MONTANA STATE UNIVERSITY

2020 FINANCIAL STATEMENTS

MONTANA STATE UNIVERSITY

montana state university BILLINGS

MONTANA STATE UNIVERSITY NORTHERN

GREAT FALLS COLLEGE MONTANA STATE UNIVERSITY

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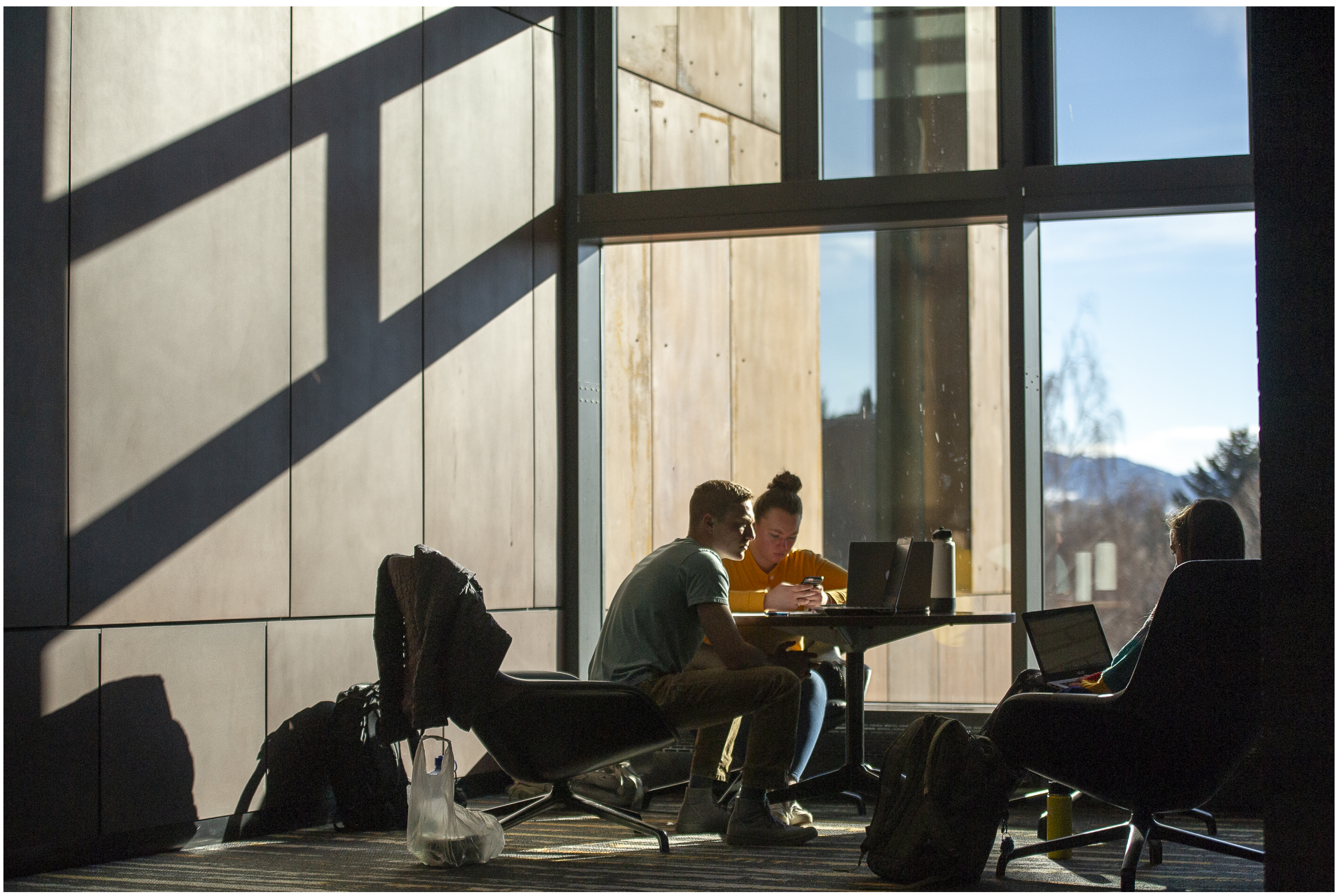

This report is also available online at www.montana.edu/wwwbu

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Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

Independent Auditor's Report

The Legislative Audit Committee
of the Montana State Legislature:

Introduction

We have audited the accompanying Consolidated Statement of Net Position of Montana State University, a component unit of the state of Montana, as of June 30, 2020, the related Consolidated Statement of Revenues, Expenses and Changes in Net Position, and Consolidated Statement of Cash Flows for the fiscal year then ended, and the University Component Units – Combined Statement of Net Position as of June 30, 2020, and the related University Component Units – Combined Statement of Activities for the fiscal year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the designing, implementing, and maintaining of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the university's aggregate discretely presented component units. Those statements, which include the Montana State University Alumni Foundation, the Museum of the Rockies Incorporated, the Montana State University Billings Foundation, the Montana State University Northern Foundation, and the Montana State University Bobcat Club, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the university, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the aggregate discretely presented component units' financial statements in accordance with *Government Auditing Standards*.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the university's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control, and accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Montana State University as of June 30, 2020, and the changes in net position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis beginning on page 1, Required Supplementary Information beginning on page 59, be presented to supplement the basic financial statements. Such information, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Unaudited Supplemental Information beginning on page 69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the Montana State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the university's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (19-11B).

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

December 17, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

Montana State University (the "University") is a land grant university serving state, national, and international constituents by providing academic instruction, conducting a high level of research activity, advancing fundamental knowledge, and by disseminating knowledge to the people of Montana and beyond through community engagement. The University encompasses four campuses located in Bozeman, Billings, Great Falls, and Havre, as well as the Montana Agricultural Experiment Station, Montana Extension Service, and the Fire Services Training School. The University operates throughout the state of Montana, which covers 147,000 square miles of vast landscapes and urban and rural communities containing over 1 million citizens.

The University is proud to deliver high-quality instruction and educational services to a diverse student population, which is made possible not only through its dedicated faculty and staff but also through students that recognize a great education at an exceptional value. The University continues to ensure diligent recruiting of in-state students, while managing its mix of in-state, out-of-state, and out-of-area students to ensure a diverse, growing student population.

OPERATIONS

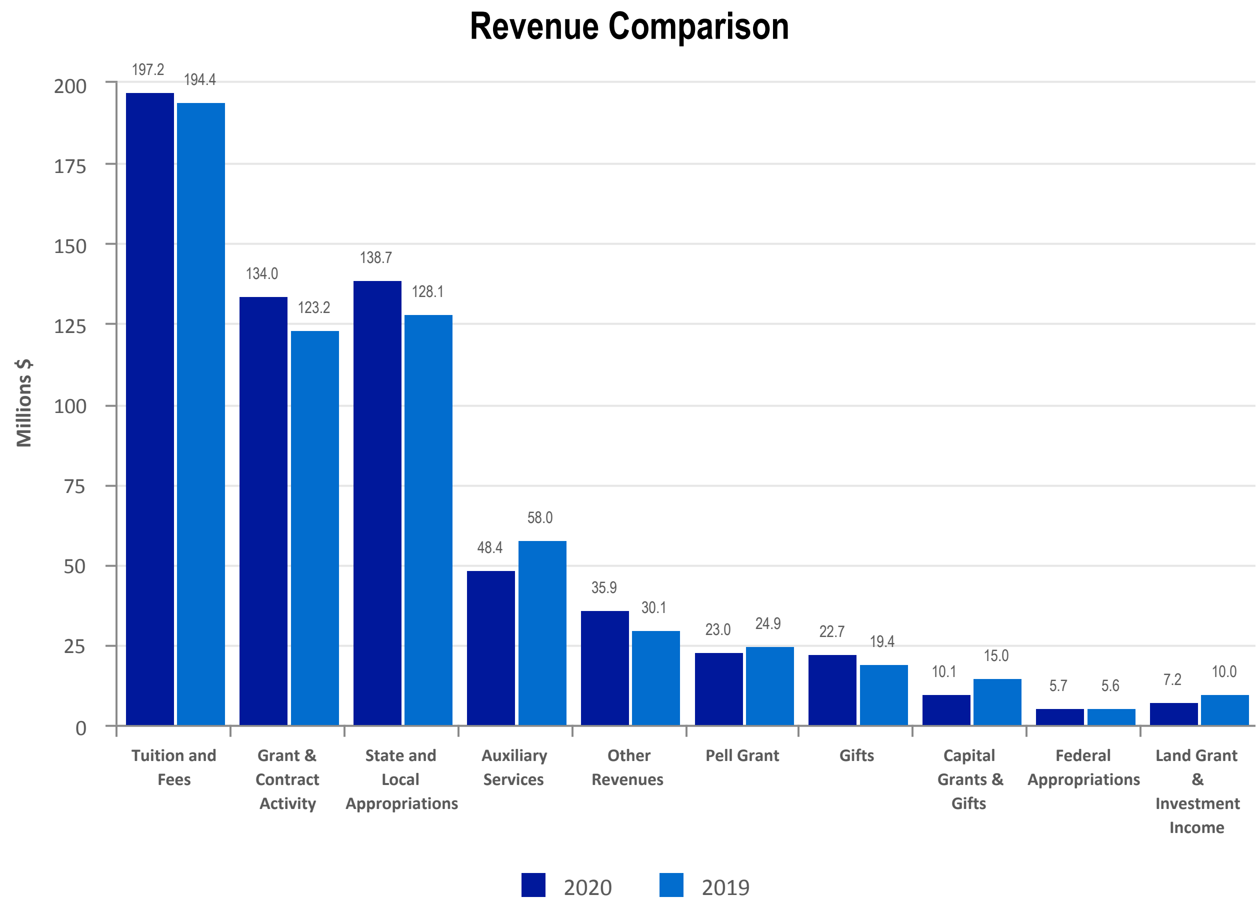
Condensed Statements of Revenues, Expenses, and Changes in Net Position
(in millions)

	2020	2019
Operating revenues	$ 421.2	$ 411.2
Operating expenses	609.3	583.2
Operating loss	(188.1)	(171.9)
Non-operating revenues and expenses (net)	191.9	174.3
Income before capital & other items	3.8	2.4
Capital & other items	9.0	14.4
Change in net position	$ 12.8	$ 16.8

The ***Statement of Revenues, Expenses and Changes in Net Position*** presents the revenues earned and expenses incurred during the year on a full accrual basis, and classifies activities as either "operating" or "non-operating." This distinction results in operating deficits for those institutions that depend on gifts and state aid, which are classified as non-operating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, an operating expense, which allocates the cost of assets over their expected useful lives.

Comparison of 2020 and 2019 Results of Operations

The University's net financial position increased $12.8 million during 2020, resulting primarily from capital grants and contributions of $10.1 million. Of this amount, $3.3 million was received for the construction of the American Indian Hall and $3.2 million was received for the Science and Allied Health building. Revenues in excess of operating expenses contributed to an increase of $3.8 million.



