,953	$ 53,146	$ 51,632
Plan Fiduciary Net Position									
Contributions – employer	$ 79	$ 2,139	$ 1,988	$ —	$ 1,085	$ 1,800	$ 1,806	$ 1,684	$ 1,651
Contributions – member	629	589	560	517	575	488	729	534	481
Net investment income	(5,547)	29,150	2,827	5,687	8,467	10,368	1,779	3,843	12,421
Refunds of contributions	—	—	—	—	(149)	—	—	—	—
Benefit payments	(4,357)	(4,205)	(4,038)	(3,846)	(3,723)	(3,554)	(3,416)	(3,041)	(3,023)
Administrative expense	(56)	(126)	(157)	(123)	(264)	(254)	(197)	(136)	(100)
Other	—	(3)	—	—	7	—	(3)	—	—
Net change in plan fiduciary net position	(9,252)	27,544	1,180	2,235	5,998	8,848	698	2,884	11,430
Plan fiduciary net position - beginning	133,610	106,066	104,886	102,651	96,653	87,805	87,107	84,223	72,793
Plan fiduciary net position - ending	$ 124,358	$ 133,610	$ 106,066	$ 104,886	$ 102,651	$ 96,653	$ 87,805	$ 87,107	$ 84,223
Net Pension (Asset) – Beginning	$ (59,202)	$ (36,545)	$ (39,567)	$ (42,459)	$ (35,855)	$ (33,852)	$ (33,961)	$ (32,591)	$ (23,556)
Net Pension (Asset) – Ending	$ (51,435)	$ (59,202)	$ (36,545)	$ (39,567)	$ (42,459)	$ (35,855)	$ (33,852)	$ (33,961)	$ (32,591)
Plan fiduciary net position as a percentage of TPL	170.53%	179.56%	152.57%	160.58%	170.54%	158.97%	162.74%	163.90%	163.12%
Covered payroll	$ 8,408	$ 8,282	$ 8,001	$ 7,382	$ 7,291	$ 6,974	$ 6,920	$ 6,525	$ 6,355
Net pension (asset) as a percentage of covered payroll	(611.74)%	(714.83)%	(456.76)%	(535.99)%	(582.35)%	(514.12)%	(489.19)%	(520.48)%	(512.84)%

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

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ —	$ 79	$ 2,138	$ 1,988	$ —	$ 1,085	$ 1,800	$ 1,786	$ 1,684
Contributions made in relation to the contractually required contributions	—	79	2,138	1,988	—	1,085	1,800	1,786	1,684
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 8,561	$ 8,408	$ 8,282	$ 8,001	$ 7,382	$ 7,291	$ 6,974	$ 6,920	$ 6,525
Contributions as a percentage of covered payroll	0.00%	0.94%	25.82%	24.85%	0.00%	14.88%	25.81%	26.00%	26.00%

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

Judges' Retirement System
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The following actuarial determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

Valuation date	June 30, 2021
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	0 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50%, including inflation
Inflation	2.75%
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Mortality (healthy)	RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, set back one year for males
Mortality (disabled)	RP-2000 Combined Employee and Annuitant Mortality Table

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%. All mortality tables were updated to PUB-2010 for general employees. Rates of retirement and disability were updated. The payroll growth assumption was lowered from 3.50% to 3.25%. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as an Employer Entity

Highway Patrol Officers' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (TPL)									
Service costs	$ 4,089	$ 7,578	$ 3,337	$ 3,453	$ 3,643	$ 3,665	$ 3,799	$ 3,598	$ 3,464
Interest	18,597	16,742	17,688	16,926	16,294	15,121	14,545	14,113	13,518
Changes in benefits	—	—	—	—	—	—	—	1,856	—
Difference between expected and actual experience	(2,487)	1,913	(993)	2,413	590	2,774	18	267	—
Changes of assumptions	(2,749)	(125,247)	141,055	—	—	7,892	—	—	—
Benefit payments	(13,743)	(13,710)	(12,685)	(12,063)	(11,546)	(11,037)	(10,482)	(10,001)	(9,443)
Refunds of contributions	(1,515)	(2,026)	(331)	(582)	(322)	(245)	(94)	—	—
Net change in total pension liability	2,192	(114,750)	148,071	10,147	8,659	18,170	7,786	9,833	7,539
Total pension liability – beginning	271,049	385,799	237,728	227,581	218,922	200,752	192,966	183,133	175,594
Total pension liability – ending	$ 273,241	$ 271,049	$ 385,799	$ 237,728	$ 227,581	$ 218,922	$ 200,752	$ 192,966	$ 183,133
Plan Fiduciary Net Position									
Contributions – employer	$ 6,639	$ 6,423	$ 6,003	$ 5,845	$ 5,858	$ 5,782	$ 5,916	$ 5,840	$ 5,736
Contributions – non-employer	4,213	224	226	233	250	263	243	—	—
Contributions – member	2,285	2,206	2,170	2,002	2,387	1,950	1,917	1,624	1,458
Net investment income	(7,841)	41,277	4,101	8,269	12,283	15,099	2,605	5,738	18,677
Benefit payments	(13,743)	(13,710)	(12,685)	(12,063)	(11,546)	(11,037)	(10,482)	(10,001)	(9,443)
Administrative expense	(77)	(342)	(163)	(127)	(256)	(248)	(197)	(144)	(109)
Refunds of contributions	(1,515)	(2,026)	(331)	(582)	(322)	(245)	(94)	—	—
Other	—	(40)	(131)	2	8	—	(2)	—	—
Net change in plan fiduciary net position	(10,039)	34,012	(810)	3,579	8,662	11,564	(94)	3,057	16,319
Plan fiduciary net position – beginning	185,980	151,968	152,778	149,199	140,537	128,973	129,067	126,010	109,691
Plan fiduciary net position – ending	$ 175,941	$ 185,980	$ 151,968	$ 152,778	$ 149,199	$ 140,537	$ 128,973	$ 129,067	$ 126,010
Net Pension Liability – Beginning	$ 85,069	$ 233,831	$ 84,950	$ 78,382	$ 78,385	$ 71,779	$ 63,899	$ 57,123	$ 65,903
Net Pension Liability – Ending	$ 97,300	$ 85,069	$ 233,831	$ 84,950	$ 78,382	$ 78,385	$ 71,779	$ 63,899	$ 57,123
Plan fiduciary net position as a percentage of TPL	64.39%	68.61%	39.39%	64.27%	65.56%	64.20%	64.24%	66.89%	68.81%
Covered payroll	$ 17,275	$ 16,631	$ 15,608	$ 15,178	$ 15,251	$ 14,779	$ 15,276	$ 14,549	$ 14,149
Net pension liability as a percentage of covered payroll	563.24%	511.51%	1498.15%	559.69%	513.95%	530.38%	469.88%	439.20%	403.72%

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

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 7,107	$ 6,835	$ 6,599	$ 6,209	$ 6,051	$ 5,843	$ 5,706	$ 6,161	$ 5,782
Contributions in relation to the contractually required contributions	7,107	6,835	6,599	6,209	6,051	5,843	5,706	6,161	5,782
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 18,005	$ 17,275	$ 16,631	$ 15,608	$ 15,178	$ 15,251	$ 14,779	$ 15,276	$ 14,549
Contributions as a percentage of covered payroll	39.47%	39.57%	39.68%	39.78%	39.87%	38.31%	38.61%	40.33%	39.74%

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

Notes to Required Supplementary Information
Highway Patrol Officers' Retirement System
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

Valuation date	June 30, 2021
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	26 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50% to 10.02%, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (healthy)	RP-2000 Combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (disabled)	RP-2000 Combined employee and annuitant mortality table

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%.The payroll growth assumption was decreased from 3.50% to 3.25%. All mortality tables were updated to the PUB-2010 tables for public safety employees. The rates of retirement, disability, and salary merit scales were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as an Employer Entity

Game Wardens' and Peace Officers' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios [1]
For the Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability (TPL)									
Service costs	$ 10,139	$ 12,315	$ 8,029	$ 8,004	$ 8,098	$ 8,623	$ 8,403	$ 8,008	$ 7,850
Interest	21,167	19,379	18,535	17,618	16,018	14,269	12,911	12,398	11,258
Difference between expected and actual experience	(1,279)	4,927	(2,027)	(4,728)	4,781	3,743	2,705	731	—
Changes of assumptions	89,103	(68,688)	85,967	—	—	5,878	—	—	—
Benefit payments	(10,618)	(9,283)	(8,247)	(7,350)	(6,523)	(5,810)	(5,068)	(5,352)	(5,229)
Refunds of contributions	(1,464)	(870)	(1,200)	(1,001)	(1,105)	(1,036)	(1,066)	—	—
Net change in total pension liability	107,048	(42,220)	101,057	12,543	21,269	25,667	17,885	15,785	13,879
Total pension liability – beginning	305,850	348,070	247,013	234,470	213,201	187,534	169,649	153,864	139,985
Total pension liability – ending	$ 412,898	$ 305,850	$ 348,070	$ 247,013	$ 234,470	$ 213,201	$ 187,534	$ 169,649	$ 153,864
Plan Fiduciary Net Position									
Contributions - employer	$ 4,941	$ 5,411	$ 4,868	$ 4,686	$ 4,613	$ 4,464	$ 4,278	$ 4,088	$ 3,762
Contributions - member	6,075	6,393	5,803	5,566	5,512	5,278	5,036	4,924	4,462
Net investment income	(11,720)	59,128	5,583	11,125	15,573	18,590	3,167	6,435	20,069
Benefit payments	(10,618)	(9,283)	(8,247)	(7,350)	(6,523)	(5,810)	(5,068)	(5,352)	(5,229)
Administrative expense	(169)	(234)	(241)	(202)	(369)	(329)	(269)	(200)	(162)
Refunds of contributions	(1,464)	(870)	(1,200)	(1,001)	(1,105)	(1,036)	(1,066)	—	—
Other	—	(63)	(4)	1	(19)	(1)	(31)	—	—
Net change in plan fiduciary net position	(12,955)	60,482	6,562	12,825	17,682	21,156	6,047	9,895	22,902
Plan fiduciary net position – beginning	273,392	212,910	206,348	193,523	175,841	154,685	148,638	138,743	115,841
Plan fiduciary net position – ending	$ 260,437	$ 273,392	$ 212,910	$ 206,348	$ 193,523	$ 175,841	$ 154,685	$ 148,638	$ 138,743
Net Pension Liability – Beginning	$ 32,458	$ 135,160	$ 40,665	$ 40,947	$ 37,360	$ 32,849	$ 21,011	$ 15,121	$ 24,144
Net Pension Liability – Ending	$ 152,461	$ 32,458	$ 135,160	$ 40,665	$ 40,947	$ 37,360	$ 32,849	$ 21,011	$ 15,121
Plan fiduciary net position as a percentage of TPL	63.08%	63.08%	61.17%	83.54%	82.54%	82.48%	82.48%	87.00%	90.00%
Covered payroll	$ 54,287	$ 60,023	$ 53,825	$ 51,677	$ 50,823	$ 49,381	$ 47,108	$ 44,885	$ 41,637
Net pension liability as a percentage of covered payroll	280.84%	54.08%	251.11%	78.69%	80.57%	75.66%	69.73%	47.00%	36.00%

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

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 5,256	$ 4,878	$ 5,394	$ 4,837	$ 4,644	$ 4,574	$ 4,447	$ 4,240	$ 4,040
Contributions in relation to the contractually required contributions	5,256	4,878	5,394	4,837	4,644	4,574	4,447	4,240	4,040
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 58,393	$ 54,287	$ 60,023	$ 53,825	$ 51,677	$ 50,823	$ 49,381	$ 47,108	$ 44,885
Contributions as a percentage of covered payroll	9.00%	8.99%	8.99%	8.99%	8.99%	9.00%	9.01%	9.00%	9.00%

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

Notes to Required Supplementary Information
Game Wardens' and Peace Officers' Retirement System
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

Valuation date	June 30, 2021
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Total salary increases	3.50% to 10.02%, including inflation
Inflation	2.75%
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Mortality (healthy)	RP-2000 Combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (disabled)	RP-2000 Combined employee and annuitant mortality table

Changes of assumptions: The discount rate was decreased from 7.06% to 5.55%. The investment rate of return was increased from 7.06% to 7.30%. The payroll growth rate was decreased from 3.50% to 3.25%. All mortality tables were updated to the PUB-2010 tables for public safety employees.The rates of withdrawal, retirement, disability, and merit increase scales were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as an Employer Entity

Public Employees' Retirement System-Defined Benefit Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	48.33%	50.56%	49.00%	39.14%	39.55%	53.05%	53.24%	53.61%	53.22%
Employer's proportionate share of the net pension liability	$ 1,149,270	$ 916,807	$ 1,292,651	$ 818,162	$ 825,387	$ 1,033,200	$ 906,880	$ 749,414	$ 663,174
Employer's covered payroll	$ 680,543	$ 715,975	$ 654,193	$ 638,674	$ 640,177	$ 648,671	$ 621,755	$ 620,286	$ 597,083
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	168.88%	128.05%	197.59%	128.10%	128.93%	159.28%	145.86%	120.82%	111.07%
Plan fiduciary net position as a percentage of the total pension liability	73.66%	79.91%	68.90%	73.85%	73.47%	74.00%	75.00%	78.00%	80.00%

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 80,916	$ 77,020	$ 78,878	$ 58,504	$ 56,183	$ 54,844	$ 56,256	$ 59,073	$ 58,575
Contributions in relation to the contractually required contributions	$ 80,916	77,020	78,878	58,504	56,183	54,844	56,256	59,073	58,575
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 732,649	$ 680,543	$ 715,975	$ 654,193	$ 638,674	$ 640,177	$ 648,671	$ 621,755	$ 620,286
Contributions as a percentage of covered payroll	11.04%	11.32%	11.02%	8.94%	8.80%	8.57%	8.67%	9.50%	9.44%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

Valuation date	June 30, 2021
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	28 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50% to 8.47%, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (healthy)	RP-2000 Combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (disabled)	RP-2000 Combined employee and annuitant mortality table with no projections

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%.The payroll growth assumption was reduced from 3.50% to 3.25%. All mortality tables were updated to the PUB-2010 tables for general employees. The rates of retirement, disability, and withdrawal were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as a Nonemployer Entity

Public Employees' Retirement System-Defined Benefit Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	13.84%	13.17%	14.22%	24.41%	24.92%	1.01%	0.96%	0.96%	0.96%
Nonemployer's proportionate share of the net pension liability	$ 329,115	$ 238,887	$ 375,032	$ 510,277	$ 520,058	$ 19,622	$ 16,287	$ 13,365	$ 11,978
Plan fiduciary net position as a percentage of the total pension liability	73.66%	79.91%	68.90%	73.85%	73.47%	74.00%	75.00%	78.00%	80.00%

Schedule of Nonemployer Contributions [1]
For the Fiscal Year Ended June 30

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 22,482	$ 20,904	$ 21,180	$ 35,008	$ 34,642	$ 34,706	$ 28,763	$ 30,800	$ 32,397
Contributions in relation to the contractually required contributions	22,482	20,904	21,180	35,008	34,642	34,706	28,763	30,800	32,397
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The contractually determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2021, are as follows:

Special Funding

The State contributes 0.1% of member compensation on behalf of local government entities per Section 19-3-319, MCA.

The State contributes 0.37% of member compensation on behalf of school district entities per Section 19-3-319, MCA.

The State contributes a statutory appropriation from General Fund per Section 19-3-320, MCA.

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%.The payroll growth assumption was reduced from 3.50% to 3.25%. All mortality tables were updated to the PUB-2010 tables for general employees. The rates of retirement, disability, and withdrawal were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as an Employer Entity

Sheriffs' Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	4.87%	5.09%	4.76%	4.88%	4.87%	4.86%	5.45%	5.64%	5.54%
Employer's proportionate share of the net pension liability	$ 6,670	$ 3,709	$ 5,800	$ 4,067	$ 3,663	$ 3,696	$ 9,582	$ 5,434	$ 2,304
Employer's covered payroll	$ 4,695	$ 4,628	$ 4,041	$ 3,915	$ 3,781	$ 3,634	$ 3,850	$ 3,836	$ 3,580
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	70.39%	80.14%	143.53%	103.88%	96.88%	101.71%	248.88%	141.66%	64.36%
Plan fiduciary net position as a percentage of the total pension liability	77.07%	86.94%	75.92%	81.89%	82.68%	81.00%	63.00%	75.00%	87.00%

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 682	$ 616	$ 607	$ 530	$ 513	$ 496	$ 368	$ 389	$ 388
Contributions in relation to the contractually required contributions	682	616	607	530	513	496	368	389	388
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 5,198	$ 4,695	$ 4,628	$ 4,041	$ 3,915	$ 3,781	$ 3,634	$ 3,850	$ 3,836
Contributions as a percentage of covered payroll	13.12%	13.12%	13.12%	13.12%	13.10%	13.12%	10.13%	10.10%	10.11%

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

Notes to Required Supplementary Information
For the Year ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

Valuation date	June 30, 2021
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	18 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50% to 10.02%, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (healthy)	RP-2000 Combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (disabled)	RP-2000 Combined employee and annuitant mortality table

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%.The payroll growth assumption was decreased from 3.50% to 3.25%. All mortality assumptions were updated to the PUB-2010 tables for public safety employees. The rates of retirement, disability retirement, merit increases, and withdrawal were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Municipal Peace Officers' Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	67.02%	67.02%	66.85%	67.06%	67.12%	67.09%	66.50%	66.95%	66.89%
Nonemployer's proportionate share of the net pension liability	$ 158,319	$ 121,842	$ 163,514	$ 133,487	$ 114,956	$ 119,354	$ 119,708	$ 110,756	$ 105,106
Plan fiduciary net position as a percentage of the total pension liability	69.67%	75.76%	64.84%	68.84%	70.95%	68.00%	66.00%	67.00%	67.00%

Schedule of Nonemployer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 19,621	$ 18,012	$ 17,395	$ 16,677	$ 15,941	$ 15,283	$ 13,215	$ 13,752	$ 13,433
Contributions in relation to the contractually required contributions	19,621	18,012	17,395	16,677	15,941	15,283	13,215	13,752	13,433
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

> The State contributes 29.37% of member compensation on behalf of all employer entities per Section 19-9-702, MCA.

Changes of assumptions:

The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%. All mortality assumptions were updated to the PUB-2010 tables for public safety employees. Rates of withdrawal, retirement, disability retirement, and merit increases were updated. Payroll growth assumption was decreased from 3.50% to 3.25%. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as an Employer Entity

Firefighters' Unified Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	2.57%	2.51%	2.38%	2.01%	2.30%	2.23%	2.26%	2.40%	1.85%
Employer's proportionate share of the net pension liability	$ 4,084	$ 2,151	$ 3,722	$ 2,309	$ 2,650	$ 2,525	$ 2,583	$ 2,454	$ 1,806
Employer's covered payroll	$ 1,527	$ 1,415	$ 1,276	$ 1,051	$ 1,103	$ 1,022	$ 974	$ 986	$ 735
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	267.45%	152.01%	291.69%	219.70%	240.25%	247.06%	265.20%	249.00%	245.00%
Plan fiduciary net position as a percentage of the total pension liability	78.76%	87.72%	75.34%	80.08%	79.03%	78.00%	75.00%	77.00%	77.00%

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 811	$ 717	$ 665	$ 599	$ 494	$ 518	$ 472	$ 475	$ 142
Contributions in relation to the contractually required contributions	811	717	665	599	494	518	472	475	142
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 1,727	$ 1,527	$ 1,415	$ 1,276	$ 1,051	$ 1,103	$ 1,022	$ 974	$ 986
Contributions as a percentage of covered payroll	46.96%	46.95%	47.00%	46.94%	47.00%	46.96%	46.18%	48.77%	14.40%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2022, which were based on the results of the June 30, 2021, actuarial valuation:

Valuation date	June 30, 2021
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	6 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50% to 10.02%, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Inflation	2.75%
Mortality (healthy)	RP-2000 Combined employee and annuitant mortality table projected to 2020 using scale BB, males set back 1 year
Mortality (disabled)	RP-2000 Combined employee and annuitant mortality table

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%.The payroll growth assumption was decreased from 3.50% to 3.25%. All mortality assumptions were updated to the PUB-2010 tables for public safety employees. The rates of retirement, disability retirement, merit increases, and withdrawal were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Firefighters' Unified Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	67.57%	67.67%	67.66%	69.32%	67.97%	67.88%	67.81%	67.36%	68.01%
Nonemployer's proportionate share of the net pension liability	$ 107,328	$ 57,910	$ 105,867	$ 79,524	$ 78,285	$ 76,724	$ 77,448	$ 68,892	$ 66,384
Plan fiduciary net position as a percentage of the total pension liability	78.76%	87.72%	75.34%	80.08%	79.03%	78.00%	75.00%	77.00%	77.00%

Schedule of Nonemployer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 20,821	$ 18,871	$ 17,897	$ 17,147	$ 16,209	$ 15,272	$ 14,042	$ 13,635	$ 13,573
Contributions in relation to the contractually required contributions	20,821	18,871	17,897	17,147	16,209	15,272	14,042	13,635	13,573
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of statutorily determined contributions: The statutorily determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

> The State contributes 32.61% of member compensation on behalf of all employer entities per Section 19-13-604, MCA.

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%. The payroll growth assumption was decreased from 3.50% to 3.25%. All mortality assumptions were updated to the PUB-2010 tables for public safety employees. The rates of retirement, disability retirement, merit increases, and withdrawal were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Volunteer Firefighters' Compensation Act
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	100.00 %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Nonemployer's proportionate share of the net pension liability	$ 5,223	$ 1,323	$ 9,106	$ 6,907	$ 7,667	$ 10,087	$ 10,599	$ 10,504	$ 5,089
Plan fiduciary net position as a percentage of the total pension liability	90.02 %	97.40%	81.42%	85.23%	83.48%	78.00%	76.00%	76.00%	87.00%

Schedule of Nonemployer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 3,145	$ 2,840	$ 2,578	$ 2,475	$ 2,361	$ 2,207	$ 2,054	$ 2,024	$ 1,913
Contributions in relation to the contractually required contributions	3,145	2,840	2,578	2,475	2,361	2,207	2,054	2,024	1,913
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of actuarially determined contributions: The statutorily determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

> The State contributes 5% of certain fire tax insurance premiums paid per Section 19-17-301, MCA.