Operating revenues contain the majority of the University's income, and increased $10 million, or 2.4%, from 2019 to 2020.

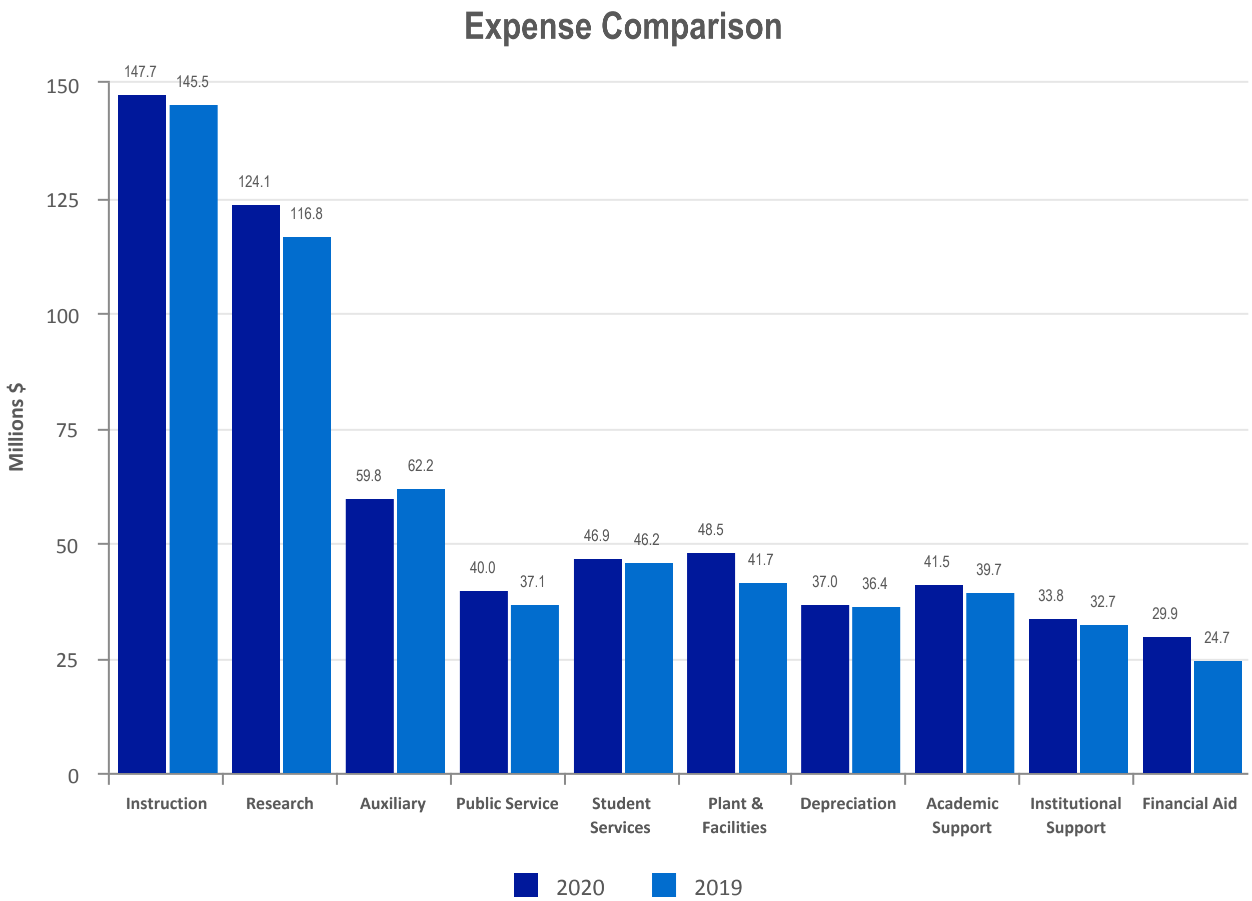
Tuition and fee revenues increased approximately $2.8 million, or 1.5%. Tuition rates were increased by 3.50% for nonresident undergraduates and 3.34% for nonresident graduate students at the Bozeman campus; all other tuition rates remained the same across the MSU campuses.

The number of full-time-equivalent students enrolled decreased from 20,559 to 20,262. All four campuses had decreased enrollment, with the MSU Bozeman campus reporting 62 less full-time equivalents and Great Falls campus reporting 171 less full-time equivalents.

Grant and contract operating revenues, including facility and administrative cost recoveries, increased 8.8%, to $134.0 million, compared with 2019 revenues of $123.2 million. The increase in grant revenues was primarily due to a proactive approach in seeking out grant opportunities and a high level of grant applications being awarded.

Net non-operating revenue increased $17.2 million from 2019 to 2020, primarily due to an increase in state appropriations of $10.6 million, or 8.3% to $138.7 million, as compared with $128.1 million in 2019. The Universities also received Federal CARES funding of $7.9 million.

Capital and other items decreased from $14.4 million in 2019 to $9.0 million in 2020, a change of $5.4 million, primarily due to the completion of the College of Engineering building on the Bozeman campus.



Operating expenses increased $26.1 million, or 4.5%, from 2019 to 2020. The most significant increases were plant-related expenses of $6.7 million, or 16.1%, scholarship expense of $5.2 million, or21.0%, research-related expenses of $7.4 million, or 6.3%, public service expenses of $2.9 million, or 7.8%, instructional support expenses of $2.1 million, or 1.5%. These increases were offset by a decrease in auxiliaries expenses of $2.3 million, or 3.8%.

Compensation and benefits expenses increased over nearly all areas primarily due to most employees in the Montana University System receiving a Board of Regents raise in FY20. All classified employees who were employed on or before 12/31 were given an increase of $.50 per hour or 2%, whichever was greater. Certain merit and tenure increases were also given throughout the year. Pension and OPEB expenses increased $3.5 million across all areas of the institution.

The increase in research-related expenses was primarily due to increases in expenditures for compensation and benefits of $5.8 million and supplies and services of $1.9 million, offset by a decrease in travel and other operating expenses of $0.8 million. Increases and decreases in research funding also occur from time to time depending on grant funding and the mix of capital versus operating grants.

Auxiliary expenses decreased $2.3 million, or 3.8%, primarily due decreased utilities and supplies expenses related to the Covid-19 global pandemic and the ordered campus closure in the spring of 2019.

The increase in instructional expense was primarily due to an increase in compensation and benefits of $3.2 million, offset by decreases in supplies and services and travel of $1.5 million.

The increase in scholarship expense is due to a change in scholarship and waiver awarding strategies.

The increase in public service was primarily due to an increase in compensation and benefits of $1.1 million and supplies and services of $1.9 million. These increases were offset by decreases in travel and other operating expenses of $0.4 million, due to the Covid-19 global pandemic.

The increase in plant-related expense was primarily due to an increase in compensation and benefits of $2.3 million and $2.8 million in maintenance expense. These increases were offset by decreases in supplies and services of $.05 million. The increase was largely a result of salary increases and increased square footage as the University continues to add buildings.

NET POSITION

Condensed Statements of Net Position
(in millions)

ASSETS	2020	2019
Current assets	$ 281.7	$ 300.4
Capital assets, net	545.4	523.6
Other noncurrent assets	44.6	48.1
Total assets	871.7	872.1
DEFERRED OUTFLOWS	43.6	40.4
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 915.3	$ 912.5
LIABILITIES		
Current liabilities	$ 98.0	$ 101.2
Noncurrent liabilities	333.2	348.7
Total liabilities	431.2	449.9
DEFERRED INFLOWS	22.5	13.5
NET POSITION		
Net investment in capital assets	352.6	341.7
Restricted, non-expendable	12.8	13.4
Restricted, expendable	19.5	17.7
Unrestricted	76.8	76.3
Total net position	461.7	449.1
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 915.3	$ 912.5

The ***Statement of Net Position*** is presented in a classified format, which differentiates between current and non-current assets and liabilities, deferred outflows and deferred inflows, and also categorizes net position (formerly called "fund balance") into four categories. The University's overall financial position increased by $12.8 million from 2019 to 2020, as discussed below.

Comparison of 2020 and 2019 Net Position

Current assets include the University's cash and cash equivalents; accounts, grants, and loans receivable; inventories; and other assets expected to benefit the University within one year.

The decrease of $18.7 million in current assets resulted primarily from a decreases of $22.9 million in short term investments due to Series E Bonds maturing at the end of last fiscal year. These decreases were offset by a increase in net accounts and grants receivable of $3.4 million and an increase in amounts receivable from the Federal Government of $1.2 million. Accounts and grants receivable result primarily from sponsored projects that are payable on a cost-reimbursement basis, and also from student accounts. See Note 11 to the financial statements for more information on bonds and notes.

Capital assets, net increased $21.9 million, resulting from asset additions of $60.3 million, offset by depreciation and amortization expense of $37.0 million, as shown in further detail in Note 7 to the financial statements.

Asset additions included $45.7 million in construction projects. The Bozeman campus continued construction of a new residence hall, expending an additional $22.0 million in 2020. In addition, the Bozeman campus began the renovation of Romney Hall, expending $3.7 million in 2020. The Billings campus continued construction of the new Science and Allied Health building, spending $6.9 million in 2020. Additional, smaller projects making up the remaining increase include residence hall upgrades, office and lab renovations, energy efficiency enhancements and other building improvement projects at all of the University's campuses and agencies.

Equipment additions totaled $8.5 million during 2020. Research and instruction in the sciences require a substantial equipment investment, and many specialized pieces of equipment are grant funded. In 2020, equipment related to research accounted for $2.7 million of the additions. Approximately $0.7 million in library materials were acquired in 2020 as well.

Building and land additions totaled $8.4 million during 2020. These additions resulted primarily from the restoration of the Outdoor Track field and additions to the Norm Asbjornson Innovation Center for the College of Engineering at the Bozeman campus. There were no land purchases in 2020.

Other noncurrent assets include endowment fund and other long term investments, student loans receivable, and donated funds restricted to use for facility construction. The balance decreased $3.6 million from 2019, primarily due to the Federal Perkins loan program ending.

Deferred outflows represent the University's non-hedging derivative financial instrument value, deferred loss on debt refundings, and pension and OPEB-related balances.

Derivative financial instruments are presented as deferred outflows, which offset the University's hedging derivative instrument liability recorded in non-current liabilities. The University pays a variable rate of interest to the holders of its Series J bonds. To hedge against rises in interest rates, a transaction was entered into whereby the counterparty pays to the University that same variable rate of interest, and in return the University pays the counterparty a fixed rate of interest. Because current bond interest rates are lower than the fixed amount paid to the counterparty, the market value of the instrument is negative. As such, a liability was recorded and is included in noncurrent liabilities. The offsetting entry is displayed as a deferred outflow rather than being recorded as an expense, because the cash flow hedge is operating as anticipated to achieve the intended synthetic fixed interest rate.

The deferred loss on debt refunding represents the excess of the reacquisition price of refunded debt over its net carrying amount. For the year ended June 30, 2014, the University adopted the provisions of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which required reclassifying deferred loss on debt refunding balances from an offset to long-term debt into a deferred outflow. The deferred loss on refunding balances that were reclassified were related to Series 2004I, Series 2006K, Series 2008L, Series 2012N and Series 2012O.

The pension deferred outflow is the portion of the net pension liability not included with pension expense and includes employer contributions subsequent to the measurement date of the net pension liability. For the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See note 15 for further information on pensions.

The OPEB deferred outflow is the portion of the OPEB liabilities not included with OPEB expense and includes transactions subsequent to the measurement date of the OPEB liability. For the year ended June 30, 2018, the University adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the University to recognize the deferred outflows and deferred inflows of resources associated with the plan. See note 15 for further information.

Current liabilities include payroll and related liabilities, amounts payable to suppliers for goods and services received, cash received for which the University has not yet earned the related revenue, securities lending liability, and debt principal payments due within one year. The balance decreased $3.3 million, or 3.2%, from 2019 to 2020, primarily as a result of decreases in accounts payable and accrued liabilities of $4.0 million offset by a increase in deferred revenues of $0.6 million.

Noncurrent liabilities include debt and advance liabilities, the amount of compensated absence liability estimated to be payable after a one-year period, and amounts which will be payable to the Federal government as the University collects repayments from loans outstanding under the Federal Perkins Loan or Nursing Loan programs. These balances decreased $6.5 million, or 1.8%, resulting primarily from decreases in noncurrent bonds payable of

$11.5 million and due to federal government of $3.3 million. These decreases were offset by increases in deferred inflows on $9.0 million.

Deferred Inflows include amounts related to changes in estimates and assumptions which have occurred since the last actuarial valuation for defined benefit pension and OPEB plans. These will be amortized to expense over a period as determined by actuarial calculations for each of the plans, as discussed in Note 15.

Net investment in capital assets consist of the historical acquisition value of capital assets, reduced by both accumulated depreciation expense charged against assets and debt balances related to capital assets. This balance increases as assets are acquired and debt is repaid, and decreases as assets are depreciated and debt is incurred. Balances increased $10.9 million due to asset additions and debt repayment.

Restricted, non-expendable balances must be held in perpetuity, and include endowment principal as well as certain balances in student loan funds. Balances did not fluctuate significantly as compared with 2019 balances.

Restricted, expendable net assets represent balances that may be expended by the University in accordance with restrictions imposed by an external party, such as a donor, or through a legislative mandate. The University's most significant restricted, expendable balances relate to funds restricted to use for the construction, renewal or replacement of facilities, for the payment of debt, and for scholarships.

Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets are designated for specific purposes as described in the notes to the financial statements, and include funds accumulated for employee termination payouts, scholarships, facility renewal and replacement, and certain student projects. Balances increased $0.5 million in comparison with 2019. Revenues exceeded expenses, and contributed to additional balances as a result of higher enrollment on the Bozeman campus.

CASH FLOWS

Condensed Statements of Cash Flows
(in millions)

	2020	2019
Cash provided/(used) by:		
Operating activities, net	$ (152.4)	$ (124.2)
Noncapital financing activities, net	194.4	172.3
Capital and related financing activities, net	(70.5)	(62.0)
Investing activities, net	28.8	24.9
Net change in cash & equivalents	0.3	11.0
Cash & equivalents, beginning of year	236.8	225.8
Cash & equivalents, end of year	$ 237.1	$ 236.8

The ***Statement of Cash Flows*** presents information related to cash inflows and outflows, categorized by operating, noncapital financing, capital financing, and investing activities. The reconciliation of operating loss to cash used in operations explains the relationship between the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, showing that increases and decreases in operating assets often require the use or receipt of cash, but do not result in recognition of a revenue or an expense.

Comparison of 2020 and 2019 Cash Flows

Operating activities used $152.4 million in cash, resulting primarily from an operating loss of $188.1 million. The operating loss was offset by non-cash expenses of $38.2 million, primarily due to $37.0 million in depreciation and amortization. Other less significant increases and decreases also contributed to the change. In 2019, operating activities used $124.2 million in cash, with an operating loss of $171.9 million, offset by non-cash expenses of $37.3 million.

Noncapital financing activities provided $194.4 million in cash, resulting from $138.7 million in state and local appropriations, $23.0 million in federal Pell grant revenue, $22.7 million in expendable gifts, $7.9 million in federal CARES Act grant revenue, and $2.4 million of land grant income. In 2019, noncapital financing activities provided $172.3 million in cash, resulting from $126.3 million in state and local appropriations, $24.9 million in federal Pell grant revenue, $19.4 million in expendable gifts, and $2.4 million of land grant income.

Capital and related financing activities used $70.5 million in cash, resulting primarily from cash expended on capital assets of $59.5 million (see Note 7 to the financial statements), principal debt repayments of $11.0 million, and interest payments of $8.3 million. These uses were offset by restricted gifts received for capital purchases of $9.4 million. In 2019, these activities used $62.0 million in cash, resulting primarily from cash expended on capital assets of $60.0 million, principal debt repayments of $15.8 million, and interest payments of $8.6 million.

DEBT AND ADVANCES

As of June 30, 2020, the University had approximately $183.1 million in outstanding bond, note, and capital lease principal, compared with $194.6 million at June 30, 2019 (see Note 10 to the financial statements). The balance decreased due to scheduled repayments. The majority of bond debt bears interest at fixed rates, while $18.2 million in bonds are reset at a weekly municipal bond index rate. A fixed-payer swap and a constant maturity swap are associated with the Series 2018F variable rate debt, as described in Note 10 to the financial statements. Intercap debt is issued at a variable rate, reset each February, and as of June 30, 2020, was 2.50%. As of June 30, 2020, the University's bonds are rated Aa3 by Moody's Investor Services and A+ by Standard and Poor's.

ECONOMIC OUTLOOK

Montana State University's enrollment remains strong. The Bozeman campus experienced 11 continuous years of enrollment growth from 2007 to 2018, and for the fall semester 2020, the university reported 16,249 enrolled students. Even though enrollment declined 3% from the previous year — likely due to uncertainties presented from the COVID-19 pandemic — it was still the university's fifth strongest enrollment ever. To put MSU's enrollment success into context, in August 2019 The Chronicle of Higher Education ranked MSU as the 24th fastest growing public, doctoral-granting university in the United States out of 211 universities. In addition, the College Gazette ranked Montana State University as one of the top 10 public universities on the rise across the nation.

Overall enrollment is expected to remain stable due to the careful attention devoted to maintaining an appropriate mix of in- and out-of-state students, as well as initiatives to increase retention, particularly from freshman to sophomore year, including structured tutoring and mentoring opportunities. New initiatives are also being implemented to address fall-to-spring retention as well.

MSU's retention rate – the percentage of first-year students returning for their second year – hit its highest mark in more than 30 years of modern record keeping at 78.2% percent. First-to-second-year retention is a key indicator as it is highly predictive of how many students will continue to graduation.

Of equal importance, the university is graduating more students and doing so in a shorter period than at any time in modern history — meaning more students enter their post-graduation work lives and pursuits earlier. This fall, MSU recorded modern-era records in its four- and six-year graduation rates. The four-year graduation rate was up to 34.7% from 29.7% the prior year. And the six-year rate — which is commonly looked at in federal statistics — was up slightly to 56.4%.

The demand for Gallatin College MSU students in the Bozeman area is expected to remain extremely strong as the city and the county both experience unprecedented population and economic growth. The university currently leases space for the majority of programs offered at Gallatin College MSU and, due to its continued growth, the university has placed a new building for Gallatin College MSU among its top priorities for legislative funding requests.

A combination of modest tuition increases, as well as stable state appropriations and increased enrollment, have contributed to financial growth. The university has set aside modest reserves to ensure the availability of retirement payout funds, to continue scholarship funding, and to provide a means to absorb unexpected expenses or decreases in revenue, should they occur.

To assist in the allocation of its resources, university management evaluates programs regularly through a transparent budgeting process that stresses accountability and stewardship of the university's assets while maintaining excellence in the programs offered. Management will continue to balance spending and revenue to maintain quality programs without unduly limiting student access to the university through the cost of attendance.

CONSOLIDATED FINANCIAL STATEMENTS

Montana State University (a component unit of the State of Montana)
Consolidated Statement of Net Position
As of June 30

ASSETS		2020
Current assets:		
Cash and cash equivalents (note 2)	$	236,885,148
Securities lending collateral		329,357
Accounts and grants receivable, net (note 3)		13,202,449
Amounts receivable from Federal government		20,069,746
Amounts receivable from primary government		277,279
Loans receivable, net (note 6)		2,822,639
Inventories (note 4)		2,950,560
Prepaid expenses and other current assets (note 5)		5,157,939
Total current assets		281,695,117
Noncurrent assets		
Restricted cash and cash equivalents		78,914
Restricted investments		7,869,240
Loans receivable, net (note 6)		16,023,607
Investments		19,492,090
Capital assets, net (note 7)		545,444,207
Other noncurrent assets (note 7)		1,089,124
Total noncurrent assets		589,997,182
Total assets		871,692,299
DEFERRED OUTFLOWS		
Derivative financial instrument (note 10)		5,499,340
Deferred loss on debt refunding (note 11)		1,663,672
Deferred pension and OPEB outflows (note 15)		36,448,504
Total deferred outflows		43,611,516
TOTAL ASSETS AND DEFERRED OUTFLOWS	$	915,303,815
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$	49,124,409
Advances (current) and other amounts payable to primary government		2,024,831
Amounts payable to other State of Montana component units		176,425
Securities lending liability		329,357
Property held in trust for others		2,373,280
Unearned revenues (note 9)		14,684,761
Current portion compensated absences		18,226,376
Current portion debt and capital lease obligations (note 10)		11,013,127
Total current liabilities		97,952,566
Noncurrent liabilities:		
Advances from primary government		16,992,698
Debt, capital lease, and other obligations (note 10)		172,127,475
Compensated absences		19,388,799
OPEB implicit rate subsidy		15,052,050
Net pension liability		84,906,888
Due to Federal government		19,213,525
Derivative instrument-- swap liability (note 10)		5,499,340
Total noncurrent liabilities		333,180,775
Total liabilities		431,133,341
DEFERRED INFLOWS – Pension and OPEB (note 15)		22,512,328
NET POSITION		
Net investment in capital assets		352,619,295
Restricted - nonexpendable		12,778,900
Restricted - expendable		19,496,796
Unrestricted (note 13)		76,763,155
Total net position		461,658,146
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$	915,303,815

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

Montana State University (a component unit of the State of Montana)
University Component Units
Combined Statement of Financial Position
As of June 30 or December 31