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%. All mortality assumptions were updated to the PUB-2010 tables for public safety employees. The rates of retirement were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as an Employer Entity

Teachers' Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	1.94%	2.17%	2.30%	2.41%	2.55%	2.86%	3.12%	3.42%	4.69%
Employer's proportionate share of the net pension liability	$ 38,166	$ 35,874	$ 51,812	$ 46,493	$ 47,407	$ 48,227	$ 57,016	$ 56,230	$ 72,168
Employer's covered payroll	$ 20,293	$ 21,776	$ 22,384	$ 23,250	$ 24,275	$ 26,944	$ 28,915	$ 31,252	$ 32,937
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	188.07%	164.74%	231.47%	199.97%	195.29%	178.99%	197.18%	179.00%	219.00%
Plan fiduciary net position as a percentage of the total pension liability	70.61%	75.54%	64.95%	68.64%	69.09%	70.00%	67.00%	69.00%	70.00%

Schedule of Employer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 17,168	$ 16,216	$ 16,103	$ 16,686	$ 16,538	$ 17,298	$ 17,396	$ 16,946	$ 16,234
Contributions in relation to the contractually required contributions	17,168	16,216	16,103	16,686	16,538	17,298	17,396	16,946	16,234
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 22,709	$ 20,293	$ 21,776	$ 22,384	$ 23,250	$ 24,275	$ 26,944	$ 28,915	$ 31,252
Contributions as a percentage of covered payroll	75.60%	79.91%	73.95%	74.54%	71.13%	71.26%	64.56%	58.61%	51.95%

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending June 30, 2022, based on the results of the July 1, 2021, actuarial valuation.

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	24 years
Asset valuation method	4-year smoothed market
Salary increases	3.25% to 7.76% for non-university members and 4.25% for university members, including inflation
Inflation	2.50%
Investment rate of return	7.50%, net of pension plan investment expense, and including inflation
Mortality (healthy)	RP-2000 Healthy Combined mortality table projected to 2022 adjusted for partial credibility setback for 2 years
Mortality (disabled)	RP-2000 Disabled mortality table for males set back 3 years, for females set forward 2 years

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%. All mortality assumptions were updated to the PUB-2010 tables for teachers. Rates of salary scale merit rates, retirement, and termination were updated. The inflation rate was increased from 2.40% to 2.75%.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Teachers' Retirement System
Schedule of Proportionate Share of the Net Pension Liability [1]
For the Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Nonemployer's proportion of the net pension liability	35.07%	35.76%	36.55%	37.11%	37.74%	38.13%	38.73%	39.38%	38.78%
Nonemployer's proportionate share of the net pension liability	$ 689,790	$ 592,396	$ 822,282	$ 715,637	$ 700,417	$ 642,958	$ 707,527	$ 647,092	$ 596,724
Plan fiduciary net position as a percentage of the total pension liability	70.61%	75.54%	64.95%	68.64%	69.09%	70.00%	67.00%	69.00%	70.00%

Schedule of Nonemployer Contributions [1]
For the Fiscal Year Ended June 30
(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 48,159	$ 47,680	$ 46,701	$ 44,841	$ 44,333	$ 43,718	$ 43,028	$ 42,400	$ 42,806
Contributions in relation to the contractually required contributions	48,159	47,680	46,701	44,841	44,333	43,718	43,028	42,400	42,806
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Method and assumptions used in calculations of contractually determined contributions: The contractually required contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2022, are as follows:

> The State contributes 0.11% of the compensation of members participating per Section 19-20-604, MCA.
>
> The State contributes 2.38% of member compensation on behalf of school district and community college entities per Section 19-20-607, MCA.
>
> The State contributes a $25.0 million payment from the General Fund per Section 19-20-607, MCA.

Changes of assumptions: The discount rate was increased from 7.06% to 7.30%. The investment rate of return was increased from 7.06% to 7.30%. All mortality assumptions were updated to the PUB-2010 tables for teachers. Rates of salary scale merit rates, retirement, and termination were updated. The inflation rate was increased from 2.40% to 2.75%.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 3. OTHER POSTEMPLOYMENT BENEFITS PLAN INFORMATION (OPEB)

The State of Montana and MUS OPEB plans allow retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in the reporting of the Total OPEB Liability in the related financial statements and note disclosures.

In accordance with GASB 75, the following information is presented to reflect the funding progress of the Other Postemployment Benefits Plans for the State of Montana OPEB plan.

Total OPEB Liability and Related Ratios
Last 10 Fiscal Years [1]
(in thousands)

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	$ 5,747	$ 8,726	$ 1,734	$ 1,946	$ 2,062	$ 1,889
Interest	4,245	3,513	1,333	1,586	1,990	2,014
Difference between expected and actual experience	(56,723)	—	(6,137)	(9,409)	—	(4,723)
Changes of assumptions or other inputs	(43,608)	(38,710)	104,439	(1,877)	2,895	(295)
Benefit payments	(2,300)	2,592	(1,196)	(601)	(1,709)	1,705
Net change in Total OPEB Liability	(92,639)	(23,879)	100,173	(8,355)	5,238	590
Total OPEB Liability - Beginning	123,636	147,515	47,342	55,697	50,459	49,869
Total OPEB Liability - Ending	$ 30,997	$ 123,636	$ 147,515	$ 47,342	$ 55,697	$ 50,459
State and discretely presented component units' proportion of the collective Total OPEB Liability	100 %	100 %	100 %	100 %	100 %	100 %
Covered employee payroll	$ 770,298	$ 707,118	$ 689,871	$ 690,563	$ 702,688	$ 675,661
Total OPEB Liability as a percentage of covered employee payroll	4.02 %	17.48 %	21.38 %	6.86 %	7.93 %	7.47%

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

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

Factors that significantly affect trends in the amounts reported:

Changes in Actuarial Assumptions and Methods

June 30, 2023: Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

June 30, 2022: Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

June 30, 2021: Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

June 30, 2020: Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest/discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

June 30, 2019: Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index per GASB 75 requirements.

June 30, 2018: Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements. Other changes include revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

Changes in Benefit Terms

June 30, 2023: None

June 30, 2022: None

June 30, 2021: None

June 30, 2020: None

June 30, 2019: None

June 30, 2018: Medical plans moved from Cigna to Allegiance as of January 1, 2016, the State implemented reference-based pricing hospital contracts effective July 1, 2016, and pharmacy moved from URx to Navitus as of January 1, 2017. The State implemented an Employer Group Waiver Program for Medicare retirees effective January 1, 2017.

In accordance with GASB 75, the following information is presented to reflect the funding progress of the Other Postemployment Benefits Plans for MUS plan.

Total OPEB Liability and Related Ratios
Last 10 Fiscal Years [1]
(in thousands)

Total OPEB Liability	2023	2022	2021	2020	2019	2018
Service cost	$ 2,209	$ 3,684	$ 1,412	$ 1,736	$ 1,952	$ 1,954
Interest	1,649	1,387	777	1,130	1,495	1,410
Difference between expected and actual experience	21,787	—	(17,388)	(15,015)	—	(1,323)
Changes of assumptions or other inputs	(36,802)	(17,283)	45,674	(1,791)	1,351	(182)
Benefit payments	—	2,476	(13)	1,441	(888)	(679)
Net change in Total OPEB Liability	(11,157)	(9,736)	30,462	(12,499)	3,910	1,180
Total OPEB Liability - Beginning	47,575	57,311	26,849	39,348	35,438	34,258
Total OPEB Liability - Ending	$ 36,418	$ 47,575	$ 57,311	$ 26,849	$ 39,348	$ 35,438
State and discretely presented component units' proportion of the collective Total OPEB Liability	95.45 %	95.18 %	95.18 %	94.92 %	95.59 %	95.62 %
Covered employee payroll [2]	$ 474,869	$ 425,451	$ 415,074	$ 418,193	$ 451,613	$ 434,243
Total OPEB Liability as a percentage of covered employee payroll	7.67 %	11.18 %	13.81 %	6.42 %	9.11 %	8.53 %

[1] Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.
[2] Amount reported is for the whole MUS plan for 2018 and 2019. Community Colleges were included due to lack of ability to separate covered employee payroll for those years.

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

Factors that significantly affect trends in the amounts reported:

Changes in Actuarial Assumptions and Methods

June 30, 2023: Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

June 30, 2022: Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

June 30, 2021: Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

June 30, 2020: Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest/discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

June 30, 2019: Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index per GASB 75 requirements.

June 30, 2018: Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements, lapse rates were removed to reflect a return to standard retiree contribution levels, added employees covered by the MUS-RP, changes in revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

Changes of Benefit Terms

June 30, 2023: None

June 30, 2022: None

June 30, 2021: Carrier options reduced to one

June 30, 2020: Changes in benefit terms include increased annual deductible and out-of-pocket maximums

June 30, 2019: None

June 30, 2018: Increased deductible, increased out-of-pocket limits for Medical and RX, increased visit copays, pharmacy moved from URx to Navitus as of July 1, 2017, employer group waiver program for Medicare retirees became effective July 1, 2017, adopted combined annual visit max of 30 for multiple therapy services and massage therapy moved into rehabilitation benefit.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 4. RISK MANAGEMENT TREND INFORMATION

The following tables present risk management trend information for the Hail Insurance Fund and the MUS Group Benefits Fund. The Hail Insurance Fund pays claims within a calendar year cycle that parallels the growing season from spring planting to fall harvesting; therefore, it has no development cycle. The MUS Group Benefits Fund has a three to five-year development cycle.

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

State of Montana Hail Insurance Program
Claims Development Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1. Premiums and investment revenue										
Earned	$ 2,544	$ 2,522	$ 1,846	$ 3,701	$ 4,836	$ 4,320	$ 5,918	$ 7,446	$ 8,309	$ 8,029
Ceded	2,866	1,396	2,250	3,170	3,605	3,255	4,771	6,346	2,049	—
Net earned	(322)	1,126	(404)	531	1,231	1,065	1,147	1,100	6,260	8,029
2. Unallocated expenses including overhead	$ 361	$ 333	$ 359	$ 384	$ 412	$ 448	$ 455	$ 424	$ 1,124	$ 1,033
3. Estimated losses and expenses end of accident year	$ 449	$ 544	$ 520	$ 793	$ 422	$ 120	$ 819	$ 324	$ 6,660	$ 13,511
4. Net paid (cumulative) as of:										
End of policy year	$ 405	$ 532	$ 444	$ 782	$ 405	$ 85	$ 817	$ 189	$ 6,643	$ 13,285
One year later	—	—	—	—	—	—	—	—	—	—
Two years later	—	—	—	—	—	—	—	—	—	—
Three years later	—	—	—	—	—	—	—	—	—	—
Four years later	—	—	—	—	—	—	—	—	—	—
Five years later	—	—	—	—	—	—	—	—	—	—
Six years later	—	—	—	—	—	—	—	—	—	—
Seven years later	—	—	—	—	—	—	—	—	—	—
Eight years later	—	—	—	—	—	—	—	—	—	—
Nine years later	—	—	—	—	—	—	—	—	—	—
5. Re-estimated ceded losses and expenses	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
6. Re-estimated net incurred losses and expense:										
End of policy year	$ 449	$ 544	$ 520	$ 793	$ 422	$ 120	$ 819	$ 324	$ 6,660	$ 13,511
One year later	—	—	—	—	—	—	—	—	—	—
Two years later	—	—	—	—	—	—	—	—	—	—
Three years later	—	—	—	—	—	—	—	—	—	—
Four years later	—	—	—	—	—	—	—	—	—	—
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	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Montana University System – Medical, Dental, Vision, Rx Claims
Claims Development Information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
1. Premiums and investment Revenue	$ 94,733	$ 92,149	$ 95,150	$ 98,599	$ 98,885	$ 99,369	$ 100,693	$ 84,297	$ 80,764	$ 79,257
2. Unallocated expenses including overhead	$ 4,676	$ 4,526	$ 4,617	$ 4,691	$ 5,150	$ 5,111	$ 5,196	$ 5,129	$ 5,198	$ 4,787
3. Estimated losses and expenses end of accident year	$ 110,643	$ 105,327	$ 103,924	$ 93,326	$ 93,392	$ 90,427	$ 85,802	$ 87,233	$ 87,353	$ 71,877
4. Net paid (cumulative) as of:										
End of policy year	$ 101,040	$ 96,927	$ 93,363	$ 83,896	$ 82,211	$ 80,393	$ 75,601	$ 76,400	$ 79,388	$ 63,317
One year later	—	105,192	101,661	93,665	91,306	89,050	84,575	85,796	88,943	69,073
Two years later	—	—	101,963	93,605	91,453	89,140	84,729	85,894	89,261	69,074
Three years later	—	—	—	93,611	91,452	89,161	84,738	86,002	89,624	69,076
Four years later	—	—	—	—	91,454	89,163	84,740	86,038	89,271	69,076
Five years later	—	—	—	—	—	89,165	84,739	86,121	89,283	69,076
Six years later	—	—	—	—	—	—	84,745	86,121	89,283	69,076
Seven years later	—	—	—	—	—	—	—	86,121	89,283	69,076
Eight years later	—	—	—	—	—	—	—	—	89,283	69,076
Nine years later	—	—	—	—	—	—	—	—	—	69,076
5. Re-estimated ceded losses and expenses	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
6. Re-estimated net incurred losses and expense:										
End of policy year	$ 110,643	$ 105,327	$ 103,924	$ 96,326	$ 93,392	$ 90,427	$ 85,802	$ 87,233	$ 87,353	$ 71,877
One year later	—	104,798	98,293	95,730	93,028	89,036	84,567	86,148	88,824	71,700
Two years later	—	—	101,963	93,605	91,453	89,140	84,729	85,894	89,261	69,074
Three years later	—	—	—	93,611	91,452	89,161	84,738	86,002	89,264	69,076
Four years later	—	—	—	—	91,454	89,163	84,740	86,038	89,271	69,076
Five years later	—	—	—	—	—	89,165	84,739	86,121	89,283	69,076
Six years later	—	—	—	—	—	—	84,745	86,121	89,283	69,076
Seven years later	—	—	—	—	—	—	—	86,121	89,283	69,076
Eight years later	—	—	—	—	—	—	—	—	89,283	69,076
Nine years later	—	—	—	—	—	—	—	—	—	69,076
7. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	$ —	$ (529)	$ (1,961)	$ (2,715)	$ (1,938)	$ (1,262)	$ (1,058)	$ (1,112)	$ 1,931	$ (2,800)

STATE OF MONTANA

Supplementary Information

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2023
(amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
ASSETS				
Cash/cash equivalents	$ 13,606	$ 749,576	$ 6,755	$ 769,937
Receivables (net)	2,098	8,492	1,146	11,736
Interfund loan receivable	—	1,000	—	1,000
Due from other funds	—	10,413	—	10,413
Due from component units	17	—	—	17
Equity in pooled investments	—	—	414,771	414,771
Long-term loans/notes receivable	18,358	—	—	18,358
Advances to other funds	3,823	—	—	3,823
Advances to component units	43	—	—	43
Securities lending collateral	—	—	6,055	6,055
Other assets	—	12	—	12
Total assets	$ 37,945	$ 769,493	$ 428,727	$ 1,236,165
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ —	$ 12,228	$ —	$ 12,228
Interfund loans payable	307	9,632	296	10,235
Due to other funds	1	—	3	4
Advances from other funds	193	—	—	193
Securities lending liability	—	—	6,055	6,055
Total liabilities	501	21,860	6,354	28,715
DEFERRED INFLOWS OF RESOURCES	280	623	—	903
Fund balances:				
Nonspendable	—	11	414,260	414,271
Restricted	4,528	14,736	8,113	27,377
Committed	32,636	731,246	—	763,882
Assigned	—	1,114	—	1,114
Unassigned	—	(97)	—	(97)
Total fund balances	37,164	747,010	422,373	1,206,547
Total liabilities, deferred inflows of resources, and fund balances	$ 37,945	$ 769,493	$ 428,727	$ 1,236,165

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
REVENUES				
Taxes:				
Natural resource	$ 2,240	$ 9,901	$ —	$ 12,141
Other	—	12,287	—	12,287
Charges for services/fines/forfeits/settlements	7	4	12,097	12,108
Investment earnings (losses)	10,399	23,273	559	34,231
Securities lending income	—	—	223	223
Total revenues	12,646	45,465	12,879	70,990
EXPENDITURES				
Current:				
General government	—	249	—	249
Public safety	—	1,192	—	1,192
Health and human services	—	1,676	—	1,676
Education	—	—	9	9
Debt service:				
Principal retirement	150,920	—	—	150,920
Interest/fiscal charges	4,781	—	—	4,781
Capital outlay	—	85,586	19	85,605
Securities lending	—	—	158	158
Total expenditures	155,701	88,703	186	244,590
Excess of revenue over (under) expenditures	(143,055)	(43,238)	12,693	(173,600)
OTHER FINANCING SOURCES (USES)				
General capital asset sale proceeds	—	—	8	8
Transfers in	155,767	392,740	659	549,166
Transfers out	(11,190)	(2,200)	(12,812)	(26,202)
Total other financing sources (uses)	144,577	390,540	(12,145)	522,972
Net change in fund balances	1,522	347,302	548	349,372
Fund balances - July 1 - as previously reported	35,642	397,943	421,825	855,410
Adjustments to beginning fund balances	—	1,765	—	1,765
Fund balances - July 1 - as adjusted	35,642	399,708	421,825	857,175
Fund balances - June 30	$ 37,164	$ 747,010	$ 422,373	$ 1,206,547

Nonmajor 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 Fund — accounts for payments on special revenue renewable resources program (Coal Severance Tax) bonds.

Long-Range Building Fund — accounts for payments on general obligation long-range building program bonds.

Water & Wastewater Development Fund — accounts for payments on the following general obligation bonds: wastewater treatment works revolving fund, renewable resource program, drinking water revolving fund, and water pollution control revolving fund.

Health Care Fund — accounts for payments on the special revenue bonds for Montana State Hospital and Montana Developmental Center.

Energy Conservation Program Fund — accounts for payments on general obligation bonds issued for State Building Energy Conservation Projects.

Environmental Reclamation Fund — accounts for payments on general obligation bonds for hard rock mining reclamation and the CERCLA program.

Highway Fund — accounts for payments on the US Highway 93 GARVEES special revenue bonds.

Trust Lands Fund — accounts for payments on taxable trust lands bonds.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	COAL TAX	WATER & WASTEWATER DEVELOPMENT	HEALTH CARE
ASSETS			
Cash/cash equivalents	$ 2,708	$ 4,673	$ 601
Receivables (net)	154	1,342	—
Due from component unit	—	—	—
Long-term loans/notes receivable	10,214	8,144	—
Advances to other funds	3,823	—	—
Advances to component units	—	—	—
Total assets	$ 16,899	$ 14,159	$ 601
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Interfund loan payable	$ 307	$ —	$ —
Due to other funds	1	—	—
Advances from other funds	13	180	—
Total liabilities	321	180	—
DEFERRED INFLOWS OF RESOURCES	120	160	—
Fund balances:			
Restricted	—	3,927	601
Committed	16,458	9,892	—
Total fund balances	16,458	13,819	601
Total liabilities, deferred inflows of resources and fund balances	$ 16,899	$ 14,159	$ 601

ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	TOTAL
$ 130	$ 5,494	$ 13,606
4	598	2,098
17	—	17
—	—	18,358
—	—	3,823
43	—	43
$ 194	$ 6,092	$ 37,945
$ —	$ —	$ 307
—	—	1
—	—	193
—	—	501
—	—	280
—	—	4,528
194	6,092	32,636
194	6,092	37,164
$ 194	$ 6,092	$ 37,945

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	COAL TAX	LONG-RANGE BUILDING PROGRAM	WATER & WASTEWATER DEVELOPMENT	HEALTH CARE
REVENUES				
Taxes:				
Natural resource	$ —	$ —	$ 784	$ —
Charges for services/fines/forfeits/settlements	—	—	—	—
Investment earnings (losses)	732	—	9,658	1
Total revenues	732	—	10,442	1
EXPENDITURES				
Current:				
Debt service:				
Principal retirement	8,655	84,955	42,542	—
Interest/fiscal charges	137	3,217	1,083	2
Total expenditures	8,792	88,172	43,625	2
Excess of revenue over (under) expenditures	(8,060)	(88,172)	(33,183)	(1)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,600	88,172	44,073	—
Transfers out	(656)	—	(10,135)	—
Total other financing sources (uses)	7,944	88,172	33,938	—
Net change in fund balances	(116)	—	755	(1)
Fund balances - July 1 - as previously reported	16,574	—	13,064	602
Fund balances - July 1 - as adjusted	16,574	—	13,064	602
Fund balances - June 30	$ 16,458	$ —	$ 13,819	$ 601

	ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	HIGHWAY	TRUST LANDS	TOTAL
	$ —	$ 1,456	$ —	$ —	$ 2,240
	7	—	—	—	7
	8	—	—	—	10,399
	15	1,456	—	—	12,646
	—	729	3,740	10,299	150,920
	1	31	187	123	4,781
	1	760	3,927	10,422	155,701
	14	696	(3,927)	(10,422)	(143,055)
	162	411	3,927	10,422	155,767
	(399)	—	—	—	(11,190)
	(237)	411	3,927	10,422	144,577
	(223)	1,107	—	—	1,522
	417	4,985	—	—	35,642
	417	4,985	—	—	35,642
	$ 194	$ 6,092	$ —	$ —	$ 37,164


THE GREAT SEAL OF THE STATE OF MONTANA
ORO Y PLATA

Nonmajor Capital Projects Funds

Capital project funds are used to account for financial resources used for the acquisition or construction of major governmental capital assets. A brief description of each capital project fund follows:

Long-Range Building Program Fund — accounts 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 capital assets financed by general obligation bonds and interest earned on bond proceeds.

Information Technology Projects Fund — accounts for resources received and expended for information technology projects for various upgrade and replacement activities.

Federal/Private Construction Grants Fund — accounts for federal grants, private donations, and federal matching funds that are restricted to general capital asset construction.

Capital Land Grant 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.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTAL
ASSETS					
Cash/cash equivalents	$ 737,869	$ 8,612	$ —	$ 3,095	$ 749,576
Receivables (net)	8,492	—	—	—	8,492
Interfund loans receivable	1,000	—	—	—	1,000
Due from other funds	10,413	—	—	—	10,413
Other assets	—	—	—	12	12
Total assets	$ 757,774	$ 8,612	$ —	$ 3,107	$ 769,493
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 11,921	$ —	$ 97	$ 210	$ 12,228
Interfund loans payable	3,502	6,130	—	—	9,632
Total liabilities	$ 15,423	$ 6,130	$ 97	$ 210	$ 21,860
DEFERRED INFLOWS OF RESOURCES	623	—	—	—	623
Fund balances:					
Nonspendable	—	—	—	11	11
Restricted	11,850	—	—	2,886	14,736
Committed	728,764	2,482	—	—	731,246
Assigned	1,114	—	—	—	1,114
Unassigned	—	—	(97)	—	(97)
Total fund balances	741,728	2,482	(97)	2,897	747,010
Total liabilities, deferred inflows of resources, and fund balances	$ 757,774	$ 8,612	$ —	$ 3,107	$ 769,493

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTAL
REVENUES					
Taxes:					
Natural resource	$ 9,901	$ —	$ —	$ —	$ 9,901
Other	12,287	—	—	—	12,287
Charges for services/fines/forfeits/settlements	4	—	—	—	4
Investment earnings (losses)	23,273	—	—	—	23,273
Total revenues	45,465	—	—	—	45,465
EXPENDITURES					
Current:					
General government	—	249	—	—	249
Public safety	—	1,192	—	—	1,192
Health and human services	1,665	11	—	—	1,676
Capital outlay	77,600	5,690	31	2,265	85,586
Total expenditures	79,265	7,142	31	2,265	88,703
Excess of revenue over (under) expenditures	(33,800)	(7,142)	(31)	(2,265)	(43,238)
OTHER FINANCING SOURCES (USES)					
Transfers in	391,988	501	31	220	392,740
Transfers out	(2,200)	—	—	—	(2,200)
Total other financing sources (uses)	389,788	501	31	220	390,540
Net change in fund balances	355,988	(6,641)	—	(2,045)	347,302
Fund balances - July 1 - as previously reported	385,741	8,272	(1,012)	4,942	397,943
Adjustments to beginning fund balances	(1)	851	915		1,765
Fund balances - July 1 - as adjusted	385,740	9,123	(97)	4,942	399,708
Fund balances - June 30	$ 741,728	$ 2,482	$ (97)	$ 2,897	$ 747,010


THE GREAT SEAL OF THE STATE OF MONTANA
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Nonmajor Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used to support state government programs. A brief description of each permanent fund follows:

Resource Indemnity Fund — accounts for taxes paid by persons engaging in or carrying on the business of mining, extracting, or producing minerals. Only the net earnings of the trust may be appropriated until the principal reached $100.0 million. Interest earning are expended from the State Special Revenue Fund. This fund is administered by the Department of Revenue.

Cultural Trust Fund — accounts for a portion of coal severance taxes credited to this fund by the Department of Revenue. The Montana Arts Council uses income from the trust for the protection of works of art in the State Capitol and for other cultural projects.

Noxious Weed and Invasive Species Management Fund — accounts for revenues and interest earned on fee charges for the control of noxious weeds and invasive species by the Department of Agriculture and Department of Natural Resources.

Historical Society Trust Fund — accounts for memorials, bequests, and various other contributions to the Montana Historical Society. Includes the following trusts: James H. Bradley Memorial, Thomas Teakle, Merritt-Wheeler Memorial, Historical Society Acquisitions, Sobotka Memorial, and Edger I. and Jane R. Stewart.

Tobacco Settlement Fund — accounts for the principal, and holds the interest earned by investing, of the Tobacco Settlement.

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	RESOURCE INDEMNITY	CULTURAL TRUST	NOXIOUS WEED AND INVASIVE SPECIES MANAGEMENT
ASSETS			
Cash/cash equivalents	$ 23	$ 69	$ 409
Receivables (net)	296	—	9
Equity in pooled investments	107,131	—	13,370
Securities lending collateral	1,564	—	195
Total assets	$ 109,014	$ 69	$ 13,983
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund loans payable	$ 296	$ —	$ —
Due to other funds	—	—	3
Securities lending liability	1,564	—	195
Total liabilities	1,860	—	198
Fund balances:			
Nonspendable	100,000	66	13,668
Restricted	7,154	3	117
Total fund balances	107,154	69	13,785
Total liabilities and fund balances	$ 109,014	$ 69	$ 13,983

HISTORICAL SOCIETY TRUSTS	TOBACCO SETTLEMENT	TOTAL
$ 58	$ 6,196	$ 6,755
4	837	1,146
1,337	292,933	414,771
20	4,276	6,055
$ 1,419	$ 304,242	$ 428,727
$ —	$ —	$ 296
—	—	3
20	4,276	6,055
20	4,276	6,354
1,395	299,131	414,260
4	835	8,113
1,399	299,966	422,373
$ 1,419	$ 304,242	$ 428,727

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	RESOURCE INDEMNITY	CULTURAL TRUST	NOXIOUS WEED AND INVASIVE SPECIES MANAGEMENT
REVENUES			
Charges for services/fines/forfeits/settlements	$ —	$ —	$ —
Investment earnings (losses)	187	3	(335)
Securities lending income	59	—	2
Total revenues	246	3	(333)
EXPENDITURES			
Current:			
Education	—	—	—
Capital outlay	—	—	—
Securities lending	42	—	1
Total expenditures	42	—	1
Excess of revenue over (under) expenditures	204	3	(334)
OTHER FINANCING SOURCES (USES)			
General capital asset sale proceeds	—	—	—
Transfers in	—	—	659
Transfers out	(3,933)	—	(83)
Total other financing sources (uses)	(3,933)	—	576
Net change in fund balances	(3,729)	3	242
Fund balances - July 1 - as previously reported	110,883	66	13,543
Fund balances - July 1 - as adjusted	110,883	66	13,543
Fund balances - June 30	$ 107,154	$ 69	$ 13,785

HISTORICAL SOCIETY TRUSTS	TOBACCO SETTLEMENT	TOTAL
$ —	$ 12,097	$ 12,097
6	698	559
1	161	223
7	12,956	12,879
9	—	9
19	—	19
1	114	158
29	114	186
(22)	12,842	12,693
8	—	8
—	—	659
—	(8,796)	(12,812)
8	(8,796)	(12,145)
(14)	4,046	548
1,413	295,920	421,825
1,413	295,920	421,825
$ 1,399	$ 299,966	$ 422,373

Nonmajor 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:

Liquor Warehouse 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 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. Producers engaged in the growing of crops subject to damage by hail may participate in the hail insurance program.

State Lottery Fund — accounts for the operations of Montana's lottery.

Prison Industries Fund — accounts for resources that 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.

MUS Group Insurance Fund — accounts for employee contributions to the Montana University System's medical/dental self-insurance plan.

MUS Workers Compensation Fund — accounts for self-insured workers compensation coverage for employees of the Montana University System.

Subsequent Injury 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.

Secretary of State Business Services Fund — accounts for the Business and Government Services activities and the Administrative Code Program of the Secretary of State's Office.

Historical Society Publications 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 Fund — accounts for Department of Administration intragovernmental sales of state and federal surplus property to state agencies, local governments, and designated non-profit organizations.

West Yellowstone Airport Fund — accounts for operations of the airport at West Yellowstone and is administered by the Department of Transportation. User airlines are assessed rental and landing fees.

Local Government Audits Fund — accounts for the costs incurred by the Department of Administration for audits of local governments and the associated fees assessed.

Flexible Spending Administration 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 Office of the Commissioner of Higher Education.

HUD Section 8 Housing Fund — accounts for a program that provides rental assistance to low-income families throughout Montana.

Other Enterprise Funds — includes several small enterprise funds administered by various agencies.

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
ASSETS				
Current assets:				
Cash/cash equivalents	$ 8,806	$ 7,081	$ 6,322	$ 2,462
Receivables, net	32,036	1,193	6,805	276
Interfund loans receivable	—	—	—	—
Due from other funds	—	—	—	—
Inventories	1,831	—	468	3,688
Securities lending collateral	—	43	—	—
Other current assets	20	—	35	1,352
Total current assets	42,693	8,317	13,630	7,778
Noncurrent assets:				
Long-term investments	—	2,969	—	—
Long-term notes/loans receivable	—	—	—	—
Other long-term assets	—	—	1,115	292
Capital assets:				
Land	—	—	—	690
Land improvements	—	—	—	731
Buildings/improvements	2,190	—	113	6,264
Equipment	1,134	—	658	6,809
Infrastructure	—	—	—	1,175
Construction in progress	155	—	—	207
Intangible/right to use assets, net	99	—	726	—
Other capital assets	—	—	—	3,647
Less accumulated depreciation	(2,948)	—	(581)	(11,698)
Total capital assets	630	—	916	7,825
Total noncurrent assets	630	2,969	2,031	8,117
Total assets	43,323	11,286	15,661	15,895
DEFERRED OUTFLOWS OF RESOURCES	836	34	609	847
LIABILITIES				
Current liabilities:				
Accounts payable	10,556	1,087	1,005	912
Lottery prizes payable	—	—	2,826	—
Interfund loans payable	—	—	—	—
Due to other governments	—	—	—	—
Due to other funds	19,170	—	9,379	205
Unearned revenue	1,249	6,499	372	6
Right to use/financed purchase payable	20	—	207	—
Amounts held in custody for others	20	—	73	—
Securities lending liability	—	43	—	—
Estimated insurance claims	—	44	—	—
Compensated absences payable	247	28	179	146
Total current liabilities	31,262	7,701	14,041	1,269
Noncurrent liabilities:				
Lottery prizes payable	—	—	956	—
Advances from other funds	—	—	—	1,123
Right to use/financed purchase payable	80	—	531	—
Estimated insurance claims	—	—	—	—
Compensated absences payable	266	17	133	199
Net pension liability	2,559	127	2,276	1,643
Total OPEB liability	106	5	86	81
Total noncurrent liabilities	3,011	149	3,982	3,046
Total liabilities	34,273	7,850	18,023	4,315
DEFERRED INFLOWS OF RESOURCES	692	32	664	704
NET POSITION				
Net investment in capital assets	530	—	178	7,825
Restricted for:				
Public Entity Risk Pools	—	3,438	—	—
Other purposes	—	—	—	—
Unrestricted	8,664	—	(2,595)	3,898
Total net position	$ 9,194	$ 3,438	$ (2,417)	$ 11,723

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS
$ 96,691	$ 10,682	$ 1,477	$ 11,857	$ 326
2,500	66	184	65	63
—	—	—	26	455
—	—	—	—	—
—	—	—	—	343
186	58	—	—	1
—	—	—	—	—
99,377	10,806	1,661	11,948	1,188
14,563	3,997	—	—	45
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	65	—
—	—	—	—	—
—	—	—	—	—
341	49	—	2,968	—
—	—	—	—	—
—	—	—	(13)	—
341	49	—	3,020	—
14,904	4,046	—	3,020	45
114,281	14,852	1,661	14,968	1,233
192	11	—	539	52
3,833	37	—	282	27
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
309	—	1	1	95
34	5	—	—	—
—	—	—	11	—
186	58	—	—	1
9,606	1,819	1,309	—	—
66	8	—	174	11
14,034	1,927	1,310	468	134
—	—	—	—	—
—	—	—	—	—
313	45	—	—	—
—	2,013	1,182	—	—
89	3	—	339	6
625	1	—	2,110	152
57	7	—	75	10
1,084	2,069	1,182	2,524	168
15,118	3,996	2,492	2,992	302
163	14	—	624	62
(6)	(1)	—	3,020	—
99,198	10,854	368	—	—
—	—	—	—	—
—	—	(1,199)	8,871	921
$ 99,192	$ 10,853	$ (831)	$ 11,891	$ 921

CONTINUES

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
ASSETS				
Current assets:				
Cash/cash equivalents	$ 528	$ 2,832	$ 840	$ 4,543
Receivables, net	23	130	16	8
Interfund loans receivable	—	64	—	—
Due from other funds	—	428	—	—
Inventories	676	—	—	—
Securities lending collateral	—	—	—	—
Other current assets	—	—	—	222
Total current assets	1,227	3,454	856	4,773
Noncurrent assets:				
Long-term investments	—	—	—	—
Long-term notes/loans receivable	—	—	—	—
Other long-term assets	—	—	—	—
Capital assets:				
Land	—	110	—	—
Land improvements	—	3,099	—	—
Buildings/improvements	118	7,668	—	—
Equipment	241	1,032	—	—
Infrastructure	—	—	—	—
Construction in progress	—	8,359	—	—
Intangible/right to use assets, net	—	—	—	—
Other capital assets	—	—	—	1
Less accumulated depreciation	(276)	(4,688)	—	—
Total capital assets	83	15,580	—	1
Total noncurrent assets	83	15,580	—	1
Total assets	1,310	19,034	856	4,774
DEFERRED OUTFLOWS OF RESOURCES	96	41	82	—
LIABILITIES				
Current liabilities:				
Accounts payable	18	308	11	188
Lottery prizes payable	—	—	—	—
Interfund loans payable	—	—	—	—
Due to other governments	—	—	—	—
Due to other funds	—	—	—	—
Unearned revenue	—	10	2	1
Right to use/financed purchase payable	—	—	—	—
Amounts held in custody for others	—	—	—	—
Securities lending liability	—	—	—	—
Estimated insurance claims	—	—	—	—
Compensated absences payable	23	19	24	—
Total current liabilities	41	337	37	189
Noncurrent liabilities:				
Lottery prizes payable	—	—	—	—
Advances from other funds	—	—	—	—
Right to use/financed purchase payable	—	—	—	—
Estimated insurance claims	—	—	—	—
Compensated absences payable	40	3	23	—
Net pension Liability	353	147	337	—
Total OPEB liability	14	6	9	—
Total noncurrent liabilities	407	156	369	—
Total liabilities	448	493	406	189
DEFERRED INFLOWS OF RESOURCES	106	45	84	—
NET POSITION				
Net investment in capital assets	82	15,457	—	—
Restricted for:				
Public Entity Risk Pools	—	—	—	—
Other purposes	—	—	448	4,585
Unrestricted	770	3,080	—	—
Total net position	$ 852	$ 18,537	$ 448	$ 4,585

HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$ 11,563	$ 4,903	$ 170,913
190	223	43,778
—	—	545
—	—	428
—	223	7,229
—	—	288
90	—	1,719
11,843	5,349	224,900
—	—	21,574
63	—	63
—	—	1,407
—	—	800
—	—	3,830
—	40	16,393
—	436	10,375
—	—	1,175
—	—	8,721
1,565	1,365	7,113
—	—	3,648
—	(328)	(20,532)
1,565	1,513	31,523
1,628	1,513	54,567
13,471	6,862	279,467
443	380	4,162
69	207	18,540
—	—	2,826
555	—	555
3	—	3
—	—	28,754
1	126	8,672
70	434	770
—	—	104
—	—	288
—	—	12,778
109	61	1,095
807	828	74,385
—	—	956
—	2,500	3,623
1,545	952	3,466
—	—	3,195
94	64	1,276
1,381	1,300	13,011
56	41	553
3,076	4,857	26,080
3,883	5,685	100,465
377	390	3,957
(51)	128	27,162
—	—	113,858
9,705	3	14,741
—	1,036	23,446
$ 9,654	$ 1,167	$ 179,207

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Operating revenues:				
Charges for services	$ 148,932	$ —	$ 147,852	$ 7,167
Investment earnings (losses)	—	215	1	—
Securities lending income	—	2	—	—
Contributions/premiums	—	1,094	—	—
Grants/contracts/donations	—	1,731	—	—
Other operating revenues	208	—	—	536
Total operating revenues	149,140	3,042	147,853	7,703
Operating expenses:				
Personal services	3,911	300	2,994	3,058
Contractual services	376	22	17,163	188
Supplies/materials	118,200	5	1,270	3,701
Benefits/claims	—	1,089	—	—
Depreciation	89	—	36	411
Amortization	28	—	207	—
Utilities/rent	345	9	29	192
Communications	67	6	873	11
Travel	25	16	40	26
Repair/maintenance	63	1	15	501
Lottery prize payments	—	—	100,400	—
Securities lending expense	—	1	—	—
Interest expense	7	—	14	33
Other operating expenses	53	3	210	315
Total operating expenses	123,164	1,452	123,251	8,436
Operating income (loss)	25,976	1,590	24,602	(733)
Nonoperating revenues (expenses):				
Tax revenues	40,777	—	—	—
Gain (loss) on sale of capital assets	82	—	19	167
Capital contribution expense	(92)	—	—	—
Federal indirect cost recoveries	—	—	—	—
Increase (decrease) value of livestock	—	—	—	848
Total nonoperating revenues (expenses)	40,767	—	19	1,015
Income (loss) before contributions and transfers	66,743	1,590	24,621	282
Capital contributions	—	—	—	184
Transfers in	—	—	—	683
Transfers out	(65,794)	—	(24,657)	—
Change in net position	949	1,590	(36)	1,149
Total net position - July 1 - as previously reported	8,249	1,848	(2,380)	10,574
Adjustments to beginning net position	(4)	—	(1)	—
Total net position - July 1 - as adjusted	8,245	1,848	(2,381)	10,574
Total net position - June 30	$ 9,194	$ 3,438	$ (2,417)	$ 11,723

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS
$ —	$ —	$ —	$ 9,203	$ 832
3,065	418	55	361	2
7	2	—	—	—
102,500	—	1,662	—	—
—	—	—	—	—
8,178	9	—	3	168
113,750	429	1,717	9,567	1,002
944	115	—	2,811	221
6,761	736	—	2,666	157
16	—	—	628	348
110,133	1,414	2,435	—	—
—	—	—	6	—
36	5	—	2,649	—
1	—	—	90	52
32	1	—	306	32
54	2	—	29	21
1	—	—	404	34
—	—	—	—	—
5	2	—	—	—
6	2	—	—	—
531	351	—	134	42
118,520	2,628	2,435	9,723	907
(4,770)	(2,199)	(718)	(156)	95
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	159	—
—	—	—	—	—
—	—	—	159	—
(4,770)	(2,199)	(718)	3	95
—	—	—	2,466	—
18,000	—	—	—	—
—	—	(28)	—	—
13,230	(2,199)	(746)	2,469	95
85,963	13,052	(85)	9,551	826
(1)	—	—	(129)	—
85,962	13,052	(85)	9,422	826
$ 99,192	$ 10,853	$ (831)	$ 11,891	$ 921

CONTINUES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Operating revenues:				
Charges for services	$ 920	$ 145	$ 762	$ 107
Investment earnings (losses)	—	25	—	73
Securities lending income	—	—	—	—
Contributions/premiums	—	—	—	10,869
Grants/contracts/donations	—	6	—	—
Other operating revenues	—	469	16	—
Total operating revenues	920	645	778	11,049
Operating expenses:				
Personal services	457	34	291	—
Contractual services	32	10	90	182
Supplies/materials	1,186	—	6	—
Benefits/claims	—	—	—	10,837
Depreciation	21	526	—	—
Amortization	—	—	—	—
Utilities/rent	55	—	13	—
Communications	23	—	8	—
Travel	5	—	3	—
Repair/maintenance	21	—	—	—
Lottery prize payments	—	—	—	—
Securities lending expense	—	—	—	—
Interest expense	—	—	—	—
Other operating expenses	30	—	7	4
Total operating expenses	1,830	570	418	11,023
Operating income (loss)	(910)	75	360	26
Nonoperating revenues (expenses):				
Tax revenues	—	—	—	—
Gain (loss) on sale of capital assets	—	—	—	—
Capital contribution expense	—	—	—	—
Federal indirect cost recoveries	—	—	—	—
Increase (decrease) value of livestock	—	—	—	—
Total nonoperating revenues (expenses)	—	—	—	—
Income (loss) before contributions and transfers	(910)	75	360	26
Capital contributions	756	7,784	—	—
Transfers in	—	26	—	—
Transfers out	—	—	—	—
Change in net position	(154)	7,885	360	26
Total net position - July 1 - as previously reported	1,004	10,650	88	4,559
Adjustments to beginning net position	2	2	—	—
Total net position - July 1 - as adjusted	1,006	10,652	88	4,559
Total net position - June 30	$ 852	$ 18,537	$ 448	$ 4,585

HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$ —	$ 5,468	$ 321,388
366	48	4,629
—	—	11
—	—	116,125
52,516	3	54,256
—	33	9,620
52,882	5,552	506,029
2,106	1,497	18,739
1,893	1,002	31,278
27	1,023	126,410
47,473	—	173,381
—	33	1,122
70	451	3,446
16	165	967
87	19	1,465
36	43	300
176	786	2,002
—	—	100,400
—	—	8
28	11	101
376	924	2,980
52,288	5,954	462,599
594	(402)	43,430
—	—	40,777
—	—	268
—	—	(92)
—	—	159
—	—	848
—	—	41,960
594	(402)	85,390
—	—	11,190
—	—	18,709
—	—	(90,479)
594	(402)	24,810
9,082	1,570	154,551
(22)	(1)	(154)
9,060	1,569	154,397
$ 9,654	$ 1,167	$ 179,207

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt from sales and service	$ 146,064	$ 976	$ 148,585	$ 7,116
Payments to suppliers for goods and services	(118,282)	(1,629)	(19,651)	(5,693)
Payments to employees	(3,747)	(261)	(2,910)	(3,026)
Grant receipts (expenses)	—	1,731	—	—
Cash payments for claims	—	(1,057)	—	—
Cash payments for prizes	—	—	(101,003)	—
Other operating revenues	208	—	—	536
Other operating payments	(54)	(3)	—	(315)
Net cash provided by (used for) operating activities	24,189	(243)	25,021	(1,382)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collection of taxes	40,776	—	—	—
Transfer to other funds	(65,886)	—	(20,636)	—
Transfer from other funds	—	7,500	—	683
Proceeds from interfund loans/advances	—	250	—	1,300
Payment of interfund loans and advances	—	—	—	—
Payment of principal and interest on bonds and notes	—	—	—	(33)
Proceeds from nonemployer pension contributions	—	—	—	—
Grant receipts and Federal indirect cost recoverable	—	—	—	—
Net cash provided by (used for) noncapital financing activities	(25,110)	7,750	(20,636)	1,950
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of principal and interest - capital related	(60)	—	(230)	—
Acquisition of capital assets	(68)	—	(96)	(238)
Proceeds from sale of capital assets	—	—	24	—
Net cash provided by (used for) capital and related financing activities	(128)	—	(302)	(238)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	—	(3,000)	(63)	—
Proceeds (loss) from securities lending transactions/investments	—	3	—	—
Interest and dividends on investments	—	215	1	—
Payment of securities lending costs	—	(1)	—	—
Net cash provided by (used for) investing activities	—	(2,783)	(62)	—
Net increase (decrease) in cash and cash equivalents	(1,049)	4,724	4,021	330
Cash and cash equivalents, July 1	9,855	2,357	2,301	2,132
Cash and cash equivalents, June 30	$ 8,806	$ 7,081	$ 6,322	$ 2,462

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATION
$ 103,153	$ —	$ 1,657	$ 9,208	$ 850
(6,225)	(677)	—	(4,573)	(650)
(869)	(100)	—	(3,091)	(280)
—	—	—	—	—
(109,367)	(1,515)	(1,728)	—	—
—	—	—	—	—
8,178	9	—	3	168
(533)	(350)	—	(134)	(41)
(5,663)	(2,633)	(71)	1,413	47
—	—	—	—	—
—	—	(28)	—	—
18,000	—	—	—	—
—	—	—	—	—
—	—	—	(26)	(455)
—	—	—	—	—
—	—		—	—
—	—	—	159	—
18,000	—	(28)	133	(455)
(39)	(5)	—	—	—
—	—	1	(3)	—
—	—	—	—	—
(39)	(5)	1	(3)	—
73	—	1	8	—
7	2	—	—	—
3,253	532	50	314	3
(5)	(2)	—	—	—
3,328	532	51	322	3
15,626	(2,106)	(47)	1,865	(405)
81,065	12,788	1,524	9,992	731
$ 96,691	$ 10,682	$ 1,477	$ 11,857	$ 326