		2020
Assets:		
Cash and cash equivalents	$	6,543,087
Accrued dividends and interest		67,350
Investments		294,744,461
Contributions receivable, net of allowance		23,373,370
Contracts, notes and other receivables		21,176,656
Non-depreciable capital assets		4,276,374
Depreciable capital assets, net		12,056,119
Other assets		2,014,994
Total assets	$	364,252,411
Liabilities and net assets:		
Liabilities		
Accounts payable	$	1,018,567
Accrued expenses and other liabilities		3,146,401
Compensated absences		215,687
Notes and bonds payable		3,898,155
Amounts due to the institution or other MSU component units		304,494
Liabilities to external beneficiaries		7,226,924
Custodial funds		11,391,468
Total liabilities		27,201,696
Net assets		
Without donor restrictions - undesignated		10,509,566
Without donor restrictions - designated		15,722,968
With restrictions		310,818,181
Total net assets		337,050,715
Total liabilities and net assets	$	364,252,411

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

	2020
OPERATING REVENUES	
Tuition and fees (net of $43,530,746 scholarship discount)	$ 197,231,445
Federal appropriations	5,662,986
Federal grants and contracts	92,625,526
State grants and contracts	7,026,622
Non-governmental grants and contracts	12,863,481
Grant and contract facilities and administrative cost recoveries	21,494,131
Educational, public service and outreach revenues	25,324,511
Auxiliary revenues:	
Housing (net of $3,440,661 scholarship discount)	21,591,235
Food services (net of $3,306,213 scholarship discount)	18,542,961
Other auxiliary sales and services (net of $336,138 scholarship discount)	8,265,179
Interest earned on loans	61,174
Other operating revenues	10,501,573
Total operating revenues	421,190,824
OPERATING EXPENSES	
Compensation and benefits, including pensions (note 15)	372,691,541
OPEB amortization (note 15)	960,820
Operating expenses (note 14)	168,711,271
Scholarships and fellowships (net of $50,613,758 scholarship discount)	29,913,185
Depreciation and amortization	37,028,685
Total operating expenses	609,305,502
Operating loss	(188,114,678)
NONOPERATING REVENUES (EXPENSES)	
State and local appropriations	138,735,120
Federal Pell grant revenue	22,980,046
Federal CARES Act grant	7,920,105
Land grant income (pledged as security for repayment of bonds)	2,447,710
Gifts (expendable)	22,719,382
Investment income	4,793,506
Interest expense	(7,740,367)
Net non operating revenues (expenses)	191,855,502
Income before other revenues, expenses, gains and losses	3,740,824
Loss on disposals of capital assets	(1,096,469)
Additions to permanent endowment	14,070
Capital gifts, grants and contributions	10,138,595
Change in net position	12,797,020
Net position, beginning of year as previously stated	449,056,349
Restatement of beginning net position - OPEB	(195,223)
Net position, beginning of year as restated	448,861,126
Net position, end of year	$ 461,658,146

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

Combined Statement of Activities
As of and for the Year Ended June 30, 2020 or December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	$ 949,113	$ 32,375,735	$ 33,324,848
Investment, interest and dividend income	2,625,288	2,904,486	5,529,774
Net realized and unrealized gain (loss) on investments	(787,240)	(4,594,629)	(5,381,869)
Contract support and contributions from University	1,992,204	—	1,992,204
Special events	794,576	39,424	834,000
Other income	9,906,461	(3,155,127)	6,751,334
Net assets released from restrictions	20,633,736	(20,633,736)	—
Total revenues	36,114,138	6,936,153	43,050,291
Expenses:			
Program services			
University support	12,771,531	—	12,771,531
Academic and institutional	2,137,183	—	2,137,183
Scholarships and awards	9,470,830	—	9,470,830
Total program services expense	24,379,544	—	24,379,544
Operating expenses			
Fundraising efforts	3,883,189	—	3,883,189
General and administrative	4,428,532	—	4,428,532
Investment management and subsidiary operations	866,789	—	866,789
Other miscellaneous	1,528,566	—	1,528,566
Total operating expenses	10,707,076	—	10,707,076
Change in net assets before Nonoperating items	1,027,518	6,936,153	7,963,671
Nonoperating expenses	—	—	—
Payments to beneficiaries and change in liabilities to external beneficiaries	(27,363)	(581,982)	(609,345)
Change in net assets	1,000,155	6,354,171	7,354,326
Net assets, beginning of year, as previously stated	25,501,016	304,464,010	329,965,026
Reclassification Due to Adoption of Standard	(268,637)		(268,637)
Net assets, beginning of year, as reclassified	25,232,379	304,464,010	329,696,389
Net assets, end of year	$ 26,232,534	$ 310,818,181	$ 337,050,715

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

Montana State University (a component unit of the State of Montana)
Consolidated Statement of Cash Flows
As of and for the Year Ended June 30

		2020
Cash flows from operating activities:		
Tuition and fees	$	195,772,744
Federal appropriations		5,603,620
Federal grants and contracts		88,250,527
State grants and contracts		7,134,790
Private grants and contracts		11,616,609
Grant and contract facilities and administrative cost recoveries		21,253,863
Educational, public service and outreach revenues		24,554,675
Sales and services of auxiliary enterprises		48,313,627
Interest on loans receivable		61,174
Other operating receipts		11,127,750
Compensation and benefits		(365,781,142)
Operating expenses		(173,605,984)
Scholarships and fellowships		(29,913,185)
Loans made to students and federal loan funds repaid		(300,896)
Loan payments received		3,463,166
Net cash used in operating activities		(152,448,662)
Cash flows from noncapital financing activities:		
Receipts (disbursements) of funds held in trust for others		(346,170)
Direct lending proceeds		84,856,208
Direct lending disbursements		(84,856,208)
State and local appropriations		138,735,120
Federal CARES Act Grant		7,920,105
Federal Pell grant funds received		22,980,046
Gifts and contributions		22,719,382
Land grant income (see note 2)		2,447,710
Repayment of long-term operating advance from primary government		(64,672)
Additions to permanent endowment		14,070
Net cash provided by noncapital financing activities		194,405,591
Cash flows from capital financing activities:		
Purchase of capital assets		(59,545,886)
Proceeds from sale of capital assets		262,576
Gifts restricted for capital purchase		9,397,866
Other capital financing activities		33,403
Proceeds from borrowings		464,400
Debt principal repayment		(10,966,429)
Repayment of advances from primary government		(1,889,078)
Interest paid		(8,295,529)
Net cash provided by (used in) capital financing activities		(70,538,677)
Cash flows from investing activities:		
Purchase of investments		(12,050)
Proceeds from sale of investments		27,340,698
Investment income		1,445,636
Net cash provided by (used in) investing activities		28,774,284
Net change in cash and cash equivalents		192,536
Cash and equivalents at beginning of year		236,771,526
Cash and equivalents at end of year	$	236,964,062

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

Reconciliation of Operating Loss to Net Cash Used in Operations

		2020
Operating loss	$	(188,114,678)
Noncash income and expense:		
Depreciation and amortization on capital assets		37,028,685
Provision for uncollectible accounts		1,133,798
Changes in operating assets and liabilities, deferred inflows and deferred outflows:		
Accounts and grants receivable		(5,882,459)
Loans receivable		3,293,416
Inventories		(91,908)
Prepaid expenses		451,682
Accounts payable and other accrued liabilities		(4,040,391)
Net pension obligation and related deferred inflows and outflows		3,601,829
Unearned revenue		629,770
Compensated absences		2,924,143
Amounts due to Federal government		(3,382,549)
Net cash used in operations	$	(152,448,662)

Schedule of noncash financing and investing activities

		2020
Capital assets contributed to the University	$	434,698
State of Montana direct contributions to pension plans	$	2,052,149
Capital assets acquired through issuance of capital lease obligations	$	19,214
Capital assets acquired via trade-in	$	29,484
Bond issue costs, discounts, premiums and deferred loss on refunding amortized or written off to interest expense (net)	$	525,524
Net increase (decrease) in fair value of investments	$	1,763,495

Reconciliation of cash and cash equivalents as shown on the Statements of Cash Flows to cash as shown in the Statements of Net Position

		2020
Cash and cash equivalents classified as current assets	$	236,885,148
Cash and cash equivalents classified as noncurrent assets		78,914
Total cash and cash equivalents as reported on the Statements of Cash Flows	$	236,964,062

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The accompanying financial statements include all activities of the four Montana State University campuses, the Montana Agricultural Experiment Station, Montana Extension Service and the Fire Services Training School, collectively referred to as the "University." The four campuses of the University are Montana State University– Bozeman, Montana State University– Billings, Montana State University– Northern (located in Havre) and Great Falls College– Montana State University. Significant inter-entity transactions have been eliminated in consolidation.

The University is the State's land grant university, serving the state, national, and international communities by providing its students with academic instruction, conducting a high level of research activity, performing other activities that advance fundamental knowledge, and by disseminating knowledge to the people of Montana.

A financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements for the University are included as a component unit of the State of Montana Basic Financial Statements, which are prepared annually and presented in the Montana Comprehensive Annual Financial Report (CAFR).

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*. The statement was clarified by the issuance of GASB Statement No. 61*, The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, which modifies certain requirements for inclusion of component units in the financial reporting entity. The statements require that a legally tax exempt organization be reported as a component unit of a reporting entity if the economic resources received or held by these organizations are entirely or virtually entirely for the direct benefit of the reporting entity or its component units, and the reporting entity is entitled to, or has the means to otherwise access, a majority of the economic resources received or held by the separate organization. The resources of the separate organization must also be significant to the reporting entity. In addition, organizations are evaluated for inclusion if they are closely related to, or financially integrated with, the reporting entity, and qualify as presenting a financial benefit or burden relationship. The University has established a threshold minimum of 1% - 2% of consolidated net position or 1% - 2% of consolidated revenues as an initial requirement for inclusion of an organization as a component unit in its financial statements. Other entities may be included, though, if the University determines that to exclude the entity would be misleading, according to clarified criteria presented on statement No. 61. For further discussion of component units, see Note 20.

BASIS OF PRESENTATION

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November, 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Montana, the University was also required to adopt GASB Statements No. 34 and No. 35. The latter statement was adopted as amended by GASB Statements No. 37 and No. 38.

The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

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

Certain prior year amounts have been reclassified or restated.

SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents – For purposes of the statement of cash flows, the University considers its unrestricted, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certain funds on deposit with trustees, as well as funds invested in the Short Term Investment Pool with the Montana Board of Investments are considered cash equivalents, unless the Montana Board of Investments management determines that a portion of its portfolio is sufficiently illiquid and should be considered investments. In such cases, each participant in the pool is allocated its pro-rata share of illiquid funds.

Investments – The University accounts for its investments at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application,* which was implemented during 2016. Investment income is recorded on the accrual basis. All investment income, including unrealized gains and losses on the carrying value of investments, is reported as a component of investment income. Investments include derivatives that do not qualify for hedge accounting in accordance with GASB Statement No. 53.

Accounts and grants receivable – Accounts receivable include tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are reported net of estimated uncollectible amounts.