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt from sales and service	$ 912	$ 65	$ 759	$ 10,976
Payments to suppliers for goods and services	(337)	(107)	(137)	(94)
Payments to employees	(453)	(27)	(408)	—
Grant receipts (expenses)	—	6	—	—
Cash payments for claims	—	—	—	(10,837)
Cash payments for prizes	—	—	—	—
Other operating revenues	—	469	16	—
Other operating payments	(31)	—	(7)	(4)
Net cash provided by (used for) operating activities	91	406	223	41
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collection of taxes	—	—	—	—
Transfer to other funds	—	—	—	—
Transfer from other funds	—	963	—	—
Proceeds from interfund loans/advances	—	249	—	—
Payment of interfund loans and advances	—	(65)	—	—
Payment of principal and interest on bonds and notes	—	—	—	—
Grant receipts and Federal indirect cost recoverable	—	—	—	—
Net cash provided by (used for) noncapital financing activities	—	1,147	—	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of principal and interest - capital related	—	—	—	—
Acquisition of capital assets	(45)	—	—	—
Proceeds from sale of capital assets	—	—	—	—
Net cash used for capital and related financing activities	(45)	—	—	—
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	—	—	—	2
Proceeds (loss) from securities lending transactions/investments	—	—	—	—
Interest and dividends on investments	—	19	—	65
Payment of securities lending costs	—	—	—	—
Net cash provided by (used for) investing activities	—	19	—	67
Net increase (decrease) in cash and cash equivalents	46	1,572	223	108
Cash and cash equivalents, July 1	482	1,260	617	4,435
Cash and cash equivalents, June 30	$ 528	$ 2,832	$ 840	$ 4,543

HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$ 20	$ 5,497	$ 435,838
(2,629)	(2,911)	(163,595)
(1,869)	(1,375)	(18,416)
52,371	3	54,111
(47,476)	—	(171,980)
—	—	(101,003)
—	33	9,620
(376)	(921)	(2,769)
41	326	41,806
—	—	40,776
—	(1)	(86,551)
—	—	27,146
555	—	2,354
(20)	—	(566)
—	1	(32)
—	—	159
535	—	(16,714)
(96)	(252)	(682)
—	(190)	(639)
—	—	24
(96)	(442)	(1,297)
11	1	(2,967)
—	—	12
337	39	4,828
—	—	(8)
348	40	1,865
828	(76)	25,660
10,735	4,979	145,253
$ 11,563	$ 4,903	$ 170,913

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 25,976	$ 1,590	$ 24,668	$ (733)
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:				
Depreciation	89	—	36	411
Amortization	28	—	207	—
Securities lending expense	—	1	—	—
Investment earnings	—	(215)	(1)	—
Securities lending income	—	(2)	—	—
Interest expense	7	—	14	33
Change in assets, deferred outflows, liabilities, and deferred inflows :				
Decr (Incr) in accounts receivable	(2,867)	(118)	698	(55)
Decr (Incr) in due from other funds	—	—	—	4
Decr (Incr) in due from other governments	—	—	—	—
Decr (Incr) in inventories	(129)	—	59	204
Decr (Incr) in other assets	—	—	(8)	(1,350)
Incr (Decr) in accounts payable	360	(186)	(114)	29
Incr (Decr) in due to other funds	499	—	2	29
Incr (Decr) in due to other governments	—	—	—	—
Incr (Decr) in lottery prizes payable	—	—	(603)	—
Incr (Decr) in unearned revenue	86	(1,372)	(33)	(19)
Incr (Decr) in compensated absences payable	25	40	34	(27)
Incr (Decr) in total OPEB liability and related accounts	(328)	(16)	(2)	(163)
Incr (Decr) in estimated claims	—	32	—	—
Incr (Decr) in other payables	—	—	—	—
Incr (Decr) in net pension liability and related accounts	443	3	64	255
Net cash provided by (used for) operating activities	24,189	(243)	25,021	(1,382)
Schedule of noncash transactions:				
Capital asset acquisitions from contributed capital	—	—	—	184
Incr (Decr) in fair value of investments	—	31	—	—
Total noncash transactions	$ —	$ 31	$ —	$ 184

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATION
$ (4,770)	$ (2,199)	$ (718)	$ (156)	$ 95
—	—	—	6	—
36	5	—	2,649	—
5	2	—	—	—
(3,065)	(418)	(55)	(361)	(2)
(7)	(2)	—	—	—
6	2	—	—	—
653	(12)	(5)	5	18
—	—	—	—	—
—	—	—	—	—
(2)	—	—	—	(4)
—	—	—	—	—
664	13	—	(437)	4
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
(16)	—	—	—	(6)
25	3	—	5	(8)
1	(2)	—	(257)	(35)
766	(28)	707	—	—
—	1	—	—	—
41	2	—	(41)	(15)
(5,663)	(2,633)	(71)	1,413	47
—	—	—	2,466	—
409	126	(1)	(8)	2
$ 409	$ 126	$ (1)	$ 2,458	$ 2

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ (910)	$ 75	$ 360	$ 26
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:				
Depreciation	21	526	—	—
Amortization	—	—	—	—
Securities lending expense	—	—	—	—
Investment earnings	—	(25)	—	(73)
Securities lending income	—	—	—	—
Interest expense	—	—	—	—
Change in assets, deferred outflows, liabilities, and deferred inflows:				
Decr (Incr) in accounts receivable	(8)	(80)	(4)	—
Decr (Incr) in due from other funds	—	—	—	—
Decr (Incr) in due from other governments	—	—	—	—
Decr (Incr) in inventories	992	—	—	—
Decr (Incr) in other assets	—	—	1	—
Incr (Decr) in accounts payable	(2)	(106)	(18)	88
Incr (Decr) in due to other funds	—	—	—	—
Incr (Decr) in due to other governments	—	—	—	—
Incr (Decr) in lottery prizes payable	—	—	—	—
Incr (Decr) in unearned revenue	—	7	—	—
Incr (Decr) in compensated absences payable	13	2	(2)	—
Incr (Decr) in total OPEB liability and related accounts	(47)	(14)	(42)	—
Incr (Decr) in estimated claims	—	—	—	—
Incr (Decr) in other payables	—	—	—	—
Incr (Decr) in net pension liability and related accounts	32	21	(72)	—
Net cash provided by (used for) operating activities	91	406	223	41
Schedule of noncash transactions:				
Capital asset acquisitions from contributed capital	756	7,784	—	—
Incr (Decr) in fair value of investments	—	—	—	(2)
Total noncash transactions	$ 756	$ 7,784	$ —	$ (2)

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
	$ 594	$ (402)	$ 43,496
	—	33	1,122
	70	451	3,446
	—	—	8
	(366)	(48)	(4,629)
	—	—	(11)
	28	11	101
	(142)	31	(1,886)
	—	1,058	1,062
	17	—	17
	—	(1)	1,119
	(10)	—	(1,367)
	(22)	36	309
	—	(1,058)	(528)
	(352)	—	(352)
	—	—	(603)
	—	102	(1,251)
	5	19	134
	(150)	(113)	(1,168)
	(3)	—	1,474
	—	—	1
	372	207	1,312
	41	326	41,806
	—	—	11,190
	(11)	(1)	545
	$ (11)	$ (1)	$ 11,735

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:

FWP Equipment Fund – accounts for inter/intra-departmental sales and use of Department of Fish, Wildlife, and Parks (FWP) equipment.

Highway Equipment Fund – accounts for inter/intra-departmental sales and use of Department of Transportation equipment.

Employee Group Benefits Fund – receives employee (excluding Montana University System) withholdings and state contributions to the medical self-insurance plan.

Information Technology Services Fund – accounts for fees assessed to State agencies and private users for their use of the State's phone system, centralized data processing, and systems design services.

Administration Insurance Fund – accounts for the State's property self-insurance program, including liability, property, flood, etc.

Motor Pool Fund – accounts for the fees associated with State employees use of State vehicles for State business.

Print & Mail Services Fund – accounts for fees assessed to State agencies for duplicating, typesetting, forms design, and graphic arts services.

Buildings & Grounds Fund – accounts for rental proceeds from State agencies are used to pay maintenance, security, and landscaping costs for state-owned property.

Central Service Fund – consists of four funds, used by the Department of Administration, the Department of Labor and Industry, the Department of Commerce, and the Office of Public Instruction, for administrative services provided on a cost recovery basis to programs within the departments.

DEQ Indirect Cost Pool Fund – accounts for funds collected as indirect costs from the operating units of the Department of Environmental Quality and to fund the department's indirect cost pool operations that provide services to the department.

Payroll Processing Fund – accounts for the payments received from State agencies for the costs associated with the processing of payroll warrants. This fund also implements and maintains the State's central human resource reporting system.

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

Investment Division Fund – accounts for costs associated with operations of the Board of Investments (BOI), allocated based on the dollar volume of investments held by user State agencies.

Aircraft Operation Fund – accounts for fees charged to users of State aircraft and is used by the Department of Natural Resources and Conservation.

Justice Legal Services Fund – accounts for fees the Attorney General's Office and the Department of Justice charge other state agencies for legal assistance.

Personnel Training Fund – accounts for fees charged to State agencies in order to provide training to State employees.

Debt Collection Fund – accounts for fees charged for the collection of bad debts.

Prison Industries Fund – provides training and employment for inmates, where the products produced are primarily sold to other State agencies.

Other Internal Services Funds – includes several small internal service funds administered by various State agencies.

SABHRS Finance and Budget Bureau Fund – implements and maintains the State's central accounting and budget software reporting system that is used by State agencies.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
ASSETS					
Current assets:					
Cash/cash equivalents	$ 2,614	$ 2,906	$ 142,816	$ 5,433	$ 142,395
Receivables, net	—	117	13,566	136	576
Interfund loans receivable	—	—	—	—	—
Due from other governments	—	—	—	—	—
Due from other funds	—	—	—	—	—
Inventories	1	5,290	—	—	—
Securities lending collateral	—	—	541	—	—
Other current assets	—	—	189	591	—
Total current assets	2,615	8,313	157,112	6,160	142,971
Noncurrent assets:					
Long-term investments	—	—	39,304	—	—
Capital assets:					
Land improvements	—	—	—	—	—
Buildings/improvements	—	—	—	—	—
Equipment	20,579	197,146	—	32,763	8
Construction in progress	—	7,333	—	—	—
Intangible/right to use assets, net	6	—	—	274	284
Less accumulated depreciation	(12,902)	(129,096)	—	(28,432)	(8)
Total capital assets	7,683	75,383	—	4,605	284
Total noncurrent assets	7,683	75,383	39,304	4,605	284
Total assets	10,298	83,696	196,416	10,765	143,255
DEFERRED OUTFLOWS OF RESOURCES	65	2,026	262	3,800	360
LIABILITIES					
Current liabilities:					
Accounts payable	40	1,194	6,905	3,511	2,142
Interfund loans payable	—	—	—	—	—
Due to other funds	277	—	—	—	—
Unearned revenue	—	—	757	—	—
Right to use/financed purchase payable	6	—	—	1,039	73
Bonds/notes payable	—	—	—	—	—
Amounts held in custody for others	—	—	—	—	—
Securities lending liability	—	—	541	—	—
Estimated insurance claims	—	—	18,322	—	6,267
Compensated absences payable	19	652	62	1,198	117
Total current liabilities	342	1,846	26,587	5,748	8,599
Noncurrent liabilities:					
Advances from other funds	801	—	—	—	—
Right to use/financed purchase payable	—	—	—	951	215
Estimated insurance claims	—	—	185	—	16,808
Compensated absences payable	8	395	32	1,140	237
Net pension liability	197	7,531	1,012	15,998	1,500
Total OPEB liability	11	290	36	450	43
Total noncurrent liabilities	1,017	8,216	1,265	18,539	18,803
Total liabilities	1,359	10,062	27,852	24,287	27,402
DEFERRED INFLOWS OF RESOURCES	72	2,171	282	3,896	371
NET POSITION					
Net investment in capital assets	6,622	75,383	—	2,616	(4)
Unrestricted	2,310	(1,894)	168,544	(16,234)	115,846
Total net position	$ 8,932	$ 73,489	$ 168,544	$ (13,618)	$ 115,842

MOTOR POOL	PRINT & MAIL SERVICES	BUILDING & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 1,824	$ 2,398	$ 2,847	$ 685	$ 1,410	$ 1,082	$ 114
—	62	—	—	—	—	—
—	—	—	—	—	—	12
—	—	—	—	—	—	—
—	43	11	—	—	—	—
6	340	—	—	—	—	—
—	—	—	—	—	—	—
—	392	2	7	533	24	—
1,830	3,235	2,860	692	1,943	1,106	126
—	—	—	—	—	—	—
—	—	95	—	—	—	—
—	—	1,091	—	—	—	—
27,544	2,771	1,478	—	57	—	—
—	—	113	—	—	—	—
—	45	339	—	1,301	1,758	—
(16,491)	(1,942)	(1,809)	—	(52)	—	—
11,053	874	1,307	—	1,306	1,758	—
11,053	874	1,307	—	1,306	1,758	—
12,883	4,109	4,167	692	3,249	2,864	126
117	503	767	420	1,600	468	428
147	184	900	73	464	80	100
—	—	—	—	433	—	—
1,316	—	—	—	—	—	—
—	—	—	—	—	—	—
—	31	17	—	205	79	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
26	92	262	87	493	106	136
1,489	307	1,179	160	1,595	265	236
4,900	—	—	—	—	—	—
—	15	328	—	1,004	1,737	—
—	—	—	—	—	—	—
27	129	112	209	404	173	67
444	1,714	2,812	1,780	6,956	1,647	1,642
16	80	111	49	194	47	59
5,387	1,938	3,363	2,038	8,558	3,604	1,768
6,876	2,245	4,542	2,198	10,153	3,869	2,004
125	572	844	429	1,622	353	461
4,852	829	961	—	95	(58)	—
1,147	966	(1,413)	(1,515)	(7,021)	(832)	(1,911)
$ 5,999	$ 1,795	$ (452)	$ (1,515)	$ (6,926)	$ (890)	$ (1,911)

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
ASSETS					
Current assets:					
Cash/cash equivalents	$ 1,661	$ 938	$ 140	$ 1,887	$ 889
Receivables, net	3	—	—	—	—
Interfund loans receivable	—	—	—	—	—
Due from other governments	—	—	—	—	—
Due from other funds	—	—	—	—	—
Inventories	—	—	—	—	—
Securities lending collateral	—	—	—	—	—
Other current assets	45	—	2	44	—
Total current assets	1,709	938	142	1,931	889
Noncurrent assets:					
Long-term investments	—	—	—	—	—
Capital assets:					
Land improvements	—	—	—	—	—
Buildings/improvements	—	—	—	—	—
Equipment	531	—	149	—	198
Construction in progress	—	—	—	—	—
Intangible/right to use assets, net	3,084	—	—	—	—
Less accumulated depreciation	(492)	—	(145)	—	(154)
Total capital assets	3,123	—	4	—	44
Total noncurrent assets	3,123	—	4	—	44
Total assets	4,832	938	146	1,931	933
DEFERRED OUTFLOWS OF RESOURCES	797	400	53	945	328
LIABILITIES					
Current liabilities:					
Accounts payable	231	85	11	1,050	85
Interfund loans payable	—	—	—	—	—
Due to other funds	—	—	35	—	—
Unearned revenue	—	—	—	—	—
Right to use/financed purchase payable	460	—	—	—	—
Bonds/notes payable	—	—	—	—	—
Amounts held in custody for others	—	—	—	—	—
Securities lending liability	—	—	—	—	—
Estimated insurance claims	—	—	—	—	—
Compensated absences payable	208	165	12	298	106
Total current liabilities	899	250	58	1,348	191
Noncurrent liabilities:					
Advances from other funds	—	—	—	—	—
Right to use/financed purchase payable	2,669	—	—	—	—
Estimated insurance claims	—	—	—	—	—
Compensated absences payable	442	138	3	511	59
Net pension liability	3,266	1,699	176	3,737	1,287
Total OPEB liability	104	47	9	70	35
Total noncurrent liabilities	6,481	1,884	188	4,318	1,381
Total liabilities	7,380	2,134	246	5,666	1,572
DEFERRED INFLOWS OF RESOURCES	903	408	60	619	266
NET POSITION					
Net investment in capital assets	(7)	—	3	—	44
Unrestricted	(2,647)	(1,204)	(110)	(3,409)	(621)
Total net position	$ (2,654)	$ (1,204)	$ (107)	$ (3,409)	$ (577)

JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 22	$ 219	$ 637	$ 2,977	$ 154	$ 1,771	$ 317,819
—	—	—	279	—	—	14,739
—	—	—	—	—	—	12
6	1	—	—	—	—	7
—	—	—	—	—	—	54
—	—	—	2,339	104	—	8,080
—	—	—	—	—	—	541
—	—	—	—	—	142	1,971
28	220	637	5,595	258	1,913	343,223
—	—	—	—	—	—	39,304
—	—	—	—	—	—	95
—	—	—	4,978	—	—	6,069
17	—	—	5,480	—	71	288,792
—	—	—	3,451	—	—	10,897
—	—	—	—	173	—	7,264
(15)	—	—	(6,253)	—	(64)	(197,855)
2	—	—	7,656	173	7	115,262
2	—	—	7,656	173	7	154,566
30	220	637	13,251	431	1,920	497,789
149	41	44	686	91	389	14,739
59	43	32	322	20	355	18,033
782	—	—	42	—	—	1,257
—	—	—	226	—	—	1,854
—	—	—	2	—	—	759
—	—	—	—	17	—	1,927
—	—	—	—	—	334	334
—	—	333	—	—	—	333
—	—	—	—	—	—	541
—	—	—	—	—	—	24,589
93	13	10	85	43	170	4,453
934	56	375	677	80	859	54,080
—	—	—	2,398	—	—	8,099
—	—	—	—	159	—	7,078
—	—	—	—	—	—	16,993
14	—	—	83	64	137	4,384
300	173	136	1,225	311	1,694	57,237
32	5	7	49	22	43	1,809
346	178	143	3,755	556	1,874	95,600
1,280	234	518	4,432	636	2,733	149,680
181	42	45	485	86	390	14,683
1	—	—	5,087	(3)	7	96,428
(1,283)	(15)	118	3,933	(197)	(821)	251,737
$ (1,282)	$ (15)	$ 118	$ 9,020	$ (200)	$ (814)	$ 348,165

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
Operating revenues:					
Charges for services	$ 5,491	$ 37,716	$ 1,484	$ 61,265	$ —
Investment earnings (losses)	—	—	3,397	—	5,504
Securities lending income	—	—	20	—	—
Contributions/premiums	—	—	195,562	—	24,041
Grants/contracts/donations	—	—	4,392	—	—
Other operating revenues	—	3	18,061	71	—
Total operating revenues	5,491	37,719	222,916	61,336	29,545
Operating expenses:					
Personal services	260	10,541	1,170	20,113	1,866
Contractual services	93	497	18,258	2,422	13,875
Supplies/materials	2,218	11,109	28	1,764	29
Benefits/claims	—	—	190,804	—	(4,224)
Depreciation	1,353	7,172	—	2,113	—
Amortization	6	—	—	763	74
Utilities/rent	38	141	120	845	7
Communications	4	6	99	8,417	25
Travel	(131)	76	4	151	14
Repair/maintenance	950	8,966	—	24,601	2
Grants	—	—	—	—	322
Securities lending expense	—	—	14	—	—
Interest expense	34	—	—	93	6
Other operating expenses	22	480	607	1,191	161
Total operating expenses	4,847	38,988	211,104	62,473	12,157
Operating income (loss)	644	(1,269)	11,812	(1,137)	17,388
Nonoperating revenues (expenses):					
Insurance proceeds	—	—	—	—	248
Gain (loss) on sale of capital assets	—	13	—	—	—
Capital contribution expense	—	—	—	(15)	(17,872)
Federal indirect cost recoveries	—	—	—	—	—
Total nonoperating revenues (expenses)	—	13	—	(15)	(17,624)
Income (loss) before contributions and transfers	644	(1,256)	11,812	(1,152)	(236)
Capital contributions	—	1,114	—	—	—
Transfers in	—	2,000	29,999	—	—
Transfers out	—	—	—	—	—
Changes in net position	644	1,858	41,811	(1,152)	(236)
Total net position - July 1 - as previously reported	8,288	71,631	127,102	(12,475)	116,079
Adjustments to beginning net position	—	—	(369)	9	(1)
Total net position - July 1 - as adjusted	8,288	71,631	126,733	(12,466)	116,078
Total net position - June 30	$ 8,932	$ 73,489	$ 168,544	$ (13,618)	$ 115,842

MOTOR POOL	PRINT & MAIL SERVICES	BUILDING & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 5,562	$ 12,261	$ 11,708	$ 2,174	$ 15,172	$ —	$ 1,259
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	1	—	—	2,172	5
5,562	12,261	11,709	2,174	15,172	2,172	1,264
628	2,422	4,273	2,346	7,734	2,122	2,129
386	190	2,508	77	5,146	231	443
1,839	3,153	676	25	1,032	80	74
—	—	—	—	—	—	—
1,433	182	103	—	—	—	—
—	30	22	—	292	79	—
76	315	2,309	81	238	25	81
—	5,456	116	36	2,234	33	128
1	—	11	8	58	25	4
756	466	1,251	1	8	10	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
190	1	30	—	23	30	—
14	164	582	95	1,324	33	92
5,323	12,379	11,881	2,669	18,089	2,668	2,951
239	(118)	(172)	(495)	(2,917)	(496)	(1,687)
—	—	7	—	—	—	—
19	3	5	—	—	—	2
(77)	(92)	(102)	—	—	—	—
—	—	—	—	2,543	761	1,629
(58)	(89)	(90)	—	2,543	761	1,631
181	(207)	(262)	(495)	(374)	265	(56)
—	—	—	—	—	—	—
—	—	—	470	—	—	—
—	—	(343)	(38)	(2)	(13)	—
181	(207)	(605)	(63)	(376)	252	(56)
5,931	2,002	177	(1,452)	(6,549)	(1,120)	(1,854)
(113)	—	(24)	—	(1)	(22)	(1)
5,818	2,002	153	(1,452)	(6,550)	(1,142)	(1,855)
$ 5,999	$ 1,795	$ (452)	$ (1,515)	$ (6,926)	$ (890)	$ (1,911)

CONTINUES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
Operating revenues:					
Charges for services	$ 5,372	$ 3,607	$ 822	$ 7,696	$ 905
Investment earnings (losses)	—	—	—	—	—
Securities lending income	—	—	—	—	—
Contributions/premiums	—	—	—	—	—
Grants/contracts/donations	—	—	—	—	—
Other operating revenues	—	—	—	—	—
Total operating revenues	5,372	3,607	822	7,696	905
Operating expenses:					
Personal services	4,080	2,192	248	4,628	1,776
Contractual services	867	456	287	2,318	70
Supplies/materials	228	29	6	72	537
Benefits/claims	—	—	—	—	—
Depreciation	5	—	—	—	11
Amortization	479	—	—	—	—
Utilities/rent	1,149	68	10	283	193
Communications	122	28	399	45	17
Travel	20	3	—	134	6
Repair/maintenance	8	732	—	36	74
Grants	—	—	—	—	—
Securities lending expense	—	—	—	—	—
Interest expense	55	—	—	—	—
Other operating expenses	241	100	23	681	26
Total operating expenses	7,254	3,608	973	8,197	2,710
Operating income (loss)	(1,882)	(1)	(151)	(501)	(1,805)
Nonoperating revenues (expenses):					
Insurance proceeds	—	—	—	—	—
Gain (loss) on sale of capital assets	—	—	—	—	4
Capital contribution expense	(94)	—	—	—	—
Federal indirect cost recoveries	2,676	—	—	—	—
Total nonoperating revenues (expenses)	2,582	—	—	—	4
Income (loss) before contributions and transfers	700	(1)	(151)	(501)	(1,801)
Capital contributions	—	—	—	—	—
Transfers in	—	—	—	—	1,665
Transfers out	(21)	—	—	—	—
Changes in net position	679	(1)	(151)	(501)	(136)
Total net position - July 1 - as previously reported	(3,333)	(1,203)	44	(2,908)	(441)
Adjustments to beginning net position	—	—	—	—	—
Total net position - July 1 - as adjusted	(3,333)	(1,203)	44	(2,908)	(441)
Total net position - June 30	$ (2,654)	$ (1,204)	$ (107)	$ (3,409)	$ (577)

JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 1,293	$ 259	$ 329	$ 10,408	$ 373	$ 4,182	$ 189,338
—	—	—	—	—	—	8,901
—	—	—	—	—	—	20
—	—	—	—	—	—	219,603
—	—	—	—	—	—	4,392
—	44	—	2	—	—	20,359
1,293	303	329	10,410	373	4,182	442,613
1,392	221	201	1,866	513	1,807	74,528
58	30	40	238	58	373	48,921
14	34	2	7,189	117	72	30,327
—	—	—	—	—	—	186,580
—	—	—	505	—	—	12,877
—	—	—	—	18	—	1,763
87	12	2	70	24	43	6,217
5	4	17	1	21	22	17,235
10	2	—	11	1	11	419
1	—	—	155	2	1,313	39,332
—	—	—	—	—	—	322
—	—	—	—	—	—	14
—	—	—	78	3	—	543
60	12	3	316	64	108	6,399
1,627	315	265	10,429	821	3,749	425,477
(334)	(12)	64	(19)	(448)	433	17,136
—	—	—	—	—	—	255
—	—	—	—	—	—	46
—	—	—	—	—	—	(18,252)
—	—	—	—	598	—	8,207
—	—	—	—	598	—	(9,744)
(334)	(12)	64	(19)	150	433	7,392
—	—	—	5	—	—	1,119
—	20	—	—	70	—	34,224
—	—	—	—	—	—	(417)
(334)	8	64	(14)	220	433	42,318
(948)	(23)	54	9,034	(420)	(1,247)	306,369
—	—	—	—	—	—	(522)
(948)	(23)	54	9,034	(420)	(1,247)	305,847
$ (1,282)	$ (15)	$ 118	$ 9,020	$ (200)	$ (814)	$ 348,165

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from sales and service	$ 5,491	$ 37,787	$ 196,431	$ 61,641	$ 24,041
Payments to suppliers for goods and services	(3,135)	(20,938)	(20,747)	(38,171)	(12,874)
Payments to employees	(308)	(9,945)	(1,250)	(19,489)	(1,794)
Grant receipts (expenses)	—	—	4,392	—	(322)
Cash payments for claims	—	—	(196,079)	—	(8,886)
Other operating revenues	—	3	17,692	71	—
Other operating payments	(22)	(480)	(607)	(1,191)	(161)
Net cash provided by (used for) operating activities	2,026	6,427	(168)	2,861	4
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to other funds	—	—	—	(15)	(17,872)
Transfer from other funds	—	2,000	30,000	—	—
Proceeds from interfund loans/advances	—	—	—	—	—
Payment of interfund loans and advances	(250)	—	—	—	—
Payment of principal and interest on bonds and notes	(34)	—	—	—	—
Net cash provided by (used for) noncapital financing activities	(284)	2,000	30,000	(15)	(17,872)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	—	—	—	—	248
Payment of principal and interest - capital related	(6)	—	—	(2,427)	(78)
Acquisition of capital assets	(1,311)	(9,424)	—	(1,327)	—
Proceeds from sale of capital assets	—	—	—	—	—
Net cash used for capital and related financing activities	(1,317)	(9,424)	—	(3,754)	170
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	—	—	88	—	163
Proceeds (loss) from securities lending transactions	—	—	20	—	—
Interest and dividends on investments	—	—	4,402	—	4,911
Payment of securities lending costs	—	—	(14)	—	—
Net cash provided by (used for) investing activities	—	—	4,496	—	5,074
Net increase (decrease) in cash and cash equivalents	425	(997)	34,328	(908)	(12,624)
Cash and cash equivalents, July 1	2,189	3,903	108,488	6,341	155,019
Cash and cash equivalents, June 30	$ 2,614	$ 2,906	$ 142,816	$ 5,433	$ 142,395

	MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
	$ 5,562	$ 12,286	$ 11,698	$ 2,174	$ 15,172	$ —	$ 1,259
	(2,944)	(9,841)	(6,537)	(253)	(9,275)	(442)	(722)
	(597)	(2,220)	(3,705)	(2,140)	(8,000)	(2,102)	(2,074)
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	1	—	2,543	2,933	1,634
	(14)	(164)	(582)	(95)	(1,324)	(33)	(92)
	2,007	61	875	(314)	(884)	356	5
	(77)	(92)	(343)	(38)	(2)	(13)	—
	—	—	—	470	—	—	—
	2,325	—	—	—	433	—	46
	(1,540)	—	—	—	—	—	—
	(190)	—	—	—	—	—	—
	518	(92)	(343)	432	431	(13)	46
	—	—	7	—	—	—	—
	—	(31)	(149)	—	(247)	(109)	—
	(3,741)	(181)	(503)	—	—	—	—
	222	—	—	—	—	—	—
	(3,519)	(212)	(645)	—	(247)	(109)	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	(994)	(243)	(113)	118	(700)	234	51
	2,818	2,641	2,960	567	2,110	848	63
	$ 1,824	$ 2,398	$ 2,847	$ 685	$ 1,410	$ 1,082	$ 114

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from sales and service	$ 5,372	$ 3,607	$ 822	$ 7,696	$ 905
Payments to suppliers for goods and services	(2,482)	(1,557)	(669)	(2,172)	(902)
Payments to employees	(4,183)	(2,057)	(235)	(4,388)	(1,647)
Grant receipts (expenses)	—	—	—	—	—
Cash payments for claims	—	—	—	—	—
Other operating revenues	2,676	—	—	—	—
Other operating payments	(241)	(100)	(23)	(681)	(26)
Net cash provided by (used for) operating activities	1,142	(107)	(105)	455	(1,670)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to other funds	(115)	—	—	—	—
Transfer from other funds	—	—	—	—	1,665
Proceeds from interfund loans/advances	—	—	—	—	—
Payment of interfund loans and advances	—	—	—	—	—
Payment of principal and interest on bonds and notes	—	—	—	—	—
Net cash provided by (used for) noncapital financing activities	(115)	—	—	—	1,665
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	—	—	—	—	—
Payment of principal and interest - capital related	(509)	—	—	—	—
Acquisition of capital assets	—	—	—	—	7
Proceeds from sale of capital assets	—	—	—	—	—
Net cash used for capital and related financing activities	(509)	—	—	—	7
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	—	—	—	—	—
Proceeds (loss) 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	518	(107)	(105)	455	2
Cash and cash equivalents, July 1	1,143	1,045	245	1,432	887
Cash and cash equivalents, June 30	$ 1,661	$ 938	$ 140	$ 1,887	$ 889

JUSTICE LEGAL SERVICES	PERSONAL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 1,293	$ 259	$ 329	$ 10,293	$ 373	$ 4,182	$ 408,673
(179)	(91)	(135)	(8,876)	(254)	(2,327)	(145,523)
(1,391)	(210)	(192)	(1,616)	(700)	(2,020)	(72,263)
188	—	—	—	—	—	4,258
—	—	—	—	—	—	(204,965)
—	44	—	2	598	—	28,197
(60)	(12)	(3)	(316)	(64)	(108)	(6,399)
(149)	(10)	(1)	(513)	(47)	(273)	11,978
—	—	—	—	—	—	(18,567)
—	20	—	—	70	—	34,225
782	—	—	793	—	—	4,379
(640)	—	—	(145)	(25)	—	(2,600)
—	—	—	(78)	—	—	(302)
142	20	—	570	45	—	17,135
—	—	—	—	—	—	255
—	—	—	—	(20)	—	(3,576)
—	—	—	(474)	—	—	(16,954)
—	—	—	—	—	—	222
—	—	—	(474)	(20)	—	(20,053)
—	—	—	—	—	—	251
—	—	—	—	—	—	20
—	—	—	—	—	—	9,313
—	—	—	—	—	—	(14)
—	—	—	—	—	—	9,570
(7)	10	(1)	(417)	(22)	(273)	18,630
29	209	638	3,394	176	2,044	299,189
$ 22	$ 219	$ 637	$ 2,977	$ 154	$ 1,771	$ 317,819

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 644	$ (1,269)	$ 11,812	$ (1,137)	$ 17,388
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:					
Depreciation	1,353	7,172	—	2,113	—
Amortization	6	—	—	763	74
Securities lending expense	—	—	14	—	—
Investment earnings	—	—	(3,397)	—	(5,504)
Securities lending income	—	—	(20)	—	—
Interest expense	34	—	—	93	6
Federal indirect cost recoveries	—	—	—	—	—
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Decr (Incr) in accounts receivable	—	71	(984)	8	—
Decr (Incr) in due from other funds	—	—	—	368	—
Decr (Incr) in due from other governments	—	—	—	—	—
Decr (Incr) in inventories	—	(275)	—	—	—
Decr (Incr) in other assets	—	—	2,094	(302)	—
Incr (Decr) in accounts payable	18	192	(2,133)	428	1,081
Incr (Decr) in due to other funds	17	—	—	—	—
Incr (Decr) in unearned revenue	—	—	(106)	(1)	—
Incr (Decr) in amounts held in custody for others	—	—	—	—	—
Incr (Decr) in compensated absences payable	(8)	106	(29)	118	21
Incr (Decr) in total OPEB liability and related accounts	(43)	(867)	(113)	(1,333)	(120)
Incr (Decr) in estimated claims	—	—	(7,369)	—	(13,111)
Incr (Decr) in net pension liability and related accounts	5	1,297	63	1,743	169
Net cash provided by (used for) operating activities	$ 2,026	$ 6,427	$ (168)	$ 2,861	$ 4
Schedule of noncash transactions:					
Capital asset acquisitions from contributed capital	$ —	$ 1,114	$ —	$ —	$ —
Incr (Decr) in value of investments	—	—	1,248	—	(163)
Total noncash transactions	$ —	$ 1,114	$ 1,248	$ —	$ (163)

MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 239	$ (118)	$ (172)	$ (495)	$ (2,917)	$ (496)	$ (1,687)
1,433	182	103	—	—	—	—
—	30	22	—	292	79	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
190	1	30	—	23	30	—
—	—	—	—	2,543	761	1,627
—	32	3	—	—	—	—
—	(6)	(11)	—	—	—	—
—	—	—	—	—	—	—
—	(118)	—	—	—	—	—
—	29	(2)	—	(505)	(11)	14
108	(162)	357	(13)	(25)	(22)	(7)
11	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(18)	(22)	108	29	27	(15)	50
(47)	(230)	(299)	(129)	(689)	(140)	(138)
—	—	—	—	—	—	—
91	443	736	294	367	170	146
$ 2,007	$ 61	$ 875	$ (314)	$ (884)	$ 356	$ 5
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—
$ —	$ —	$ —	$ —	$ —	$ —	$ —

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ (1,882)	$ (1)	$ (151)	$ (501)	$ (1,805)
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:					
Depreciation	5	—	—	—	11
Amortization	479	—	—	—	—
Securities lending expense	—	—	—	—	—
Investment earnings	—	—	—	—	—
Securities lending income	—	—	—	—	—
Interest expense	55	—	—	—	—
Federal indirect cost recoveries	2,676	—	—	—	—
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Decr (Incr) in accounts receivable	—	—	—	—	1
Decr (Incr) in due from other funds	—	—	—	—	—
Decr (Incr) in due from other governments	—	—	—	—	—
Decr (Incr) in inventories	—	—	—	—	—
Decr (Incr) in other assets	—	—	—	5	—
Incr (Decr) in accounts payable	(93)	(230)	4	739	19
Incr (Decr) in due to other funds	—	—	34	—	—
Incr (Decr) in unearned revenue	—	—	—	—	—
Incr (Decr) in amounts held in custody for others	—	—	—	—	—
Incr (Decr) in compensated absences payable	76	53	11	7	7
Incr (Decr) in total OPEB liability and related accounts	(329)	(135)	(28)	(226)	(121)
Incr (Decr) in estimated claims	—	—	—	—	—
Incr (Decr) in net pension liability and related accounts	155	206	25	431	218
Net cash provided by (used for) operating activities	$ 1,142	$ (107)	$ (105)	$ 455	$ (1,670)
Schedule of noncash transactions:					
Capital asset acquisitions from contributed capital	$ —	$ —	$ —	$ —	$ —
Incr (Decr) in value of investments	—	—	—	—	—
Total noncash transactions	$ —	$ —	$ —	$ —	$ —

	JUSTICE LEGAL SERVICES		PERSONNEL TRAINING		DEBT COLLECTION		PRISON INDUSTRIES		OTHER INTERNAL SERVICES		SABHRS FINANCE & BUDGET BUREAU		TOTAL
$	(334)	$	(12)	$	64	$	(19)	$	(448)	$	433	$	17,136
	—		—		—		505		—		—		12,877
	—		—		—		—		18		—		1,763
	—		—		—		—		—		—		14
	—		—		—		—		—		—		(8,901)
	—		—		—		—		—		—		(20)
	—		—		—		78		3		—		543
	—		—		—		—		598		—		8,205
	—		1		—		(115)		—		—		(983)
	—		—		—		—		—		—		351
	188		—		—		—		—		—		188
	—		—		—		(1,178)		(24)		—		(1,595)
	—		—		—		111		—		(141)		1,292
	(11)		27		—		(177)		(39)		(386)		(325)
	—		—		—		44		—		—		106
	—		—		—		—		—		—		(107)
	—		—		(72)		—		—		—		(72)
	8		(25)		(1)		16		38		(84)		473
	(104)		(15)		(23)		(126)		(64)		(154)		(5,473)
	—		—		—		—		—		—		(20,480)
	104		14		31		348		(129)		59		6,986
$	(149)	$	(10)	$	(1)	$	(513)	$	(47)	$	(273)	$	11,978
$	—	$	—	$	—	$	5	$	—	$	—	$	1,119
	—		—		—		—		—		—		1,085
$	—	$	—	$	—	$	5	$	—	$	—	$	2,204

Pension (and Other Employee Benefit) Trust Funds

These funds provide retirement, disability, death, and lump-sum payments to retirement system members. A brief description of each fund follows:

Public Employee Retirement System - Defined Benefit Retirement Plan Fund – provides retirement benefits to substantially all public employees not covered by another public system.

Public Employee Retirement System - Defined Contribution Retirement Plan - Disability Other Post Employment Benefit Funds – provides members of the defined contribution retirement system a disability benefit plan funded through employer contributions.

Judges Retirement System Fund – provides retirement benefits for all district court judges, justices of the Supreme Court, and the Chief Water Judge.

Highway Patrol Officers Retirement System Fund – provides retirement benefits for all members of the Montana Highway Patrol.

Sheriffs Retirement System Fund – provides retirement benefits for sheriffs, detention officers, and State Department of Justice investigators.

Game Wardens & Peace Officers Retirement System Fund – provides retirement benefits for all persons employed as game wardens, supervisory personnel, and State peace officers.

Municipal Police Officers' Retirement System Fund – provides retirement benefits to all municipal police officers covered by the plan.

Firefighters Unified Retirement System Fund – provides retirement benefits for firefighters employed by first and second-class cities and other cities that wish to adopt the plan, and firefighters hired by the Montana Air National Guard.

Volunteer Firefighters Compensation Act Fund – 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.

Public Employee Retirement System - Defined Contribution Retirement Plan Fund – members of the defined contribution retirement plan decide how to invest their contributions and a portion of their employer contributions in the available investment options.

Public Employee 457 Plan Fund – all employees of the State, Montana University System, and contracting political subdivisions are eligible to participate in this plan. The 457 plan is an Other Employee Benefit Plan designed to supplement State service retirement, Social Security, and other retirement plans and savings.

Teachers Retirement System Fund – provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, or unit of the Montana University System.

Voluntary Employee Benefit Association Fund – provides members with individual health care expense trust accounts to pay the qualified health care expenses of members and their dependents and beneficiaries.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)					
	PUBLIC EMPLOYEES DEFINED BENEFITS	PERS DCRP DISABILITY OPEB	JUDGES	HIGHWAY PATROL	SHERIFFS	GAME WARDENS PEACE OFFICERS
ASSETS						
Cash/cash equivalents	$ 77,326	$ 737	$ 1,370	$ 2,367	$ 5,521	$ 3,268
Receivables (net):						
Accounts receivable	3,264	4	5	3	503	70
Interest	338	3	6	9	26	15
Due from primary government	—	—	—	—	—	—
Due from other PERB plans	888	—	—	—	—	—
Long-term notes/loans receivable	4	—	—	—	—	—
Total receivables	4,494	7	11	12	529	85
Investments at fair value:						
Equity in pooled investments	6,840,473	—	129,328	184,116	488,678	277,707
Other investments	—	7,860	—	—	—	—
Total investments	6,840,473	7,860	129,328	184,116	488,678	277,707
Securities lending collateral	70,367	—	1,330	1,894	5,027	2,857
Capital assets:						
Buildings/improvements	60	—	—	—	—	—
Equipment	75	—	4	3	4	4
Accumulated depreciation	(87)	—	(3)	(3)	(3)	(3)
Right to use lease buildings	3,688	—	5	23	119	75
Accumulated amortization	(527)	—	(1)	(3)	(17)	(11)
Intangible assets	534	—	157	133	157	157
Total capital assets	3,743	—	162	153	260	222
Total assets	6,996,403	8,604	132,201	188,542	500,015	284,139
DEFERRED OUTFLOWS OF RESOURCES	318	—	—	—	—	—
LIABILITIES						
Accounts payable	463	—	—	—	—	—
Due to other PERB plans	—	—	8	39	208	131
Unearned revenue	17	—	—	—	—	—
Securities lending liability	70,367	—	1,330	1,894	5,027	2,857
Compensated absences payable	525	—	—	1	3	2
Due to primary government - leases (Note 10)	3,309	—	4	21	107	68
Net pension liability (Note 6)	—	—	—	—	—	—
Total OPEB liability	115	—	—	—	—	—
Total liabilities	74,796	—	1,342	1,955	5,345	3,058
DEFERRED INFLOWS OF RESOURCES	424	—	—	—	—	—
NET POSITION						
Restricted for:						
Pensions	6,921,501	—	130,859	186,587	494,670	281,081
Postemployment benefits other than pensions	—	8,604	—	—	—	—
Total net position	$ 6,921,501	$ 8,604	$ 130,859	$ 186,587	$ 494,670	$ 281,081

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)

MUNICIPAL POLICE	FIRE FIGHTERS UNIFIED	VOLUNTEER FIRE FIGHTERS	PUBLIC EMPLOYEES DEFINED CONTRIBUTION	PUBLIC EMPLOYEES 457 PLAN	TEACHERS RETIREMENT SYSTEM	VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION	TOTAL
$ 6,129	$ 6,706	$ 3,705	$ 5,350	$ 1,333	$ 63,011	$ 5,179	$ 182,002
211	183	4	269	209	24,572	—	29,297
25	28	2	16	5	267	—	740
19,622	21,568	—	—	—	—	—	41,190
—	—	—	—	—	—	—	888
—	—	—	—	—	—	—	4
19,858	21,779	6	285	214	24,839	—	72,119
559,869	615,181	47,060	—	—	4,835,048	—	13,977,460
—	—	—	420,832	598,971	—	11,498	1,039,161
559,869	615,181	47,060	420,832	598,971	4,835,048	11,498	15,016,621
5,759	6,328	484	—	—	49,737	—	143,783
—	—	—	7	4	244	—	315
3	3	3	10	8	188	—	305
(3)	(3)	(3)	(11)	(9)	(138)	—	(266)
73	55	181	437	194	2,810	—	7,660
(10)	(8)	(26)	(62)	(28)	(331)	—	(1,024)
140	138	127	127	151	—	—	1,821
203	185	282	508	320	2,773	—	8,811
591,818	650,179	51,537	426,975	600,838	4,975,408	16,677	15,423,336
—	—	—	25	9	505	9	866
5	—	—	196	221	179	11	1,075
125	97	280	—	—	—	—	888
1	1	—	—	—	—	—	19
5,759	6,328	484	—	—	49,737	—	143,783
2	1	4	48	21	218	1	826
65	50	163	392	174	2,595	—	6,948
—	—	—	—	—	1,852	34	1,886
—	—	—	9	3	54	1	182
5,957	6,477	931	645	419	54,635	47	155,607
—	—	—	33	12	435	9	913
585,861	643,702	50,606	426,322	—	4,920,843	—	14,642,032
—	—	—	—	600,416	—	16,630	625,650
$ 585,861	$ 643,702	$ 50,606	$ 426,322	$ 600,416	$ 4,920,843	$ 16,630	$ 15,267,682