Allowances for uncollectible accounts – The University estimates the value of its receivables that will ultimately prove uncollectible, and has reported a provision for such as an expense in the accompanying financial statements.

Inventories – Inventories include consumable supplies, livestock, and food items and items held for resale or recharge within the University. Inventories are valued at lower of cost or market value, using First In First Out (FIFO) or specific identification methods.

Restricted cash and investments – Cash and investments that are externally restricted as to use are classified as noncurrent assets in the accompanying statement of net position. Such assets include endowment fund cash and investments.

Capital assets – Capital assets are stated at cost for purchased or constructed assets, and at estimated fair value for donated assets. Renovations to buildings, infrastructure, and land improvements that significantly increase the value, change the use, or extend the useful life of the structure are capitalized. Routine repairs and maintenance and minor renovations are charged to operating expense in the year in which the expense is incurred. Capitalization thresholds range from $5,000 for equipment to $500,000 for infrastructure.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, ranging from 3 years for certain software to 75 years for certain infrastructure assets. The University has elected to capitalize museum, fine art and special library collections, but does not record depreciation on those items.

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

Compensated absences – Eligible University employees earn a minimum of 8 hours sick and 10 hours annual leave for each month worked, with additional annual leave accruals based on longevity, up to 16 hours per month worked. Eligible employees may accumulate annual leave up to twice their annual accrual, while sick leave may accumulate without limitation. Twenty-five percent of accumulated sick leave earned after July 1, 1971 and 100 percent of accumulated annual leave, if not used during employment, is paid upon termination.

Other Post-Employment Benefits (OPEB) – During the year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The University allows retirees to participate in the Montana University System's self-funded health insurance plan by paying an amount considered by the University to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The unfunded actuarial accrued liability is amortized over a 20-year period on an open basis beginning December 31, 2017. The state has not mandated funding of the liability. See note 15 for further details.

Pensions – During the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See note 15 for further information on pensions.

Net position – Resources are classified in one of the following four categories:

> **Net investment in capital assets** – this represents the University's total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
>
> **Restricted, nonexpendable** – this represents net balances subject to externally imposed stipulations requiring permanent maintenance. Such assets include the University's permanent endowment funds.
>
> **Restricted, expendable** – this represents balances whose use by the University is subject to externally imposed stipulations as to use of the assets.
>
> **Unrestricted** – this represents balances that are not subject to externally imposed stipulations. Unrestricted balances may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted balances are designated for specific purposes as described in Note 13.

Classification of revenues – The University has classified its revenues as either operating or nonoperating according to the following criteria:

> **Operating revenues** – include activities that have the characteristics of exchange transactions, including (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.
>
> **Nonoperating revenues** – include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Use of restricted revenues – When the University maintains both restricted and unrestricted funds for the same purpose, the order of use of such funds is determined on a case-by-case basis, depending on relevant law and other restrictions. Restricted funds remain classified as restricted until they are expended.

Income taxes – The University, as a political subdivision of the State of Montana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. Because tax liabilities are not considered to be material, no provision for income tax expense is reported in the accompanying financial statements.

Scholarship discounts and allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are computed as the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Accounting standards recently adopted – In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). This accounting standard was issued to create a single framework for recognizing revenue from contracts with customers that fall within its scope. Effective January 1, 2019, Montana State University's component units have implemented ASU 2014-09 and have adjusted the presentation in the consolidated statements accordingly. The ASU has been applied retrospectively to all periods presented.In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The University has determined that Statement No. 84 will have no effect on its financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. Statement No. 90 is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The University has determined that Statement No. 90 will have no effect on its financial statements.

Accounting standards not yet implemented – In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. As a result, upon implementation, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The University has significant operating leases, as can be seen in Note 17. As a result, upon implementation, significant amounts are expected to be recorded as "right to use" assets, with a corresponding liability and deferred outflow for the principal and interest amounts, respectively.

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The objective of this Statement is to provide temporary relief in the form of delayed effective reporting periods for the upcoming GASB pronouncements known to effect University's financial statements. Guidance addressed in this Statements will help to safeguard the reliability of financial statements, which in turn will benefit the users of the financial statements.

NOTE 2 –CASH DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Cash deposits – The University must comply with State statutes, which generally require that cash and investments remain on deposit with the State treasury, and as such are subject to the State's investment policies. Certain exceptions exist, which allow funds to be placed on deposit with trustees to satisfy bond covenants or to maximize investment earnings through placing certain funds with recognized University foundations. Deposits with the State treasury and other financial institutions totaled $76,275,372 at June 30, 2020.

Cash equivalents – These amounts consist of cash held by trustees as well as $151,083,814 of the amount invested in the Short Term Investment Pool (STIP) with the Montana Board of Investments at June 30, 2020.

STIP participants include both state agencies and local governments. STIP uses net asset value to compute unit values. As described in the notes to the Montana Board of Investments Consolidated Unified Investment Program Financial Statements, investments must have a maximum maturity of 397 or fewer days unless they have reset dates.

Investments – GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be classified according to a "fair value hierarchy." With respect to Statement No. 72's fair value hierarchy, GASB defines "inputs" as "the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk." Statement No. 72 further categorizes inputs as observable or unobservable: observable inputs are "inputs that are developed using market data, such as publicly available information about actual events or transactions, and which reflect the assumptions that market participants would use when pricing an asset or liability"; unobservable inputs are "inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability." GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* addresses accounting and disclosure for external investment pools and pool participants. The University participates in external investment pools, and has adopted Statement No. 79.

The University records its investments as noted in the table below, and categorizes them within the fair value hierarchy as follows:

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

In addition, certain investments are classified as NAV, meaning Net Asset Value per share. This includes pooled investments, such as those held at the University's supporting foundations and in the State of Montana external investment pools. Unit values for these investments are based upon the University's allocated proportion of the fair value of underlying assets of the pools.

Cash equivalents and investments consisted of the following at June 30, 2020:

Security Type		Fair Value	Moody's Credit Quality Rating at June 30, 2020	Effective Duration (years) or Weighted Average Maturity (days) at June 30,2020	Basis of Valuation or Fair Value Level	Liquidity of NAV Assets
State of Montana Short Term Investment Pool	$	151,083,814	NR***	Weighted average maturity for the pool 46 days	Net Asset Value	Daily
U. S. Bank Money Market Funds collateralized by U.S. Bank pool, not in the University's name)	$	9,098,568	P-1	N/A	Cash equivalents, carried at amortized cost	
State of Montana Trust Fund Investment Pool*	$	18,098,424	NR***	5.38	Net Asset Value	Monthly
Foundation Pooled Cash Equivalents and Investments**	$	9,274,580	NR***	N/A**	Net Asset Value	No formal liquidity agreement
Non-hedging derivative investment value	$	(17,700)	A3	15.38	Level 2	

* TFIP and Foundation investments are intended to be permanent investments.
** The Foundation investment pool is not considered a debt pool, and as such, a duration calculation is not applicable.
*** Not rated

Investments Recorded at Net Asset Value

State of Montana Short Term Investment Pool (STIP) and State of Montana Trust Fund Investment Pool (TFIP) – STIP and TFIP are external investment pools managed and administered under the direction of the Montana Board of Investments as statutorily authorized by the Unified Investment Program. Each is a commingled pool for investment purposes and participant requested redemptions from the pool are redeemed the next business day (STIP) or on a monthly basis (TFIP). The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the investment. Refer to the fair value measurement note disclosures within BOI's annual financial statements for the underlying investments for commingled UIP assets within the fair value hierarchy. The BOI annual financial information is available from the BOI at 2401 Colonial Drive 3rd Floor, PO Box 200126, Helena, MT 59620-0126 or by calling 406-444-0001. The BOI's annual financial statements can be found on BOI's website at www.investmentmt.com.

Foundation investment pools – Foundation pools are external investment pools managed by the MSU Alumni Foundation, the MSU-Billings Foundation, and the MSU-Northern Foundation. The University's investment in these pools is intended to be permanent, for endowment and quasi-endowment funds, which make up the majority of the balance; as such, a liquidity term has not been formally established for these funds. Financial statements of the foundations, which are all component units, which include relevant investment disclosures, can be found as discussed in Note 20.

Endowment spending policy – The State of Montana has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A majority of the University's endowment funds are managed by the MSU Bozeman Alumni Foundation, in accord with their spending policy, which conforms to UPMIFA. The Foundation's spending policy is based on a 12-quarter weighted average of the endowment's market value multiplied by the Foundation's spending rate of 4%. Certain limits are applied: 1) the expendable amount cannot exceed 5% of the endowment's market value, and 2) assuming there is not a prohibition in the donor agreement against the use of the original gift, spending is curtailed when the value of the endowment drops to the 80% of the original contribution amount. Appreciation on permanent endowments owned by the University is not available for spending; only realized earnings may be expended, and are reflected as restricted, expendable net position in the accompanying statements.

Securities lending transactions – The Board of Investments (BOI) is authorized by law to lend its securities, and has contracted with its custodial bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102% of the fair value of domestic securities and 105% of the fair value of international securities while the securities are on loan. On any day, including June 30th, 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. The BOI and the bank split the earnings 80% and 20% respectively on security lending activities. The Board retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the Board's credit risk exposure to the borrowers. The University's allocated portion of security lending cash collateral was $329,357 at June 30, 2020.

During the fiscal year, the custodial bank loaned the Board's public securities and received as collateral: U.S. dollar cash; U.S. Government and government sponsored agency securities; U.S. corporate debt securities and structured securities rated AA- or Aa3 or higher; sovereign debt securities of the G10 nations; and debt securities issued by certain supernational agencies. The custodial bank does not have the ability to sell collateral securities unless the borrower defaults.

The BOI did not impose any restrictions during fiscal year 2020 on the amount of securities available to lend the loans the custodial bank made on its behalf. 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. Moreover, there were no losses during fiscal year 2020 resulting from a borrower default of the borrowers or the custodial bank. As of June 30, 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.

The Board 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 average duration was 28 days and the average weighted final maturity was 91 days within the Navigator portfolio in 2020.

Investment risks – The University's investments are concentrated primarily with the State of Montana. A discussion of the risks of the applicable State investment products is relevant to the University's investments and is summarized below. Detailed asset maturity and other information demonstrating risk associated with the BOI Unified Investment Program is contained in the BOI financial statements, and may be accessed by contacting the Board of Investments at P.O. Box 200126, Helena, MT 59620-0126. Investment risks are described in the following paragraphs. Risks specific to derivative financial instruments are discussed in Note 10.

Credit Risk – Credit risk is the risk that an issue or other counterparty to an investment will not fulfill its obligation. As the University only invests its funds with the State of Montana, its Foundations and in the case of bond proceeds must be invested in accordance with restrictions in the University's bond indenture, a credit risk policy specific to the University has not been adopted.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Board will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University invests its funds with the State of Montana, its Foundations and from time to time through other institutions in the case of bond proceeds in accordance with restrictions in the University's bond indenture. As such, a specific custodial credit risk policy has not been adopted. Information with respect to the pooled investments held at the MSU Foundation is included in Note 20 to the financial statements.