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)					
	PUBLIC EMPLOYEES DEFINED BENEFIT	PERS DCRP DISABILITY OPEB	JUDGES	HIGHWAY PATROL	SHERIFFS	GAME WARDENS PEACE OFFICERS
ADDITIONS						
Contributions/premiums:						
Employer	$ 132,341	$ 650	$ —	$ 6,908	$ 13,476	$ 5,273
Employee	118,936	—	648	2,376	11,168	6,471
Other contributions	36,558	—	—	2,207	27	10
Investment earnings:						
Net increase (decrease) in fair value of investments	583,825	847	10,987	15,558	41,239	23,341
Interest, dividends, and other	3,053	22	49	83	223	123
Securities lending income	3,772	—	71	101	265	150
Total investment earnings	590,650	869	11,107	15,742	41,727	23,614
Less investment costs:						
Administrative investment expenses	39,018	5	733	1,044	2,742	1,552
Securities lending expense	2,293	—	43	61	161	91
Net investment earnings	549,339	864	10,331	14,637	38,824	21,971
Charges for services	—	—	—	—	—	—
Other additions and miscellaneous	—	—	—	—	—	—
Total additions	837,174	1,514	10,979	26,128	63,495	33,725
DEDUCTIONS						
Benefits	541,853	91	4,427	14,609	27,344	11,833
Refunds	15,036	—	—	792	2,031	1,109
Administrative expenses	6,246	—	51	80	267	184
Local assistance	—	—	—	—	—	—
Transfer to MUS-RP	329	—	—	—	—	—
Transfer to PERS-DCRP	2,181	—	—	—	—	—
Total deductions	565,645	91	4,478	15,481	29,642	13,126
Changes in net position	271,529	1,423	6,501	10,647	33,853	20,599
Net position- July 1- as previously reported	6,649,820	7,181	124,358	175,940	460,195	260,437
Adjustments to beginning net position	152	—	—	—	622	45
Net position - July 1- as adjusted	6,649,972	7,181	124,358	175,940	460,817	260,482
Net position - June 30	$ 6,921,501	$ 8,604	$ 130,859	$ 186,587	$ 494,670	$ 281,081

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)

	MUNICIPAL POLICE	FIRE FIGHTERS UNIFIED	VOLUNTEER FIRE FIGHTERS	PUBLIC EMPLOYEES DEFINED CONTRIBUTION	PUBLIC EMPLOYEES 457 PLAN	TEACHERS RETIREMENT SYSTEM	VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION	TOTAL
$	9,724	$ 9,431	$ —	$ 18,960	$ 189	$ 113,442	$ 3,231	$ 313,625
	6,097	7,052	—	18,323	25,631	87,025	—	283,727
	19,630	21,411	3,156	121	—	48,438	—	131,558
	47,415	51,879	4,069	37,555	37,637	412,781	1,434	1,268,567
	232	256	20	9,175	16,914	2,242	—	32,392
	306	334	26	—	—	2,670	—	7,695
	47,953	52,469	4,115	46,730	54,551	417,693	1,434	1,308,654
	3,161	3,453	272	102	794	27,624	—	80,500
	186	203	16	—	—	1,623	—	4,677
	44,606	48,813	3,827	46,628	53,757	388,446	1,434	1,223,477
	—	—	—	—	446	—	104	550
	—	—	—	1,411	—	55	1	1,467
	80,057	86,707	6,983	85,443	80,023	637,406	4,770	1,954,404
	33,958	32,131	3,114	22,208	44,752	429,121	3,180	1,168,621
	2,757	224	—	—	—	7,831	—	29,780
	172	144	337	950	1,338	4,060	199	14,028
	—	—	12	—	—	—	—	12
	—	—	—	—	—	—	—	329
	—	—	—	—	—	—	—	2,181
	36,887	32,499	3,463	23,158	46,090	441,012	3,379	1,214,951
	43,170	54,208	3,520	62,285	33,933	196,394	1,391	739,453
	542,651	589,209	47,086	364,037	566,483	4,724,449	15,239	14,527,085
	40	285	—	—	—	—	—	1,144
	542,691	589,494	47,086	364,037	566,483	4,724,449	15,239	14,528,229
$	585,861	$ 643,702	$ 50,606	$ 426,322	$ 600,416	$ 4,920,843	$ 16,630	$ 15,267,682

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings benefit individuals, private organizations, or other governments. A brief description of each private-purpose trust fund follows:

College Savings Plan Fund – accounts for monies contributed towards a "qualified tuition program" under section 529 of the Internal Revenue Code of 1986, as amended. This plan is a voluntary college savings plan whose participants are both Montana residents and out-of-state individuals.

Inmate Trust Fund – accounts for monies held by the Department of Corrections in a trust capacity. The monies are received from inmates and disbursed on behalf of the inmates.

Plan Securities Fund – accounts for the unliquidated security bonds held on deposit from self-insured employers. These funds either revert to the employer at a later date or are cashed and assumed by the State to be used on the employee's behalf.

Regulatory Deposits Fund – accounts for deposits held by the State, pending compliance with laws and regulations. This includes, deposits from insurers, deposits from pesticide applicator and commodity dealers, and professional employer organizations or groups.

Woodville Highway Replacement Fund – accounts for money paid to the Department of Transportation by the Anaconda Company to provide the government of Butte-Silver Bow with traffic facilities. This money is held on deposit for the city/county government and is distributed to them at their request.

Other Private-Purpose Trust Fund – accounts for monies held by the State in a trustee capacity that are not included in the above private-purpose trust fuds. This includes the student accounts held by the Montana School for the Deaf and Blind and the self-sufficiency trust account held by the Department of Public Health and Human Services.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	COLLEGE SAVINGS PLAN	INMATE TRUST ACCOUNT	PLAN SECURITIES
ASSETS			
Cash/cash equivalents	$ 23,869	$ 1,753	$ —
Investments at fair value:			
Other investments	189,189	—	—
Total investments	189,189	—	—
Other assets	—	—	7,950
Total assets	213,058	1,753	7,950
LIABILITIES			
Accounts payable	—	4	—
Total liabilities	—	4	—
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	213,058	1,749	7,950
Total net position	$ 213,058	$ 1,749	$ 7,950

REGULATORY DEPOSITS	WOODVILLE HIGHWAY REPLACEMENT	OTHER PRIVATE-PURPOSE TRUSTS	TOTAL
$ 503	$ —	$ 37	$ 26,162
11,305	—	—	200,494
11,305	—	—	200,494
595	—	—	8,545
12,403	—	37	235,201
—	—	—	4
—	—	—	4
12,403	—	37	235,197
$ 12,403	$ —	$ 37	$ 235,197

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	COLLEGE SAVINGS PLAN	INMATE TRUST ACCOUNT	PLAN SECURITIES
ADDITIONS			
Other contributions	$ 20,510	$ —	$ 1,500
Investment earnings:			
Net increase (decrease) in fair value of investments	9,847	—	—
Total investment earnings	9,847	—	—
Less investment costs:			
Net investment earnings	9,847	—	—
Other additions and miscellaneous	—	5,812	—
Total additions	30,357	5,812	1,500
DEDUCTIONS			
Distributions	21,454	6,372	—
Administrative expenses	851	—	—
Total deductions	22,305	6,372	—
Change in net position	8,052	(560)	1,500
Net position - July 1 - as previously reported	205,006	2,309	6,450
Adjustments to beginning net position	—	—	—
Net position - July 1 - as adjusted	205,006	2,309	6,450
Net position - June 30	$ 213,058	$ 1,749	$ 7,950

REGULATORY DEPOSITS	WOODVILLE HIGHWAY REPLACEMENT	OTHER PRIVATE-PURPOSE TRUSTS	TOTAL
$ —	$ —	$ —	$ 22,010
(386)	—	—	9,461
(386)	—	—	9,461
(386)	—	—	9,461
677	—	—	6,489
291	—	—	37,960
802	52	—	28,680
—	—	—	851
802	52	—	29,531
(511)	(52)	—	8,429
12,914	52	37	226,768
—	—	—	—
12,914	52	37	226,768
$ 12,403	$ —	$ 37	$ 235,197

Investment Trust Funds

These funds are used to account for the local government investment within the external investment pools managed by the Montana Board of Investments. A brief description of each fund follows:

STIP Local Government Participants Fund – accounts for the local government investment within the STIP external investment pool.

TFIP Local Government Participants Fund – accounts for the local government investment within the TFIP external investment pool.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

	STIP LOCAL GOVERNMENT PARTICIPANTS	TFIP LOCAL GOVERNMENT PARTICIPANTS	TOTAL
ASSETS			
Cash/cash equivalents	$ 1,830,371	$ 1,086	$ 1,831,457
Receivables (net):			
Interest	8,055	39	8,094
Total receivables	8,055	39	8,094
Investments at fair value:			
Equity in pooled investments	—	11,846	11,846
Total investments	—	11,846	11,846
Securities lending collateral	—	173	173
Total assets	1,838,426	13,144	1,851,570
LIABILITIES			
Accounts payable	8,055	—	8,055
Securities lending liabilities	—	173	173
Total liabilities	8,055	173	8,228
NET POSITION			
Restricted for:			
Pool participants	1,830,371	12,971	1,843,342
Total net position	$ 1,830,371	$ 12,971	$ 1,843,342

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	STIP LOCAL GOVERNMENT PARTICIPANTS	TFIP LOCAL GOVERNMENT PARTICIPANTS	TOTAL
ADDITIONS			
Contributions/premiums:			
Other contributions	$ 1,631,764	$ —	$ 1,631,764
Investment earnings:			
Net increase (decrease) in fair value of investments	981	(410)	571
Interest, dividends, and other	66,214	500	66,714
Securities lending income	—	7	7
Total investment earnings	67,195	97	67,292
Less investment costs:			
Securities lending expense	—	5	5
Net investment earnings	67,195	92	67,287
Total additions	1,698,959	92	1,699,051
DEDUCTIONS			
Distributions	1,677,309	1,000	1,678,309
Total deductions	1,677,309	1,000	1,678,309
Change in net position	21,650	(908)	20,742
Net position - July 1 - as previously reported	1,808,721	13,879	1,822,600
Net position - July 1 - as adjusted	1,808,721	13,879	1,822,600
Net position - June 30	$ 1,830,371	$ 12,971	$ 1,843,342


THE GREAT SEAL OF THE STATE OF MONTANA
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Custodial Funds

Custodial funds are used to account for assets held by the State as an agent that is not in a trust or equivalent arrangement, for individuals, private organizations, and other governments. A brief description of each custodial fund follows:

Child Support Collections Fund –– accounts for payments from parents under the Child Support Enforcement Program.

Criminal Offender Restitution Fund – accounts for monies held by the State that is not in a trust or equivalent arrangement. The restitution payments are received from prisoners and disbursed to their victims.

Escheated Property Fund – accounts for property that is held by the State due to the absence of legal claimants or heirs and to be distributed to these heirs when identified.

Inter-governmental Fund – accounts for resources that flow through State agencies to federal, other states, local, and tribal governments.

Custodial Accounts Fund – accounts for monies held by the State that are not in trusts or equivalent arrangements. The monies belong to individuals and other organizations that not are not included in the above custodial funds.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023
(amounts expressed in thousands)

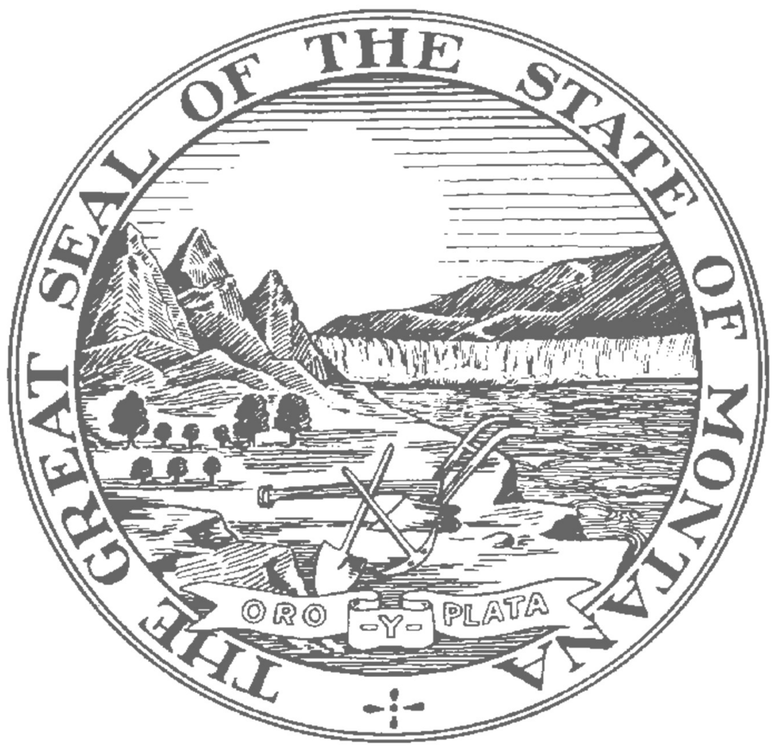
	CHILD SUPPORT COLLECTIONS	CRIMINAL OFFENDER RESTITUTION	CUSTODIAL ACCOUNTS	ESCHEATED PROPERTY	INTER-GOVERNMENTAL	TOTAL
ASSETS						
Cash/cash equivalents	$ 986	$ 2,635	$ 1,430	$ 1,249	$ 4,345	$ 10,645
Receivables (net):						
Accounts receivable	451	—	2,294	—	12	2,757
Interest Receivable	—	—	—	4	4	8
Total receivables	451	—	2,294	4	16	2,765
Other assets	—	—	—	—	2,024	2,024
Total assets	1,437	2,635	3,724	1,253	6,385	15,434
LIABILITIES						
Accounts payable	745	23	2	20	3,090	3,880
Due to other governments	—	—	2,294	—	103	2,397
Total liabilities	745	23	2,296	20	3,193	6,277
NET POSITION						
Restricted for:						
Individuals, organizations, and other governments	692	2,612	1,428	1,233	3,192	9,157
Total net position	$ 692	$ 2,612	$ 1,428	$ 1,233	$ 3,192	$ 9,157

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(amounts expressed in thousands)

	CHILD SUPPORT COLLECTIONS	CRIMINAL OFFENDER RESTITUTION	CUSTODIAL ACCOUNTS	ESCHEATED PROPERTY	INTER-GOVERNMENTAL	TOTAL
ADDITIONS						
Investment earnings:						
Net increase (decrease) in fair value of investments	$ —	$ —	$ —	$ 1	$ —	$ 1
Interest, dividends, and other	—	—	—	40	26	66
Total investment earnings	—	—	—	41	26	67
Net investment earnings	—	—	—	41	26	67
Other additions and miscellaneous	71,773	5,436	8,351	6,262	50,847	142,669
Total additions	71,773	5,436	8,351	6,303	50,873	142,736
DEDUCTIONS						
Distributions	72,434	4,885	8,097	6,281	52,952	144,649
Total deductions	72,434	4,885	8,097	6,281	52,952	144,649
Changes in net position	(661)	551	254	22	(2,079)	(1,913)
Net position- July 1- as previously reported	1,353	2,061	1,174	1,211	5,271	11,070
Net position - July 1- as adjusted	1,353	2,061	1,174	1,211	5,271	11,070
Net position - June 30	$ 692	$ 2,612	$ 1,428	$ 1,233	$ 3,192	$ 9,157

STATE OF MONTANA

Statistical Section



Statistical Section

This section of the State of Montana's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the State's capacity to raise revenues and the sources of those revenues: personal income tax.

Debt Capacity

These schedules present information to help the reader assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information

These schedules contain information about the State's operations and resources to help the reader understand how the State's financial information relates to the services it provides and the activities it performs.

SCHEDULE A-1 - NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	$ 7,445,044	$ 7,094,224	$ 6,962,944	$ 6,743,003	$ 6,402,612	$ 6,088,211	$ 5,873,003	$ 5,616,889	$ 5,332,649	$ 5,049,162
Restricted	3,779,800	3,603,591	3,574,995	3,452,344	3,216,332	2,998,804	2,951,964	2,890,669	2,764,165	2,696,248
Unrestricted	1,743,465	1,269,450	(111,863)	(364,374)	(423,017)	(642,952)	(971,795)	(780,527)	(642,296)	896,270
Total governmental activities net position	$12,968,309	$11,967,265	$10,426,076	$ 9,830,973	$ 9,195,927	$ 8,444,063	$ 7,853,172	$ 7,727,031	$ 7,454,518	$ 8,641,680
Business-type activities										
Net investment in capital assets	$ 27,162	$ 21,285	$ 21,360	$ 22,035	$ 21,266	$ 21,395	$ 19,986	$ 15,760	$ 14,616	$ 16,285
Restricted	680,995	644,006	520,696	350,309	442,306	397,587	367,734	347,819	333,536	295,006
Unrestricted	23,459	18,314	24,625	20,976	18,996	12,503	8,289	8,394	8,124	18,912
Total business-type activities net position	$ 731,616	$ 683,605	$ 566,681	$ 393,320	$ 482,568	$ 431,485	$ 396,009	$ 371,973	$ 356,276	$ 330,203
Primary government										
Net investment in capital assets	$ 7,472,206	$ 7,115,508	$ 6,984,304	$ 6,765,038	$ 6,423,878	$ 6,109,606	$ 5,891,989	$ 5,632,649	$ 5,347,265	$ 5,065,447
Restricted	4,460,795	4,247,594	4,095,691	3,802,653	3,658,638	3,396,391	3,319,698	3,238,488	3,097,701	2,991,254
Unrestricted	1,766,924	1,287,764	(87,238)	(343,398)	(404,021)	(630,449)	(963,506)	(772,133)	(634,172)	915,182
Total primary government net position	$13,699,925	$12,650,866	$10,992,757	$10,224,293	$ 9,678,495	$ 8,875,548	$ 8,248,181	$ 8,099,004	$ 7,810,794	$ 8,971,883

SCHEDULE A-2 - CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
Expenses	**2023**	**2022**	**2021**	**2020**	**2019**
Governmental activities:					
General government	$ 995,815	$ 970,869	$ 1,699,213	$ 957,534	$ 829,657
Public safety	537,966	477,120	544,839	458,526	428,514
Transportation	778,571	699,407	611,537	557,290	547,907
Health and human services	3,533,017	3,383,554	3,418,518	2,896,774	2,680,251
Education	1,691,553	1,600,965	1,492,682	1,352,323	1,314,785
Natural resources	452,532	390,791	361,420	338,957	302,680
Principal on long-term debt	—	—	—	—	—
Interest on long-term debt	4,956	5,724	5,026	5,365	5,454
Total governmental activities expenses	7,994,410	7,528,430	8,133,235	6,566,769	6,109,248
Business-type activities:					
Unemployment Insurance	150,070	62,150	728,476	746,508	108,507
Liquor Stores	123,174	120,008	120,913	98,324	89,971
State Lottery	123,232	99,402	99,353	51,385	48,061
Municipal Finance Programs	2,158	853	1,602	2,542	2,937
Hail Insurance	1,452	943	796	1,154	933
General Government Services	85,142	78,623	81,765	74,323	70,154
Prison Funds	7,589	7,523	7,042	8,506	9,307
MUS Group Insurance	118,520	120,522	106,068	100,958	88,330
MUS Workers Compensation	2,628	1,401	2,852	657	3,887
Total business-type activities expenses	613,965	491,425	1,148,867	1,084,357	422,087
Total primary government expenses	$ 8,608,375	$ 8,019,855	$ 9,282,102	$ 7,651,126	$ 6,531,335
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 245,190	$ 243,057	$ 214,699	$ 249,885	$ 185,120
Public safety/corrections	213,083	206,407	198,475	182,773	180,998
Transportation	34,835	35,138	35,802	32,555	31,019
Health/social services	24,993	32,735	39,781	39,945	44,517
Education/cultural	3,800	4,477	3,563	2,531	2,106
Resource/recreation/environment	252,152	215,222	201,555	178,646	179,972
Operating grants and contributions	3,880,301	3,658,290	4,441,208	2,930,307	2,611,941
Capital grants and contributions	626,115	479,184	531,666	564,431	527,900
Total governmental activities program revenues	5,280,469	4,874,510	5,666,749	4,181,073	3,763,573
Business-type activities:					
Charges for services:					
Unemployment Insurance	157,937	139,413	122,626	119,523	129,394
Liquor Stores	149,090	141,984	135,369	116,583	104,456
State Lottery	147,852	116,051	112,327	59,892	60,269
Municipal Finance Programs	—	—	40	7	41
Hail Insurance	1,094	764	1,152	1,182	1,032
General Government Services	30,511	31,612	31,401	26,080	25,871
Prison Funds	7,694	6,908	7,005	7,532	7,864
MUS Group Insurance	102,500	102,059	105,336	108,624	97,774
MUS Workers Compensation	—	1,618	3,930	3,625	—
Operating grants and contributions	76,203	68,639	68,576	71,422	68,243
Capital grants and contributions	756	873	883	950	512
Total business-type activities program revenues	673,637	609,921	588,645	515,420	495,456
Total primary government program revenues	$ 5,954,106	$ 5,484,431	$ 6,255,394	$ 4,696,493	$ 4,259,029

Fiscal Year 2018		2017		2016		2015		2014
$ 674,329	$	688,798	$	696,984	$	655,878	$	1,009,121
429,760		454,194		420,532		403,407		156,256
527,927		484,214		464,092		483,943		461,358
2,681,151		2,668,273		2,174,506		1,936,701		1,880,505
1,299,423		1,344,121		1,324,299		1,306,740		1,262,069
379,525		295,853		295,332		316,834		254,414
—		—		(1)		—		—
6,743		7,484		9,373		9,124		10,760
5,998,858		5,942,937		5,385,117		5,112,627		5,034,483
113,843		117,788		119,088		112,952		136,174
86,118		83,313		81,556		78,700		74,917
45,896		43,377		47,202		41,088		41,310
2,648		1,851		1,198		988		2,564
576		1,696		817		8,304		15,163
73,539		72,489		71,343		68,678		63,787
9,130		8,140		9,099		6,464		7,223
88,912		81,051		87,535		86,539		80,639
2,738		2,786		2,430		4,128		3,199
423,400		412,491		420,268		407,841		424,976
$ 6,422,258	$	6,355,428	$	5,805,385	$	5,520,468	$	5,459,459
$ 170,447	$	143,681	$	145,725	$	143,616	$	142,818
175,999		161,380		160,783		160,339		150,212
27,319		28,447		30,321		36,122		33,047
41,916		40,260		42,376		35,795		37,843
13,972		32,750		30,205		32,176		42,140
165,161		165,409		168,269		174,799		172,759
2,555,898		2,506,711		2,093,817		1,885,537		1,823,987
447,018		434,860		456,588		470,860		460,327
3,597,730		3,513,498		3,128,084		2,939,244		(5,034,483)
114,678		103,928		121,740		151,806		163,745
99,059		96,475		93,958		89,286		85,316
56,400		52,459		59,717		52,341		53,106
37		37		34		30		19
1,065		1,156		1,103		6,278		8,040
25,386		24,290		25,342		29,197		25,985
7,733		7,648		8,499		7,953		7,618
100,532		99,448		83,136		72,904		80,472
—		3,838		4,264		4,603		2,170
65,885		60,219		56,565		50,751		64,982
685		604		857		942		623
471,460		450,102		455,215		466,091		492,076
$ 4,069,190	$	3,963,600	$	3,583,299	$	3,405,335	$	(4,542,407)

SCHEDULE A-2 - CHANGE IN NET POSITION - Continued
Last Ten Fiscal Years
(accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
Net (expense)/revenue					
Governmental activities	$ (2,713,941)	$ (2,653,920)	$ (2,466,486)	$ (2,385,696)	$ (2,345,675)
Business-type activities	59,672	118,496	(560,222)	(568,937)	73,369
Total primary government net expense	$ (2,654,269)	$ (2,535,424)	$ (3,026,708)	$ (2,954,633)	$ (2,272,306)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	$ 185,366	$ 369,202	$ 329,585	$ 327,629	$ 305,126
Fuel	281,739	282,834	274,417	260,553	261,687
Natural resource	283,550	265,937	160,987	171,055	210,004
Individual income	1,818,220	2,365,833	1,712,162	1,455,150	1,416,716
Corporate Income	310,751	298,217	261,686	185,358	186,172
Other	542,879	521,138	431,603	393,466	383,267
Unrestricted grants and contributions	370	17,977	447	740	471
Settlements	33,121	32,973	86,092	27,906	27,713
Unrestricted investment earnings (losses)	183,551	(25,107)	32,902	138,435	201,926
Gain on sale of capital assets	4,880	8,291	4,750	11,070	7,320
Gain (loss) on debt extinguishment	3,579	—	—	—	—
Miscellaneous	9,397	6,632	5,866	8,043	10,640
Transfers	61,428	69,224	(138,881)	58,703	55,786
Total governmental activities	3,718,831	4,213,151	3,161,616	3,038,108	3,066,828
Business-type activities:					
Taxes					
Other	40,777	40,064	38,141	32,576	30,094
Unrestricted grants and contributions	280	19,705	549,317	496,499	—
Settlements	—	—	—	—	—
Unrestricted investment earnings	547	13	14	106	142
Gain (loss) on sale of capital assets	258	294	84	134	7
Miscellaneous	8,390	7,333	6,405	8,012	2,249
Transfers	(61,428)	(69,224)	138,881	(58,703)	(55,786)
Total business-type activities	(11,176)	(1,815)	732,842	478,624	(23,294)
Total primary government	$ 3,707,655	$ 4,211,336	$ 3,894,458	$ 3,516,732	$ 3,043,534
Change in Net Position					
Governmental activities	$ 1,004,890	$ 1,559,231	$ 695,130	$ 652,412	$ 721,153
Business-type activities	48,496	116,681	172,620	(90,313)	50,075
Total primary government	$ 1,053,386	$ 1,675,912	$ 867,750	$ 562,099	$ 771,228

Source: Statewide Accounting, Budgeting, and Human Resource System

Fiscal Year									
	2018		2017		2016		2015		2014
$	(2,401,128)	$	(2,429,439)	$	(2,257,033)	$	(2,173,383)	$	(2,171,350)
	48,060		37,611		34,947		58,250		67,100
$	(2,353,068)	$	(2,391,828)	$	(2,222,086)	$	(2,115,133)	$	(2,104,250)
$	293,530	$	277,254	$	276,367	$	261,532	$	267,029
	259,162		231,305		225,419		226,892		216,615
	209,776		171,629		163,707		257,634		334,210
	1,304,715		1,160,431		1,173,281		1,151,329		1,044,828
	170,607		132,538		117,758		174,112		145,040
	387,287		378,976		361,899		358,676		340,610
	12,595		13,596		15,321		15,101		403
	19,794		33,824		29,379		29,109		31,534
	29,241		25,125		92,404		44,028		108,754
	2,595		15,640		3,014		2,067		2,125
	—		—		—		—		—
	4,876		4,895		6,596		4,348		4,708
	48,854		46,141		49,812		50,017		46,377
	2,743,032		2,491,354		2,514,957		2,574,845		2,542,233
	28,846		27,958		27,078		26,440		25,148
	233		2,845		1,852		1,777		2
	—		236		—		—		52
	66		31		17		520		12
	11		(274)		318		142		696
	3,709		871		514		718		674
	(48,854)		(46,140)		(49,813)		(50,017)		(47,864)
	(15,989)		(14,473)		(20,034)		(20,420)		(21,280)
$	2,727,043	$	2,476,881	$	2,494,923	$	2,554,425	$	2,520,953
$	341,904	$	61,915	$	257,924	$	401,462	$	153,114
	32,071		23,138		14,913		37,830		45,834
$	373,975	$	85,053	$	272,837	$	439,292	$	198,948

SCHEDULE A-3 - FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
General fund					
Nonspendable	$ 57,419	$ 9,521	$ 5,171	$ 4,903	$ 4,197
Restricted	—	—	—	—	—
Committed	1,031,495	118,904	114,199	117,773	60,721
Assigned	22,206	94,626	95,387	89,469	17,178
Unassigned	812,573	1,773,568	641,543	380,667	361,313
Total general fund	$ 1,923,693	$ 1,996,619	$ 856,300	$ 592,812	$ 443,409
All other governmental funds					
Nonspendable	$ 2,047,630	$ 1,971,182	$ 1,973,463	$ 1,907,446	$ 1,780,019
Restricted	1,277,223	1,230,986	1,231,308	1,182,141	1,108,042
Committed	2,237,463	1,815,928	1,615,162	1,289,868	1,211,099
Assigned	4,539	703	2,204	1,044	805
Unassigned	(97)	(26,489)	(12,484)	(7,760)	(12,761)
Total all other governmental funds	$ 5,566,758	$ 4,992,310	$ 4,809,653	$ 4,372,739	$ 4,087,204

Source: Statewide Accounting, Budgeting, and Human Resource System

Fiscal Year									
2018		2017		2016		2015		2014	
$	4,614	$	7,696	$	4,499	$	4,668	$	3,994
	—		—		—		—		3,569
	—		—		—		—		141
	7,998		11,355		140,333		86,230		90,366
	186,707		47,933		126,478		380,436		344,406
$	199,319	$	66,984	$	271,310	$	471,334	$	442,476
$	1,628,444	$	1,610,646	$	1,570,475	$	1,516,985	$	1,472,923
	1,064,283		1,033,343		1,030,898		1,063,346		1,045,983
	1,137,163		1,206,427		1,217,574		1,129,855		1,107,550
	615		2,184		8,854		5,960		14,442
	(10,126)		—		—		—		—
$	3,820,379	$	3,852,600	$	3,827,801	$	3,716,146	$	3,640,898

SCHEDULE A-4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
	2023	**2022**	**2021**	**2020**	**2019**
Revenues					
Licenses/permits	$ 486,222	$ 470,080	$ 443,753	$ 420,011	$ 362,389
Taxes	3,360,288	4,115,213	3,196,362	2,753,011	2,766,544
Charges for services/fines/forfeits/settlements	162,097	182,716	237,121	157,278	175,715
Investment earnings (losses)	231,248	(27,747)	65,894	237,284	235,429
Securities lending income	1,635	190	343	527	675
Sale of documents/merchandise/property	29,744	22,147	32,778	22,746	22,420
Rentals/leases/royalties	106,274	77,614	56,517	56,180	60,226
Contributions/Premiums	38,835	42,419	35,092	33,809	34,578
Grants/contracts/donations	45,732	39,423	29,203	31,028	58,542
Federal	4,212,252	3,907,717	4,712,021	3,206,031	2,877,013
Federal Indirect cost Recoveries	159,245	141,532	154,920	150,974	136,619
Other revenues	9,373	6,519	5,477	7,652	10,676
Total revenues	8,842,945	8,977,823	8,969,481	7,076,531	6,740,826
Expenditures					
General government	896,218	885,041	1,417,248	737,581	647,432
Public safety	505,711	464,111	473,140	444,483	427,185
Transportation	449,095	375,098	384,367	354,819	359,744
Health and human services	3,548,531	3,448,405	3,425,924	2,894,951	2,703,908
Education	1,695,705	1,626,065	1,495,109	1,352,665	1,315,407
Natural resources	454,127	400,758	404,916	327,243	313,012
Debt service:					
Principal retirement	177,878	43,261	20,949	34,749	27,868
Interest/fiscal charges	8,046	7,684	5,997	5,765	6,520
Capital outlay	674,269	493,477	588,326	611,539	493,067
Securities lending	1,111	34	76	308	414
Total expenditures	8,410,691	7,743,934	8,216,052	6,764,103	6,294,557
Excess of revenue over (under) expenditures	432,254	1,233,889	753,429	312,428	446,269
Other financing sources (uses)					
Bond issued	—	16,035	56,904	28,900	—
Refunding bonds issued	—	—	37,321	—	4,575
Bond premium	—	—	8,799	4,361	—
Payment to refunding bond escrow agent	—	—	(37,261)	—	(6,844)
Inception of right-to-use and financed purchase payables	25,947	5,449	4,387	15,980	808
Insurance proceeds	110	141	437	35,052	13,785
General capital asset sale proceeds	4,931	10,262	5,029	11,997	8,016
Energy conservation loans	218	1,153	149	632	271
Transfers in	872,960	518,311	619,566	333,141	340,824
Transfers out	(834,997)	(431,407)	(760,217)	(310,071)	(298,401)
Total other financing sources (uses)	69,169	119,944	(64,886)	119,992	63,034
Net change in fund balances	$ 501,423	$1,353,833	$ 688,543	$ 432,420	$ 509,303
Debt service as a percentage of noncapital expenditures	2.5 %	0.7 %	0.4 %	0.7 %	0.6 %

Source: Statewide Accounting, Budgeting, and Human Resource System

Fiscal Year				
2018	2017	2016	2015	2014
$ 348,991	$ 327,274	$ 321,882	$ 319,726	$ 302,824
2,597,788	2,353,081	2,317,024	2,435,282	2,344,455
174,762	206,504	185,113	183,257	202,912
44,758	48,919	171,979	90,565	141,734
530	870	665	1,020	927
21,927	20,505	19,963	26,177	21,836
51,945	49,591	60,743	66,754	76,824
32,721	31,133	26,616	24,105	23,206
35,274	33,677	31,237	30,048	30,324
2,799,149	2,718,875	2,304,394	2,151,163	2,086,310
116,610	125,800	113,156	112,914	110,981
4,080	4,912	5,971	3,750	4,483
6,228,535	5,921,141	5,558,743	5,444,761	5,346,816
643,802	653,362	624,157	676,832	699,219
416,829	426,994	419,813	395,561	373,132
331,569	329,258	319,934	340,443	324,074
2,675,173	2,652,848	2,177,901	1,925,968	1,883,909
1,293,647	1,345,216	1,325,929	1,301,116	1,261,012
363,303	324,081	306,471	288,791	286,320
31,968	33,889	39,631	33,988	33,617
8,088	9,520	10,507	11,346	12,810
425,183	406,953	477,990	444,940	457,306
269	343	218	204	142
6,189,831	6,182,464	5,702,551	5,419,189	5,331,541
38,704	(261,323)	(143,808)	25,572	15,275
—	—	—	24,365	11,680
—	—	22,540	38,150	6,780
—	—	3,256	7,130	662
—	—	(25,557)	(42,603)	(7,190)
312	184	368	344	324
309	43	106	2,586	1,302
4,202	15,815	3,430	3,689	1,840
1,589	1,770	677	2,120	169
369,536	283,004	323,250	324,088	428,368
(319,353)	(235,437)	(274,206)	(284,180)	(383,933)
56,595	65,379	53,864	75,689	60,002
$ 95,299	$ (195,944)	$ (89,944)	$ 101,261	$ 75,277
0.7 %	0.8 %	1.0 %	0.9 %	1.0 %

SCHEDULE B-1 - PERSONAL INCOME BY INDUSTRY
Last Ten Calendar Years
(amounts expressed in thousands)

	Calendar Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Farm Earnings	$1,016,604	$ 437,583	$1,354,378	$ 698,313	$ 557,745	$ 293,049	$ 428,532	$ 757,623	$ 832,648	$ 817,733
Agricultural, forestry, fishing, and other	303,051	282,376	281,525	269,403	256,830	252,135	261,677	273,020	232,980	231,268
Mining	1,156,228	933,503	887,492	1,056,058	1,088,431	968,972	1,106,210	1,144,404	1,235,527	1,246,822
Construction/utilities	4,384,390	3,885,340	3,497,068	3,263,287	3,174,176	3,015,990	2,914,591	2,765,160	2,486,438	2,397,070
Manufacturing	1,861,210	1,688,847	1,495,645	1,469,217	1,379,085	1,311,060	1,241,423	1,212,283	1,171,673	1,089,971
Transportation and public utilities	1,563,969	1,421,264	1,381,203	1,429,905	1,260,449	1,204,070	1,165,304	1,226,867	1,210,250	1,154,728
Wholesale trade	1,708,939	1,556,606	1,398,010	1,335,627	1,272,960	1,239,699	1,224,375	1,285,731	1,201,060	1,201,060
Retail trade	3,328,522	3,333,510	2,887,409	2,754,014	2,576,899	2,507,876	2,444,871	2,310,956	2,202,105	2,136,747
Finance, insurance, and real estate	3,968,759	3,143,796	2,586,390	1,534,090	1,423,724	2,169,520	2,062,991	1,679,674	1,590,899	1,623,518
Services	14,874,057	13,935,477	12,534,391	12,302,279	11,521,141	10,645,664	10,533,036	9,917,700	8,989,666	8,682,348
Federal, civilian	1,564,223	1,486,872	1,452,470	1,369,925	1,358,510	1,314,692	1,287,848	1,244,570	1,181,524	1,157,617
Military	518,231	503,378	494,460	461,645	429,177	415,147	409,941	406,402	414,108	423,180
State and local government	5,012,017	4,834,381	4,597,884	4,463,156	4,240,192	4,282,582	4,142,806	4,078,431	3,868,541	3,894,912
Other [(1)]	27,216,836	25,443,766	22,811,833	20,761,086	19,515,964	18,056,689	15,549,265	14,343,779	13,798,057	13,496,216
Total personal income	$68,477,036	$62,886,699	$57,660,158	$53,168,005	$50,055,283	$47,677,145	$44,772,870	$42,646,600	$40,415,476	$39,553,190
Average effective rate [(2)]	3.5 %	3.0 %	2.3 %	2.7 %	2.6 %	2.5 %	2.6 %	2.8 %	2.6 %	2.6 %

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce
Montana Department of Revenue

Notes: [(1)] Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance
[(2)] The total direct rate for personal income is not available. Average effective rate equals personal income tax revenue (Schedule B-2) divided by personal income.

SCHEDULE B-2 - PERSONAL INCOME TAX RATES
Last Ten Calendar Years
(amounts expressed in thousands)

	Calendar Year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Personal income tax revenue [1]	$ 2,387,008	$ 1,889,444	$ 1,338,737	$ 1,412,864	$ 1,295,883	$ 1,180,344	$ 1,183,699	$ 1,175,745	$ 1,063,284	$ 1,047,790
Personal income	$ 68,477,036	$ 62,886,699	$ 57,660,158	$ 53,168,005	$ 50,055,283	$ 47,677,145	$ 44,772,870	$ 42,646,600	$ 40,415,476	$ 39,553,190
Average effective rate [2]	3.5 %	3.0 %	2.3 %	2.7 %	2.6 %	2.5 %	2.6 %	2.8 %	2.6 %	2.6 %

	Tax Rates on the Portion of Taxable Income in Ranges [3]						
Calendar Year 2022							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.7%
Income Bracket	$0-3.3	$3.3-5.8	$5.8-8.9	$8.9-12.0	$12.0-15.4	$15.4-19.8	$19.8+
Calendar Year 2021							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.1	$3.1-5.5	$5.5-8.4	$8.4-11.4	$11.4-14.6	$14.6-18.8	$18.8+
Calendar Year 2020							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.1	$3.1-5.5	$5.5-8.4	$8.4-11.3	$11.3-14.5	$14.5-18.7	$18.7+
Calendar Year 2019							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.1	$3.1-5.4	$5.4-8.2	$8.2-11.1	$11.1-14.3	$14.3-18.4	$18.4+
Calendar Year 2018							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.0	$3.0-5.2	$5.2-8.0	$8.0-10.8	$10.8-13.9	$13.9-17.9	$17.9+
Calendar Year 2017							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.9	$2.9-5.2	$5.2-7.9	$7.9-10.6	$10.6-13.6	$13.6-17.6	$17.6+
Calendar Year 2016							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.9	$2.9-5.1	$5.1-7.8	$7.8-10.5	$10.5-13.5	$13.5-17.4	$17.4+
Calendar Year 2015							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.8	$2.8-5.0	$5.0-7.6	$7.6-10.3	$10.3-13.3	$13.3-17.1	$17.1+
Calendar Year 2014							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.8	$2.8-5.0	$5.0-7.6	$7.6-10.3	$10.3-13.3	$13.3-17.1	$17.1+
Calendar Year 2013							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.8	$2.8-4.9	$4.9-7.4	$7.4-10.1	$10.1-13.0	$13.0-16.7	$16.7 +

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce; Montana Department of Revenue

Notes: [1] Personal income tax revenue is reported on a fiscal year basis.

[2] Average effective rate equals personal income tax revenue divided by personal income.

[3] Amounts shown are for single and married filing separate returns. For all other filing status returns, double the income amounts in the columns.

SCHEDULE B-3 - PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL
Latest Completed Calendar Year and Five Years Ago

	Calendar Year 2022				Calendar Year 2017			
Income Level	**Number of Filers**	**Percentage of Total**	**Personal Income Tax Liability**	**Percentage of Total**	**Number of Filers**	**Percentage of Total**	**Personal Income Tax Liability**	**Percentage of Total**
$9,999 and under	57,440	11.62 %	$ 432,538	0.03 %	65,896	14.29 %	$ 697,322	0.06 %
$10,000–$19,999	54,267	10.97	5,928,769	0.34	65,572	14.22	8,136,598	0.74
$20,000–$44,999	124,113	25.11	90,113,911	5.22	126,595	27.46	86,273,749	7.88
$45,000–$69,999	83,039	16.79	157,844,017	9.16	72,644	15.77	127,266,367	11.62
$70,000–$109,999	79,621	16.10	267,340,083	15.49	70,034	15.19	220,893,034	20.16
$110,000–$174,999	57,086	11.54	337,621,908	19.56	39,296	8.52	222,903,843	20.35
$175,000–$499,999	32,995	6.67	432,177,826	25.04	17,981	3.90	232,116,226	21.19
$500,000 and higher	5,949	1.20	434,223,963	25.16	2,989	0.65	197,160,539	18.00
Total	494,510	100.00 %	$ 1,725,683,015	100.00 %	461,007	100.00 %	$ 1,095,447,678	100.00 %

Source: Montana Department of Revenue

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented above are intended to provide alternate information regarding the sources of the State's revenue.

SCHEDULE C-1 - RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount, in dollars)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
General obligation bonds	$ —	$ 130,772	$ 127,633	$ 90,250	$ 73,090	$ 84,460	$ 98,625	$ 115,500	$ 134,795	$ 127,840
Special revenue bonds	300	12,695	21,930	19,330	38,425	56,435	73,550	89,840	110,975	128,020
Notes payable	6,236	6,963	6,928	7,478	8,150	9,307	10,004	11,643	9,949	9,311
Right to use lease payable	138,053	144,685	16,043	20,617	12,545	13,698	6,537	3,170	1,186	764
Right to use SBITA payable	32,813	—	—	—	—	—	—	—	—	—
Financed purchase payable	10,823	14,519	—	—	—	—	—	—	—	—
Total governmental activities	188,225	309,634	172,534	137,675	132,210	163,900	188,716	220,153	256,905	265,935
Business-type activities										
Bonds/notes payable	—	68,707	—	—	—	—	—	—	—	—
Right to use lease payable	2,930	3,705	21	26	18	231	415	600	836	141
Right to use SBITA payable	1,306	—	—	—	—	—	—	—	—	—
Total business-type activities	4,236	72,412	21	26	18	231	415	600	836	141
Total primary government	$ 192,461	$ 382,046	$ 172,555	$ 137,701	$ 132,228	$ 164,131	$ 189,131	$ 220,753	$ 257,741	$ 266,076
Debt as a percentage of personal income [1]	0.3 %	0.6 %	0.3 %	0.3 %	0.3 %	0.3 %	0.4 %	0.5 %	0.6 %	0.7 %
Amount of debt per capita [2]	$ 171	$ 345	$ 160	$ 129	$ 125	$ 156	$ 181	$ 221	$ 259	$ 270

Source: Statewide Accounting, Budgeting, and Human Resource System

Notes: Details regarding the State's debt can be found in Note 11 of the financial statements.

(1) Debt as a percentage of personal income equals total debt divided by total personal income from Schedule B-1.
Used calendar year for personal income for fiscal year for debt percentage calculation.
Numbers revised for prior years due to personal income estimate revisions.

(2) Amount of debt per capita is calculated by dividing total debt by total population from Schedule D-1.
Numbers revised for prior years due to population estimate revisions.