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. The University invests certain funds with its Foundations. Information regarding Foundation investments is available as described in Note 20 to the financial statements.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As the University only invests its funds with the State of Montana, its Foundations and in the case of bond proceeds must be invested in accordance with restrictions in the University's bond indenture, an interest rate risk policy specific to the University has not been adopted.

Land grant earnings – The University benefits from two separate land grants which total 240,000 acres. The first granted 90,000 acres for the University under provisions of the Morrill Act of 1862. The second, under the Enabling Act of 1889, granted an additional 50,000 acres for agricultural institutions and 100,000 acres for state normal schools.

Under provisions of both grants, income from the sale of land and land assets must be reinvested and constitutes, along with the balance of the unsold land, a perpetual endowment fund. The State of Montana, Board of Land Commissioners, administers both grants and holds all endowed assets. The University's land grant assets are not reflected in these financial statements, but are included as a component of the State of Montana Basic Financial Statements that are prepared annually and presented in the Montana Comprehensive Annual Financial Report.

Investment income from the perpetual endowment is distributed periodically to the University by the State of Montana, Board of Land Commissioners, and is reported as revenue in the accompanying financial statements. The University has currently pledged such income to the retirement of revenue bond indebtedness; after satisfying the liens of the indenture, the University may expend the funds for any lawful purpose.

In addition to distributed endowment income, the University also receives revenue generated from trust land timber sales. The University has the flexibility to designate timber sales revenues as either distributable or for reinvestment, should it choose to expend the funds for certain specified purposes.

NOTE 3 – ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2020
Accounts receivable	$ 11,429,022
Other receivables, including private grants and contracts	7,926,195
Gross accounts and grants receivable	19,355,217
Less allowance for uncollectible accounts	(6,152,768)
Net accounts and grants receivable	$ 13,202,449

NOTE 4 – INVENTORIES

Inventories consisted of the following as of June 30:

	2020
Bookstore	$ 613,005
Food services	390,019
Facilities services	798,034
Livestock	679,564
Other	469,938
Total inventories	$ 2,950,560

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consisted of the following as of June 30:

	2020
Library subscriptions	$ 2,043,101
Other (including summer session payments)	3,114,838
Total prepaid expenses	$ 5,157,939

NOTE 6 – LOANS RECEIVABLE

Student loans made under the Federal Perkins Loan Program constitute the majority of the University’s loan balances. Included in noncurrent liabilities as of June 30, 2020 related to the program is $19,213,525 that will be repayable to the Federal government as loans are repaid to the University by students. Students whose loans were approved and for whom the first installment disbursed prior to September 30, 2017, continued to receive loans throughout the 2017-2018 academic year. Hereafter, no new loans will be disbursed due to the elimination of the program by the Federal government.

The Federal portions of interest income and loan program expenses are shown as additions to and deductions from the amount due to the Federal government, and not as operating transactions, in the accompanying financial statements.

NOTE 7 – CAPITAL AND OTHER NON-CURRENT ASSETS

Following are the changes in capital assets during the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 8,322,536	$ —	$ (120,000)	$ —	$ 8,202,536
Museum and fine art	6,099,767	—	—	—	6,099,767
Library special collections	3,783,277	26,816	—	—	3,810,093
Livestock for educational purposes	4,092,508	112,900	(7,594)	—	4,197,814
Construction work-in-progress	37,179,622	45,721,650	(72,401)	(10,536,668)	72,292,203
Total capital assets not being depreciated	**59,477,710**	**45,861,366**	**(199,995)**	**(10,536,668)**	**94,602,413**
Other capital assets:					
Equipment	165,612,427	8,453,537	(6,622,441)	526,861	167,970,384
Library materials	67,651,499	672,732	(643,838)	—	67,680,393
Buildings	453,842,197	3,854,184	(665,121)	1,883,244	458,914,504
Building improvements	285,649,049	359,808	(832,716)	5,605,792	290,781,933
Land improvements	30,518,758	—	(525,426)	1,706,548	31,699,880
Infrastructure	44,999,302	—	(5,899)	—	44,993,403
Leasehold Improvements	7,317,520	786,798	—	679,823	8,784,141
Total other capital assets	1,055,590,752	14,127,059	(9,295,441)	10,402,268	1,070,824,638
Accumulated depreciation	(593,560,392)	(35,734,657)	8,106,907	—	(621,188,142)
Other capital assets, net	**462,030,360**	**(21,607,598)**	**(1,188,534)**	**10,402,268**	**449,636,496**
Intangible assets, net	**2,045,210**	**319,716**	**(1,294,028)**	**134,400**	**1,205,298**
Capital Assets, net	**$ 523,553,280**	**$ 24,573,484**	**$ (2,682,557)**	**$ —**	**$ 545,444,207**

Historical records are not available for certain of the University's assets. As such, some values have been estimated based on insurance values, industry-accepted valuation techniques, or estimates made by University personnel knowledgeable as to the assets' values. Livestock held for educational purposes consist primarily of cattle herds. Breeding cattle are routinely replaced in the herds by their offspring; additions and deductions from the asset cost are not reported for reproducing cattle replaced in this manner.

Other non-current assets – Amounts as of June 30, 2020 include a receivable from the MSU Alumni Foundation related to a key employee deferred compensation plan, as described in Note 15.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following as of June 30:

	2020
Compensation, benefits and related liabilities	$ 21,499,234
Accrued interest expense	872,784
Accounts payable and other accrued liabilities	26,752,391
Total	$ 49,124,409

NOTE 9 – UNEARNED REVENUES

Unearned revenues consisted of the following as of June 30:

	2020
Grant and contract funds received in advance	$ 6,740,981
Summer session payments received in advance	6,549,092
Other unearned revenues	1,394,688
Total	$ 14,684,761

NOTE 10 – NON-CURRENT LIABILITIES AND DERIVATIVE INSTRUMENTS

Following are the changes in noncurrent liabilities for the year ended June 30, 2020:

	June 30,2019	Additions	Reductions	June 30,2020	Amounts due within one year
Bonds, notes payable, and capital lease obligations					
Bonds payable, net of discount	$ 176,720,059	$ —	$ (10,669,289)	$ 166,050,770	$ 9,955,000
Bonds payable, direct placement	16,058,058	—	(408,617)	15,649,441	420,636
Notes and other long-term liabilities	1,624,776	576,472	(896,578)	1,304,670	574,793
Capital lease obligations	182,499	19,214	(65,992)	135,721	62,698
Total bonds, notes and capital lease obligations	$ 194,585,392	$ 595,686	$ (12,040,476)	$ 183,140,602	$ 11,013,127
Compensated absence liability	$ 34,745,033	19,151,803	(16,281,661)	$ 37,615,175	$ 18,226,376
Advances from primary government – Intercap	$ 12,832,508	—	(1,458,342)	$ 11,374,166	$ 1,481,786
Advances from primary government - MSTA	$ 4,617,928	—	(64,672)	$ 4,553,256	$ 66,287
Advances from primary government - DEQ	$ 3,467,778	—	(430,736)	$ 3,037,042	$ 423,693
Amounts due to Federal government	$ 22,596,074	111,957	(3,494,506)	$ 19,213,525	$ —
OPEB liability— implicit rate subsidy for retiree health insurance (beginning balance as restated)	$ 20,363,797	8,210,123	(13,521,870)	$ 15,052,050	$ —
Net pension liability	$ 82,424,424	17,878,742	(15,396,278)	$ 84,906,888	$ —
Derivative instrument liability	$ 4,227,433	1,271,907	—	$ 5,499,340	$ —

Amounts not due within one year are reflected in the noncurrent liabilities section of the accompanying Statement of Net Position.

Derivative financial instruments

Description – The University has two interest rate swaps as of June 30, 2020. Interest rate swaps are classified as hedging derivative instruments if the instruments meet the criteria of paragraphs 27 (a) and (b) of Governmental Accounting Standards Board Statement Number 53, or as investment derivative instruments if they do not.

The following table summarizes the interest rate swaps outstanding as of June 30, 2020:

Derivative Description	Trade Date	Effective Date	Termination Date	Terms	Counterparty
$25.75 million fixed payer swap	3/10/2005	7/21/2005	11/15/2035	Pay 3.953%, Receive SIFMA	Deutsche Bank AG
$25.25 million basis swap	12/19/2006	11/15/2007	11/15/2035	Pay SIFMA, Receive 86.8% of 10-year SIFMA	Morgan Stanley Capital Services Inc.

As of June 30, 2020, the fixed payer swap is classified as a hedging derivative instrument under Statement No. 53, whereas the basis swap is an investment derivative instrument because there is no identified financial risk being hedged by the basis swap that can be expressed in terms of exposure to adverse changes in cash flows or fair values. Statement No. 53 includes four methods for evaluating hedge effectiveness; a governmental entity may use any of the evaluation methods outlined in the Statement and is not limited to using the same method from period to period. The four methods described in Statement No. 53 are: consistent critical terms, synthetic instrument, dollar-offset, and regression analysis. In addition, Statement No. 53 permits a governmental entity to use other quantitative methods that are based on “established principles of financial economic theory.” The fixed payer swap passes the established criteria using the regression analysis methodology.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. To measure non-performance risk for a derivative liability, credit spreads implied by the credit rating for debt issues by entities with similar credit characteristics were used. This is the best method available under current market conditions since the University has no credit default swaps that actively trade in the marketplace. For a derivative asset, the adjustment for non-performance risk of counterparties was determined by analyzing counterparty-specific credit default swaps, if available. If not available, credit default swaps in the market for entities of similar type and rating were used, along with information found in various public and private information services. This analysis is used to construct a credit curve that is applied to the discount curve on the net settlement payments of the derivative.

The counterparty to the fixed payer swap had the right to terminate the swap at $0 on December 14, 2016 (a European option) but did not exercise the option. As of the trade date, the option’s value included intrinsic value and time value. The intrinsic value (calculated as the difference between the at-market rate of 4.11% and the off-market rate of 3.953%) is accounted for as a loan receivable and is repaid by the off-market portion of each swap payment. On September 10, 2010, the Series J bonds were converted to index bonds. On September 4, 2018, the original Series J bonds were refunded in full with proceeds from the Series F 2018 bonds which were issued in a “SIFMA Index Rate” mode. While in the SIFMA Index Rate, and through the Index Interest Rate Period which spans from September 4, 2018 through and including September 1, 2023, the interest rate is reset weekly at a rate of the Securities Industry and Financial Markets Association (“SIFMA”) rate plus a fixed spread. The spread is based on the long-term, unenhanced rating assigned to the University with the current spread as of June 30 of 0.45% which remains constant through the Index Interest Rate Period. The dependent variable in the regression is the interest rates of the hedged cash flows; the independent variable is the floating rates due under the hedging derivative.

The table below summarizes the reported balances as of and the derivative instrument activity during the year ended June 30, 2020.

The fair value of the fixed payer swap liability as of June 30, 2020, is at fair value level 2, and was based on forward SIFMA rates using the three month Libor Zero Curve, and the BMA Swaption Volatility on the AA Rated Muni Revenue Curve. The fair value of the nonhedging derivative investment is also at level 2 (see also note 2), and was based on forward SIFMA rates using the 10-year forward BMA constant maturity swap using the three month Libor Zero Curve, and the BMA Swaption Volatility on the counterparty’s credit default swap.

		Activity During 2020		**Fair Value as of June 30, 2020**	
Type of derivative	Notional	Classification	Amount	Classification	Amount
Cash flow hedge -					
Pay fixed interest rate swap	$ 18,225,000	Interest expense	$ 17,832	Loan receivable	$ 193,944
		Investment income	$ —		
		Deferred outflow increase/ (decrease)	$ 1,271,907		
				Derivative liability	$ 3,043,923
Investment derivative -				Derivative borrowing	$ 2,455,417
Basis swap	$ 18,225,000	Investment revenue	$ 273,443	Investment	$ (17,700)

The objective and terms of the University's hedging derivative outstanding as of June 30, 2020 is as follows:

Type	Objective	Notional amount	Effective Date	Termination Date	Cash (Paid)/ Received	Terms
Pay fixed, cancelable interest rate swap	Hedge interest rate risk on Series F 2018 Bonds	$18,225,000	7/21/2005	11/15/2035	—	Pay 3.953% Receive SIFMA

Credit Risk – As of June 30, 2020, counterparty ratings were A3 by Moody's and BBB+ by Standard and Poor's. The University manages credit risk by requiring its counterparties to post collateral in certain events. The University is entitled to collateral from its fixed payer swap counterparty if the interest rate swap's fair value is greater than $5MM and the counterparty is rated A+ or A, by S&P, or A1 or A2 by Moody's. If the counterparty to the fixed payer swap is rated A- or below, by S&P, or A3 or below by Moody's, the University is entitled to collateral up to 100% of the swap's fair value. The University is not required to post collateral. The University will continue to monitor counterparty credit risk.
The University enters into derivative agreements with multiple counterparties to limit concentration of credit risk. Currently, the University has interest rate swaps with two different counterparties and each counterparty accounts for approximately 50% of outstanding notional. The University monitors counterparty credit risk on an ongoing basis.

Interest Rate Risk – Interest payments on variable rate debt typically increase as interest rates increase. The University believes it has significantly reduced interest rate risk by entering into a pay-fixed, receive floating interest rate swap. As interest rates increase, net swap payments decrease so that changes in hedged variable-rate debt interest payments, attributable to SIFMA, are largely offset by the net swap payments.

Basis Risk – The variable-rate cash flows being hedged by the pay-fixed swap will increase or decrease as SIFMA rates increase or decrease. Because the hedged cash flows are SIFMA based and the floating receipts of the pay-fixed swap are SIFMA based, there is no basis risk.

Termination Risk – The University or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the University's fixed payer swap counterparty has the right to terminate the derivative if the credit rating of the University's unenhanced long-term revenue bond rating is withdrawn, suspended or reduced below BBB-, in the case of S&P, or below Baa3 in the case of Moody's. If such an event occurs, the University could be forced to terminate the fixed payer swap in a liability position. As of June 30, 2020, the University's unenhanced long-term revenue bond rating was Aa3 by Moody's and A+ by Standard and Poor's.

Foreign Currency Risk – All hedging derivatives are denominated in US Dollars and therefore the University is not exposed to foreign currency risk.

Market Access Risk – Market access risk is the risk that the University will not be able to enter credit markets or that credit will become more costly. For example, to complete a derivative instrument's objective, an issuance of refunding bonds may be planned in the future. If at that time the University is unable to enter credit market, expected cost savings may not be realized.

NOTE 11 – BONDS, NOTES, ADVANCES PAYABLE AND DEFERRED LOSS ON DEBT REFUNDING

Revenue bond principal outstanding was as follows as of June 30:

	Coupon rate	2020
Series 2011 M	3.00%	380,000
Series 2012 N	2.74%-4.00%	16,520,000
Series 2012 O	2.49%-2.69%	12,110,000
Series 2013 A	4.00% – 5.00%	51,175,000
Series 2016 C	2.92%	15,649,441
Series 2017 D	2.00% – 5.00%	16,410,001
Series 2018 E	3.00%-5.00%	43,960,000
Series 2018 F*	.58%	18,225,000
Total principal outstanding		$ 174,429,442

* The interest rate on Series 2018 F is variable and adjusted weekly.

Revenue bonds are payable as follows:

	Bonds Payable		Direct Placement Bonds		Net Hedging Derivative	
During the year ending June 30,	Principal	Interest	Principal	Interest	Interest	Total
2021	$ 9,955,000	$ 6,622,982	$ 420,636	$ 453,915	$ 683,323	$ 18,135,856
2022	10,360,001	6,278,589	433,008	441,543	651,740	18,164,881
2023	6,275,000	5,976,244	445,744	428,807	618,701	13,744,496
2024	6,580,000	5,728,378	458,855	415,696	584,246	13,767,175
2025	31,360,000	5,462,739	2,504,837	402,200	548,334	40,278,110
2026 - 2030	30,635,000	22,835,316	2,895,530	1,794,243	2,142,872	60,302,961
2031 - 2035	25,700,000	16,714,059	3,347,161	1,392,059	970,096	48,123,375
2036 - 2040	26,975,000	10,573,176	3,869,236	927,144	29,928	42,374,484
2041 - 2045	10,940,000	4,487,374	1,274,434	389,714	—	17,091,522
2046 - 2050	—	453,563	—	6,292	—	459,855
Total cash requirements	158,780,001	$ 85,132,420	15,649,441	$ 6,651,613	$ 6,229,240	$272,442,715
Unamortized premium (discount) net	7,270,770		—			
Bond payable, net	$166,050,771		$ 15,649,441			

Description of bonded indebtedness

Series A 2013, December 31, 2013 – In December 2013, the University issued $55,480,000 in Series A 2013 Facilities Improvement Revenue Bonds to fund the construction of a new 400-bed residence hall on the Bozeman campus, as well as renovate an existing dining hall, partially fund a new dining hall, and fund major maintenance projects in one residence hall on the Bozeman campus. Payments are scheduled each May and November through November, 2043. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 17.

Series C 2016, February 24, 2016 – In February 2016, the University closed on its Series C 2016 Facilities Improvement Revenue draw-down bonds, which were issued to acquire a research building and construct a parking structure and dining hall on the Bozeman campus and fully drawn at $16.455 million during the year ended June 30, 2018. The bonds bear interest on the outstanding principal balance. The interest rate is set at 2.92% until the first reset date, which is November 24, 2031. Thereafter, the rate will be equal to the Wall Street Journal Prime Rate plus 1.00% and will be set each quarter, although the University intends to re-evaluate that arrangement in 2031, likely entering into a long-term arrangement. Payments are scheduled each May and November through November 2045. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 17.

Series D 2017, July 25, 2017 – The University issued its Series D refunding debt in the principal amount of $21.0 million. The proceeds were used for a current refunding of the Series K 2006 Facilities Refunding Revenue Bonds and an advance refunding of the Series M 2011 Facilities Improvement Revenue Bonds with stated maturities in

2022 and thereafter. The refunding resulted in an economic gain to the University of $1.3 million. The proceeds of the Series D 2017 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on all $8.3 million of the Series K 2006 and $12.7 million of the Series M 2011 bonds with maturities in the year 2022 and thereafter. The refunded Series K 2006 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series M bonds that were not refunded totals $0.9 million. The portion that was advance refunded but remained in escrow and is not reflected in the University's balances is $12.88 million , which has stated maturities as follows, and is callable on November 15, 2021.

Maturity Date	Principal
11/15/2022	1,895,000
11/15/2023	1,995,000
11/15/2024	2,095,000
11/15/2025	2,205,000
11/15/2026	2,300,000
11/15/2027	2,390,000

Series E 2018, February 8, 2018 – The University issued $44.8 million of Series E 2018 Facilities Improvement Revenue Bonds to fund the construction of a new residence hall on the Bozeman Campus. Payments are scheduled each May and November through November 2047. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 17.

Series F 2018, September 4, 2018 – The University issued its Series 2018 F refunding debt in the principal amount of $19.8 million. The proceeds were used for a refunding of the Series 2005 J Facilities Improvement Revenue Bonds, with stated maturities in November of the year 2018 and thereafter. The refunding was on a par-to-par basis at a rate of 0.45% above SIFMA. The proceeds of the Series F 2018 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or redemption, the principal of and interest on all $19.8 million Series 2005J bonds with maturities in November 2018 and thereafter. The refunded Series 2005J bonds are no longer considered to be outstanding under the Indenture.

Series M 2011, October 26, 2011 – In October 2011, the University issued $14.1 million in Series M 2011 Facilities Improvement Revenue Bonds to fund the construction of a new suite-style residence hall on the Bozeman campus, as well as renovate public spaces in two existing residence halls and perform energy efficiency improvements including window and lighting fixture replacement. Payments are scheduled each May and November through November, 2027. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 17. In July 2017, a significant portion of the Series M bonds were refunded. See further discussion herein.

Series N 2012, October 17, 2012 – In October 2012, the University issued its Series N refunding debt in the principal amount of $20.5 million. The proceeds were used to refund the Series H 2004 Facilities Improvement Revenue Bonds with stated maturities in the year 2015 and thereafter. The refunding resulted in an economic gain to the University of $2.2 million. The proceeds of the Series N 2012 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on the $19.6 million Series H 2004 bonds with maturities in the year 2015 and thereafter. The refunded Series H 2004 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series H bonds that were not refunded totals $1.2 million. This portion matured in the year 2015 and was retired in accordance with the original repayment schedule.

Series O 2012, October 17, 2012 – In October 2012, the University issued its Series O 2012 taxable refunding debt in the principal amount of $28.4 million. The proceeds were used to refund the Series I 2004 Facilities Revenue Refunding Bonds with stated maturities in the year 2015 and thereafter. The refunding resulted in an economic gain to the University of $1.6 million. The proceeds of the Series O 2012 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on the $25.8 million Series I 2004 bonds with maturities in the year 2015 and thereafter. The refunded Series I 2004 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series I bonds that were not refunded totals $1.5 million. This portion matured in the year 2015 and was retired in accordance with the original repayment schedule.

Deferred Loss on Debt Refunding – Deferred loss on debt refunding is the excess of the reacquisition price of refunded debt over its net carrying amount. Deferred loss on debt refunding was $1.7 million as of June 30, 2020. Though the transactions resulted in an accounting loss, the refundings resulted in an economic gain, in that future principal plus interest (including issuance costs) will be less than the principal and interest that would have been paid had the original debt been paid out to its scheduled maturity. This occurs due to lower interest costs over the life of the debt.