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Governmental Activities	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Renewable Resource Program Bond										
Revenue										
Loan repayment (principal and interest)	$ 1,100	$ 1,089	$ 1,876	$ 3,335	$ 2,255	$ 3,319	$ 1,974	$ 2,986	$ 2,774	$ 1,610
Northwestern Energy	—	—	—	—	—	1,074	4,241	3,945	4,445	3,670
STIP interest earnings	262	24	11	42	55	65	53	25	8	8
Debt service fund interest	470	555	595	676	748	924	904	784	809	599
Less: Operating expenses	—	—	—	—	—	—	—	—	—	—
Net available revenue	1,832	1,668	2,482	4,053	3,058	5,382	7,172	7,740	8,036	5,887
Debt service										
Principal	$ 8,655	$ 4,515	$ 9,527	$ 4,453	$ 2,875	$ 6,051	$ 4,994	$ 5,080	$ 4,815	$ 4,345
Interest	137	186	339	482	586	678	808	775	808	821
Coverage (1)	0.2	0.4	0.3	0.8	0.9	0.8	1.2	1.3	1.4	1.1
US Highway 93 GARVEES Bond										
Revenue										
Federal Highway Administration	$ 536,948	$ 439,873	$ 499,858	$ 542,855	$ 495,667	$ 419,915	$ 401,121	$ 424,636	$ 447,541	$ 429,398
Less: Operating expenses	(533,021)	(435,953)	(495,934)	(527,443)	(480,253)	(404,499)	(385,705)	(409,039)	(432,041)	(413,897)
Net available revenue	$ 3,927	$ 3,920	$ 3,924	$ 15,412	$ 15,414	$ 15,416	$ 15,416	$ 15,597	$ 15,500	$ 15,501
Debt service										
Principal	$ 3,740	$ 3,555	$ 3,390	$ 14,265	$ 13,660	$ 13,080	$ 12,400	$ 12,270	$ 11,625	$ 11,110
Interest	187	365	534	1,147	1,753	2,336	13,080	3,327	3,875	4,391
Coverage (1)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE - Continued
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Governmental Activities	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Middle Creek Dam Project Note Payable										
Revenue										
Middle Creek Water Users Assoc loan payments	$ 122	$ 130	$ 120	$ 114	$ 114	$ 120	$ 111	$ 116	$ 95	$ 105
Less: Operating expenses	—	—		—	—	—	—	—	—	—
Net available revenue	$ 122	$ 130	$ 120	$ 114	$ 114	$ 120	$ 111	$ 116	$ 95	$ 74
Debt service										
Principal	$ 99	$ 95	$ 91	$ 87	$ 84	$ 80	$ 77	$ 74	$ 71	$ 58
Interest	23	35	29	27	31	40	34	43	24	47
Coverage (1)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tongue River Dam Project Note Payable										
Revenue										
Tongue River Water Users Assoc loan payments	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128
Revenue from sale of electricity	162	162	162	162	162	162	162	162	162	162
Less: Operating expenses	—	—	—	—	—	—	—	—	—	—
Net available revenue	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290
Debt service										
Principal	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290
Interest	—	—	—	—	—	—	—	—	—	—
Coverage (1)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE - Continued
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Governmental Activities	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Water Conservation Note Payable (Petrolia Project)										
Revenue										
Petrolia Irrigation District loan payments	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ 3	$ 3
Less: Operating expenses	—	—	—	—	—	—	—	—	—	—
Net available revenue	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ 3	$ 3
Debt service										
Principal	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ 3	$ 3
Interest	—	—	—	—	—	—	—	—	—	—
Coverage (1)	—	—	—	—	—	—	—	—	1.0	1.0

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE - Continued
Last Ten Fiscal Years
(amounts expressed in thousands)

Business-type Activities	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Municipal Finance Programs										
(Municipal Finance Consolidation Irrigation Dist)										
Revenue										
Principal and interest repayments	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 70
Investment income	—	—	—	—	—	—	—	—	—	—
Less: Operating expenses	—	—	—	—	—	—	—	—	—	—
Net available revenue	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 70
Debt service										
Principal	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 70
Interest	—	—	—	—	—	—	—	—	—	3
Coverage (1)	—	—	—	—	—	—	—	—	—	1.0
Municipal Finance Programs										
(Conservation Reserve Enhancement Program)										
Revenue										
Principal and interest repayments	$ 4	$ 4	$ 4	$ 4	$ 12	$ 35	$ 29	$ 33	$ 81	$ 71
Investment income	—	—	—	—	—	—	—	—	—	—
Less: Operating expenses	—	—	—	—	—	—	—	—	—	—
Net available revenue	$ 4	$ 4	$ 4	$ 4	$ 12	$ 35	$ 29	$ 33	$ 81	$ 71
Debt service										
Principal	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Interest	—	—	—	—	—	—	—	—	—	—
Coverage (1)	—	—	—	—	—	—	—	—	—	—

Note: (1) *Coverage equals net available revenue divided by debt service.*

SCHEDULE C-3 - RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount, in dollars)

Fiscal Year (3)	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Personal Income (1)	Debt per Capita (2)
2023	$ —	$ 20,105	$ —	—%	$ —
2022	130,772	18,466	112,306	0.18	102
2021	127,633	16,483	111,150	0.19	103
2020	90,250	14,210	76,040	0.14	71
2019	73,090	16,284	56,806	0.11	53
2018	84,460	16,170	68,290	0.14	65
2017	98,625	17,366	81,259	0.18	78
2016	115,500	19,275	96,225	0.23	96
2015	134,795	18,348	116,447	0.29	117
2014	127,840	20,248	107,592	0.28	109

Source: Statewide Accounting, Budgeting, and Human Resource System

Notes: Details regarding the State's debt can be found in Note 11 of the financial statements.

(1) Debt as a percentage of personal income equals total debt divided by total personal income from Schedule B-1.
Used calendar year for personal income and fiscal year for debt percentage calculation.
Numbers revised for prior years due to personal income estimate revisions.

(2) Debt per capita is calculated by dividing total debt by total population from Schedule D-1.
Numbers revised for prior years due to population estimate revisions.

(3) See Note 11 for further information pertaining to Debt Free 2023 Initiative.
Numbers revised for prior years due to population estimate revisions.

SCHEDULE D-1 - DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

	Calendar Year									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Population										
Montana *(in thousands)*	1,123	1,106	1,081	1,069	1,062	1,050	1,043	999	994	988
Percentage change	1.5 %	2.3 %	1.1 %	0.7 %	1.1 %	0.7 %	4.4 %	0.5 %	0.6 %	0.6 %
National *(in thousands)*	333,271	332,031	329,484	328,240	327.167	325,719	323,128	322,366	319,668	316,971
Percentage change	0.4 %	0.8 %	0.4 %	0.3 %	0.4 %	0.8 %	0.2 %	0.8 %	0.9 %	0.9 %
Total Personal Income										
Montana *(in millions)*	$68,477	$62,887	$57,660	$53,168	$50,055	$47,677	$44,773	$42,726	$40,844	$39,963
Percentage change	8.9 %	9.1 %	8.4 %	6.2 %	5.0 %	6.5 %	4.8 %	4.6 %	2.2 %	3.1 %
National *(in billions)*	$18,804	$18,412	$19,607	$18,542	$17,573	$16,820	$15,913	$15,582	$14,683	$14,151
Percentage change	2.1 %	(6.1)%	5.7 %	5.5 %	4.5 %	5.7 %	2.1 %	6.1 %	3.8 %	3.1 %
Per Capita Personal Income										
Montana	$60,984	$53,952	$53,361	$49,747	$47,120	$45,385	$42,947	$41,204	$39,903	$39,366
Percentage change	13.0 %	1.1 %	7.3 %	5.6 %	3.8 %	5.7 %	4.2 %	3.3 %	1.4 %	(0.3)%
National	$65,470	$55,477	$59,510	$56,490	$53,712	$51,640	$49,246	$48,322	$46,049	$44,765
Percentage change	18.0 %	(6.8)%	5.3 %	5.2 %	4.0 %	4.9 %	1.9 %	4.9 %	2.9 %	2.5 %
Resident Civilian Labor Force & Employment										
Civilian labor force	567,849	549,515	540,052	537,215	529,658	526,944	528,349	522,709	516,516	513,432
Employed	552,842	530,738	508,261	517,875	509,965	505,413	507,322	502,284	492,493	485,014
Unemployed	15,008	18,777	31,791	19,340	19,693	21,531	21,027	21,327	24,082	29,328
Unemployment rate	2.6 %	3.4 %	4.2 %	3.5 %	3.7 %	4.1 %	4.0 %	4.1 %	4.7 %	5.7 %
Nonfarm Wage and Salary Workers (in thousands)										
Goods-producing industries										
Natural Resources and Mining	6.7	6.7	6.7	7.3	7.4	6.9	6.8	8.2	9.1	9.5
Construction	36.2	33.1	30.6	30.0	28.5	27.8	25.7	26.5	24.8	23.9
Durable goods	13.5	12.7	11.9	12.2	11.9	11.9	11.8	11.7	11.6	11.1
Nondurable goods	8.8	8.7	8.5	8.8	8.5	8.2	8.0	7.4	7.3	7.2
Subtotal goods-producing industries	65.2	61.2	57.7	58.3	56.3	54.8	52.3	53.8	52.8	51.7
Service-producing industries										
Transp, communications, and utilities	19.2	18.8	18.4	18.6	25.1	24.9	25.5	24.8	25.1	25.0
Trade	80.5	77.8	73.8	75.5	76.7	76.4	77.3	76.1	74.3	73.3
Finance, insurance, and real estate	35.4	33.4	32.3	32.6	25.4	24.7	24.5	23.8	24.9	22.7
Service	221.0	211.8	198.4	208.6	206.9	204.2	195.7	191.9	187.6	186.3
State and local government	76.8	76.8	75.5	77.5	77.6	78.6	80.2	77.4	76.2	77.1
Federal government	13.2	13.4	13.6	13.3	13.3	13.1	12.6	13.0	12.9	13.0
Subtotal service-producing industries	446.1	432.0	412.0	426.1	425.0	421.9	415.8	407.0	401.0	397.4
Total Nonfarm Wage and Salary Employment	511.3	493.2	469.7	484.4	481.3	476.7	468.1	460.8	453.8	449.1

(1) Previous population numbers are from U.S. Census projections. These projections are no longer available. 2016 and forward population numbers are from U. S. Census estimates.

Sources: Population Division, U.S. Census Bureau
Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce
Bureau of Labor Statistics, U.S. Department of Labor

Notes: Total personal income is comprised of earned income, dividends, interest and rents, and government transfer payments. Per capita income is calculated by dividing personal income by population; amounts may not be exact due to rounding.
Numbers for prior years revised due to releases of updated data.

SCHEDULE D-2 - PRINCIPAL EMPLOYERS

Current Calendar Year and Nine Calendar Years Ago

	2022			2013		
Employer	**Employees [1]**	**Rank**	**Percentage of Total State Employment [2]**	**Employees**	**Rank**	**Percentage of Total State Employment [2]**
State of Montana	21,500-22,000	1	4.78 %	22,500-23,000	1	5.42 %
Federal Government	13,000-13,500	2	2.74	12,500-13,000	2	3.47
Wal-Mart	5,000-5,500	3	1.02	4,500-5,000	3	1.16
Billings Clinic	4,000-4,500	4	0.91	3,000-3,500	4	0.79
Town Pump	3,500-4,000	5	0.70	2,000-2,500	5	0.55
Kalispell Regional Hospital	2,500-3,000	6	0.48	2,000-2,500	6	0.55
Albertson's	2,000-2,500	7	0.48	2,000-2,500	8	0.55
Benefits Healthcare	2,000-2,500	8	0.59	2,000-2,500	11	0.43
St. Patrick Hospital	2,000-2,500	9	0.48	1,500-2,000	7	0.43
Bozeman Deaconess Hospital	1,500-2,000	10	0.48	1,500-2,000	10	0.42
Avitus	2,000-2,500	11	0.37	1,500-2,000	9	0.42
Total Statewide Employment	501,388			412,050		

Sources: Montana Department of Labor

Bureau of Labor Statistics, U.S. Department of Labor

Notes: [1] Number of employees based on March 2013 and 2022 data.

[2] Percentage of total state employment based on the midpoints in the ranges given.

SCHEDULE E-1 - FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Governmental:										
General government	2,559	2,522	2,564	2,659	2,676	2,951	3,003	2,979	3,058	2,995
Public safety/corrections	3,199	3,135	3,105	3,091	3,050	2,673	2,667	2,656	2,668	2,668
Transportation	2,164	2,156	2,132	2,126	2,132	2,127	2,194	2,194	2,266	2,266
Health/social services	3,031	3,006	2,982	2,975	3,086	3,053	3,106	3,040	3,044	3,029
Education/cultural	485	486	476	466	518	510	519	501	511	526
Resource/recreation/environment	2,295	2,217	2,168	2,161	2,187	2,173	2,105	2,065	2,131	2,133
Total governmental	13,733	13,522	13,427	13,478	13,649	13,487	13,594	13,435	13,678	13,617
Business-type:										
Liquor Stores	33	33	32	33	32	33	33	33	33	33
State Lottery	36	36	37	37	32	32	32	32	32	32
Municipal Finance Programs	4	4	4	4	4	4	4	4	4	4
Hail Insurance	7	7	7	7	8	6	5	6	7	7
General Government Services	102	101	99	98	100	101	101	112	118	113
Prison Funds	39	40	41	41	40	40	40	40	41	42
MUS Group Insurance	10	7	7	7	7	7	7	6	6	6
MUS Workers Compensation	1	1	1	1	1	1	1	1	1	1
Total business-type	232	229	228	228	224	224	223	234	242	238
Fiduciary:										
Pension Trust	80	72	71	71	71	71	71	70	69	69
Total fiduciary	80	72	71	71	71	71	71	70	69	69
Component unit:										
Montana Board of Housing	104	96	66	56	56	56	55	54	52	50
Facility Finance Authority	4	3	3	3	3	3	3	3	3	3
State Compensation Insurance (New Fund)	295	294	306	307	307	307	307	307	304	304
Montana State University	5,049	5,464	5,341	5,341	5,023	4,930	4,960	4,945	4,737	4,649
University of Montana	3,457	3,657	3,612	3,612	3,666	3,771	3,848	3,844	3,906	3,831
Total component unit	8,909	9,514	9,328	9,319	9,055	9,067	9,173	9,153	9,002	8,837
Total full-time equivalent employees	22,954	23,337	23,054	23,096	22,999	22,849	23,061	22,892	22,991	22,761

Source: Statewide Accounting, Budgeting, and Human Resource System

SCHEDULE E-2 - OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	**2023**	**2022**	**2021**	**2020**	**2019**
Governmental activities:					
General government					
Department of Revenue					
Electronically-filed income tax returns	569,800	556,565	583,570	479,282	501,710
Paper-filed income tax returns	44,700	38,400	49,000	44,000	57,750
Judiciary					
Supreme Court total filings (1)	749	755	660	597	736
District Court total filings (1)	55,953	54,672	61,589	60,602	59,607
Public safety/corrections					
Department of Corrections					
Incarcerated offenders	2,778	2,773	2,526	2,545	2,785
Supervised offenders	9,836	9,593	10,425	10,425	12,122
Department of Justice					
Drivers licenses issued	175,513	162,803	143,312	143,629	164,059
Vehicles registered (2)	3,203,413	3,053,644	2,902,959	2,767,720	2,955,987
Department of Military Affairs (Army Program Facilities Office)					
Work orders received	2,088	2,286	2,271	2,388	2,773
Work orders completed	1,811	2,004	1,868	1,902	2,244
Work orders unfunded or not completed	277	282	403	486	529
Transportation					
Department of Transportation					
Paved roads (miles)	20,540	20,788	20,689	20,326	20,203
Unpaved roads (miles)	53,130	53,974	54,026	54,305	54,353
Health/social services					
Department of Public Health and Human Services					
Senior citizens receiving personal long-term care assist.	3,858	3,532	3,532	3,348	3,631
Number of households provided with energy assist.	17,661	16,801	16,601	18,754	19,893
Education/cultural					
Office of Public Instruction					
K-12 public school enrollment	150,573	145,632	145,632	149,181	147,785
Public schools	826	826	826	826	823
Commissioner of Higher Education					
Total enrollment for Montana University System 4-year Colleges	4,315	27,175	27,495	28,854	29,694
Total enrollment for Montana University System 2-year Colleges	27,545	3,920	3,850	4,155	4,457
Resource/recreation/environment					
Department of Natural Resources and Conservation					
Revenue generated on state trust lands (millions of dollars)	$ 199.29	$ 119.29	$ 107.3	$ 92.07	$ 99.2
Oil production (millions of bbls)	20.59	20.25	21.21	20.5	19.25
Gas production (millions of mcf)	42.89	36.5	38	40	40.36
Department of Fish, Wildlife and Parks					
License and permit sales (2)	$ 3,250,990	$ 3,102,571	$ 3,246,322	$ 2,931,119	$ 2,656,068
State park visitation (millions)	3.05	3.08	3.58	2.97	2.62

Fiscal Year				
2018	2017	2016	2015	2014
494,664	490,237	490,050	470,854	456,736
73,204	76,428	83,831	88,514	95,626
726	758	850	806	800
58,350	50,355	57,000	55,824	53,000
2,865	2,719	2,605	2,679	2,625
12,451	11,626	11,106	11,040	10,640
173,857	174,858	180,445	191,705	162,365
2,573,106	2,749,855	2,648,484	2,536,737	2,112,741
2,684	3,102	2,907	2,945	3,052
2,449	3,127	2,842	2,863	3,179
265	158	138	165	134
20,150	19,534	20,002	19,896	19,894
54,397	56,229	55,981	56,063	50,084
3,291	3,326	3,321	3,239	3,299
19,908	19,617	19,312	20,421	21,605
146,772	146,375	144,316	144,532	144,129
821	821	799	824	823
30,580	31,089	30,968	31,268	31,499
4,597	4,794	4,895	5,310	5,693
$ 87.4	$ 86.2	$ 95.89	$ 109.1	$ 114
20.21	21.58	21.53	25.61	29.3
43.03	39.79	29	30.59	55
$ 2,514,748	$ 2,103,209	$ 2,003,119	$ 1,892,894	$ 1,858,020
2.51	2.62	2.66	2.39	2.19

SCHEDULE E-2 - OPERATING INDICATORS BY FUNCTION/PROGRAM - Continued
Last Ten Fiscal Years

Function/Program	Fiscal Year 2023	2022	2021	2020	2019
Governmental activities (continued):					
Resource/recreation/environment (continued)					
Department of Environmental Quality					
Environmental permits and licenses	7,159	7,988	5,878	7,249	7,568
Environmental violations	2,904	2,399	1,169	3,030	2,716
Economic development/assistance					
Department of Commerce (Community Development)					
Treasure State Endowment Project – applications	49	52	48	48	48
Treasure State Endowment Project – construction awards	—	—	—	—	65
Community Development Block Grant – public facility applications	9	12	9	19	12
Community Development Block Grant – public facility awards	6	8	3	15	22
Business-type activities:					
Unemployment Insurance					
Department of Labor					
Initial claims	38,081	25,134	39,751	182,034	46,252
Average weekly benefit (dollars)	$ 488.97	$ 458.87	$ 470.53	$ 347.35	$ 383.63
Exhaustion rate (percent)	30.4 %	27.1 %	100.0 %	41.7 %	33.3 %
Liquor Stores					
Department of Revenue					
Liquor licenses issued	5,814	5,173	5,304	5,521	5,543
Liquor cases distributed	1,085,816	1,095,693	1,069,716	935,539	858,486
State Lottery					
Department of Administration					
Total dollars in ticket sales (millions of dollars)	$ 148	$ 116	$ 112	$ 60	$ 60
Transfer to the General Fund (millions of dollars)	$ 23	$ 15	$ 12	$ 8	$ 12
General Government Services					
Department of Commerce (HUD Section 8)					
Applications reviewed – homebuyers assistance (dollars) (3)	$ 200,000	$ —	$ 800,000	$ 600,000	$ 600,000
Grants awarded – homebuyers assistance (dollars) (3)	$ 200,000	$ —	$ 800,000	$ 600,000	$ 600,000

N/A = not available

Sources: Governor's Office of Budget and Program Planning, Biennium Executive Budget
Montana Departments of Administration, Justice, Military Affairs, and Transportation
Montana Commissioner of Higher Education
Unemployment Insurance Data Summary, Employment & Training Administration, U.S. Department of Labor

Notes: (1) Operating indicators are reported on a calendar-year basis.
(2) Licenses and permit sales reported by license year.
(3) Reporting method includes both single and multiple family assistance.

Fiscal Year				
2018	**2017**	**2016**	**2015**	**2014**
7,386	11,311	9,162	8,500	8,462
4,670	4,158	4,305	7,000	7,247
51	38	60	—	51
—	—	—	36	—
6	12	—	15	7
6	7	7	9	5
48,061	51,106	55,565	65,155	73,736
$ 344.73	$ 337.45	$ 324.61	$ 304.76	$ 297
35 %	34 %	34.7 %	35.8 %	39.6 %
5,387	5,373	5,200	5,155	5,077
833,694	807,125	792,463	746,745	742,388
$ 56	$ 52	$ 60	$ 53	$ 54
$ 10	$ 9	$ 13	$ 12	$ 13
$ 600,000	$ 600,000	$1,332,068	$1,350,000	$1,750,000
$ 600,000	$ 600,000	$1,332,068	$1,350,000	$1,750,000

SCHEDULE E-3 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year 2023	2022	2021	2020	2019
Governmental activities:					
General government					
Department of Administration					
Buildings	57	57	57	57	57
Data processing equipment	1,677	1,620	1,585	1,540	1,509
Judiciary					
Vehicles	34	34	34	21	23
Public safety/corrections					
Department of Corrections					
Vehicles	119	72	108	97	97
Buildings	186	185	183	182	182
Department of Justice					
Vehicles	646	675	670	631	649
Laboratory/scientific equipment	285	286	280	283	291
Transportation					
Department of Transportation					
Vehicles	2,257	2,146	2,345	2,285	2,192
Buildings	945	941	912	910	900
Health/social services					
Department of Public Health and Human Services					
Vehicles	162	154	106	101	104
Buildings	140	140	155	154	154
Education/cultural					
Historical Society					
Buildings	5	5	5	5	5
Resource/recreation/environment					
Department of Natural Resources and Conservation					
Vehicles	1,114	1,129	1,126	1,119	1,048
Buildings	97	97	97	98	88
Department of Fish, Wildlife and Parks					
Vehicles	2,523	2,455	2,594	2,610	2,618
Buildings	965	964	959	956	950
Department of Environmental Quality					
Vehicles	29	31	32	40	40
Laboratory/scientific equipment	228	265	309	317	319
Economic development/assistance					
Department of Commerce					
Buildings	6	6	6	6	6
Business-type activities:					
State Lottery					
Department of Administration					
Vehicles	12	13	13	12	11
General government services					
Department of Administration					
Vehicles	83	63	81	80	64
Prison funds					
Department of Corrections					
Vehicles	87	71	99	98	92

Sources: Statewide Accounting, Budgeting, and Human Resource System
Vehicle Exposure and Commercial Property Schedules, Risk Management and Tort Defense Division
Department of Administration

Fiscal Year				
2018	2017	2016	2015	2014
57	59	59	59	59
1,463	1,115	1,710	1,700	2,087
15	15	14	15	16
93	93	131	128	128
182	182	182	252	251
647	641	622	531	548
280	284	289	284	278
2,114	2,156	2,083	2,067	2,146
904	985	978	975	962
105	140	125	139	136
154	154	154	154	154
5	5	5	5	5
1,001	959	942	928	872
91	90	88	84	83
2,664	2,541	2,540	2,586	2,686
941	871	865	859	854
40	46	48	52	53
316	420	407	377	509
6	4	4	5	5
10	10	10	11	11
60	58	61	59	53
91	89	89	84	79

THE GREAT SEAL OF THE STATE OF MONTANA

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50 copies of this public document were published at an estimated cost of $14.77 per copy, for a total cost of $738.43 for printing and $0.00 for distribution.