Notes payable – consisted of the following as of June 30**:**

	Interest Rate	Maturity Date	2020
Kaufmann Hall - *Axiom Software*	—	3/2/2022	200,000
Topaz Technology - *Protocol Software*	—	12/31/2020	13,750
Campus Labs - *Idea Course Software*	—	6/30/2021	65,298
Campus Labs - *Engage Software*	—	12/31/2021	41,032
Accruent, LLC - *Famis Software*	—	6/30/2020	28,313
Elucian, *Chrome River Software*	—	2/1/2021	134,400
AED Building, *MilTech Leasehold Improvement*	—	2/15/2020	330,000
Total note principal outstanding			$ 812,793

Notes are payable during the years ending June 30, as follows:

	Principal	Interest	Total
2021	$ 574,793	—	$ 574,793
2022	238,000	—	238,000
Total	$ 812,793	$ —	$ 812,793

Advances payable to primary government – The University participates in the State's Intercap loan program. Intercap loans contain a variable interest rate, which is based on the underlying bond rate of the Montana Board of Investments Intercap bonds, and is adjusted each February. The rate as of June 30, 2020 was 2.50%. Intercap loans are secured by the pledge of net income from revenue-producing facilities and student fees.

Other advances were made during the mid-1990s by the Montana Science and Technology Alliance (MSTA) to stimulate research and creative activities in Montana. Such loans were subsequently assumed by the State of Montana Board of Investments. Amounts are expected to be repaid as follows; however, actual payments are allocated between three of the state institutions of higher education based on relative proportions of annual Research and Creative Activities expenditures, and actual repayments and the timing thereof may vary.

Advances were made to the University by the State Department of Environmental Quality (DEQ) as part of its State Building Energy Conservation Program (SBECP). The program provides funding for projects such as lighting, window replacement, and other energy-efficiency initiatives. The projects selected for funding under the program are done so only if utility savings resulting from the improvements are expected to offset the cost of the projects.

Amounts due to the State of Montana are scheduled to be repaid as follows:

During the year ending June 30,	Intercap Loans		MSTA Advances		DEQ SBECP		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	$ 1,481,786	$ 190,283	$ 66,287	$ 113,713	$ 423,693	$ 103,701	$ 2,379,463
2022	1,383,808	238,376	67,942	112,058	440,042	87,353	2,329,579
2023	1,256,196	204,330	69,639	110,361	450,644	70,251	2,161,421
2024	1,198,892	173,780	71,378	108,622	347,072	52,798	1,952,542
2025	1,190,800	143,864	73,161	106,839	327,617	42,406	1,884,687
2026 - 2030	1,267,184	117,686	394,142	505,858	862,557	87,845	3,235,272
2031 - 2035	856,676	83,544	445,879	454,121	144,260	17,375	2,001,855
2036 - 2040	717,743	63,966	504,407	395,593	41,157	1,861	1,724,727
2041 - 2045	412,308	47,944	570,618	329,382	—	—	1,360,252
2046 - 2050	423,050	37,568	645,520	254,480	—	—	1,360,618
2051 - 2055	371,044	26,923	730,254	169,746	—	—	1,297,967
2056 - 2060	318,091	18,377	826,110	73,890	—	—	1,236,468
2061 - 2065	328,182	10,363	87,919	2,080	—	—	428,544
2066 - 2070	168,410	2,088	—	—	—	—	170,498
Total	$ 11,374,170	$ 1,359,092	$ 4,553,256	$ 2,736,743	$ 3,037,042	$ 463,590	$ 23,523,893

NOTE 12 – CAPITAL LEASE OBLIGATIONS

The University has future minimum lease commitments for capital lease obligations consisting of the following at June 30, 2020:

Payable during the year ending June 30,	Principal and Interest
2021	$ 69,594
2022	43,922
2023	24,872
2024	7,358
2025	1,720
Total payments	147,466
Less amount representing interest	(11,745)
Principal balance outstanding	$ 135,721

Assets acquired under capital leases consist mainly of photocopiers. Such assets are carried at a cost of $324,555 less accumulated depreciation of $204,030 as of June 30, 2020.

NOTE 13 – NET POSITION

As of June 30, the University's unrestricted balances were as follows:

	2020
Board of Regents' approved reserves	$ 26,711,601
Other designated purposes	50,051,554
Total unrestricted net position	$ 76,763,155

Board of Regents' approved reserves represent cash and investments held for specific purposes that were generated through state appropriations and student tuition revenue in excess of operating expenses. The remainder of unrestricted net position is designated for other purposes that support the educational and general operations of the University. These resources also include those from auxiliary services, which are substantially self-supporting activities that provide services for students, faculty, and staff.

As of June 30, the University's restricted balances were as follows:

		2020
Restricted - nonexpendable:		
Endowments	$	8,042,560
Loans		4,736,340
Total restricted - nonexpendable	$	12,778,900
Restricted - expendable:		
Scholarships	$	872,364
Research and other		9,598,465
Loans		37,408
Construction and renewal of plant facilities		4,556,241
Debt retirement		4,432,318
Total restricted - expendable	$	19,496,796

NOTE 14 – OPERATING EXPENSES

Operating expenses were incurred in performance of the following during the years ended June 30:

		2020
Instruction	$	147,662,409
Research		124,128,350
Public service		40,005,627
Academic support		41,484,121
Student services		46,949,284
Institutional support		33,842,525
Plant-related expenses		48,461,647
Auxiliary enterprises		59,825,699
Scholarships and fellowships		29,917,155
Depreciation and amortization		37,028,685
Total	$	609,305,502

Operating expenses were incurred in the following categories during the years ended June 30:

		2020
Compensation and benefits	$	354,773,886
Pension		17,917,656
OPEB		960,820
Supplies and service		98,187,879
Travel		10,014,521
Utilities		9,082,630
Other operating expenses		51,426,240
Scholarship and fellowships		29,913,185
Depreciation and amortization		37,028,685
Total	$	609,305,502

NOTE 15 – RETIREMENT, TERMINATION AND OTHER POST-EMPLOYMENT BENEFITS

Retirement Plans

University employees eligible to participate in retirement programs are members of either the Montana Public Employees' Retirement System (PERS), the Game Wardens' and Peace Officers' Retirement System (GWPORS), Montana Teachers' Retirement System (TRS), the Montana University System Retirement Program (MUS-RP), Federal Employees' Retirement System (FERS), or the U.S. Civil Service Retirement System (CSRS). All are defined benefit plans except for the MUS-RP. Membership in the MUS-RP is compulsory for new faculty and administrative staff.

There are very few employees participating in the CSRS and FERS plans combined, and information is not available from the federal plan administrator with respect to the proportionate share for these employees. Due to the limited number of personnel involved, disclosure for these plans will be presented as if they were defined contribution plans.

MUS-RP – The MUS-RP is a defined contribution plan, established in 1988 under authority of Title 19, Chapter 21, MCA and is underwritten by the Teachers' Insurance and Annuity Association (TIAA). Benefits at retirement depend upon the amount of investment gains and losses and the employee's life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA. The University records employee/employer contributions, and remits monies to TIAA. Combined contributions cannot exceed 13% of the participants' compensation (MCA §19-21-203). Individuals are immediately vested with contributions. Annual reports that include financial statements and required supplemental information on the plan are available from TIAA, 730 Third Avenue, New York, New York 10017-3206, phone 1-800-842-2733.

FERS – This plan commenced in 1986 and is available to Federal employees joining the Extension Service staff that either had no prior covered service under CSRS or had a break in service. This retirement plan contains defined benefit plan components, a Basic Benefit Plan and Social Security, and a defined contribution component, the Thrift Savings Plan (TSP). Basic benefits can be received at age 55 with as little as 10 years of service, and minimum retirement benefits at age 62 with 5 years of service. The formula for basic benefits is 1% of the highest consecutive three-year-average salary multiplied by the number of years of service. The formula changes slightly if over 62 and over 20 years of service. At age 62, retirees are eligible for cost of living adjustments on retirement benefits. The employer is required to make at least a 1% contribution to the TSP. The TSP benefits at retirement depend upon the amount of employer contributions, employee voluntary contributions, and investment gains and losses. Further information regarding the Federal Employees Retirement System can be obtained from the U.S. Office of Personnel Management, 1900 E Street NW, Washington, DC 20415.

CSRS – This retirement plan is authorized under the Smith-Lever Act of 1914 as amended and is available to Federal employees who first entered covered service before January 1, 1987 and who are joining the Extension Service staff without a break in service. CSRS is a defined benefit plan. The retirement benefits are based upon the highest consecutive three-year-average salary. Retirees are eligible for cost of living adjustments the year after retirement. Benefits can be received at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with five years of service. Further information regarding the Civil Service Retirement System can be obtained from the U.S. Office of Personnel Management, 1900 E Street NW, Washington, DC 20415.

PERS-DCRP – This plan is administered by the Public Employees Retirement Board and is reported as multiple-employer plan established July 1, 2002, governed by Title 19, chapters 2 & 3, MCA. All new PERS 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 PERS-DCRP by filing an irrevocable election. Member and employer contribution rates are specified by state law as a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates. Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

Key Employee Plans – One defined benefit plan and one defined contribution plan exist for a key employee of the University, each for a payment of $500,000 plus applicable employer payroll taxes. The defined benefit plan has vested, while the defined contribution plan has not. The MSU Alumni Foundation has agreed to reimburse the University for the total $1,000,000 base wage of the plans, which together provide for payments beginning upon the employee's retirement. Expenses associated with the plan have been fully accrued for the vested portion and are being accrued throughout the vesting period for the remainder. The University is funding the plan with an outside administrator, to the extent that the IRS allows tax-advantaged contributions, with certain contributions occurring during the employee's tenure and others which may occur within up to 5 years after retirement. Because the University is funding a substantial proportion of the plan with reimbursement occurring from the MSU Alumni Foundation, a significant liability and effect on net position does not exist; therefore, balances related to these plans are not included within the net pension liability calculations or other disclosures below.

Pension data for the year ended June 30, 2020 for defined contribution and federal plans is as follows. Employer contributions for these plans are included within compensation and benefits in the accompanying financial statements.

	MUS-RP	CSRS	FERS	PERS- DCRP
Covered payroll*	$167,836,529	$202,995	$101,794	$3,196,379
Employer contributions/expense	$10,339,110	$13,792	$5,232	$280,322
% of covered payroll	6.015%-6.185%	6.79%	—	8.77 %
Employee contributions	$11,926,243	$13,792	$1,869	$252,513
% of covered payroll	7.063%-7.112%	6.79%	—	7.90 %

* Covered payroll excludes students employed under the College Work Study programs and part-time employees.

Total payroll for 2020 was $250,304,933. Amounts contributed to retirement plans during the past three years were equal to the required contribution each year. Federal plan administrators have not provided information with respect to net pension liability. Because only three individuals employed by the University participate in these plans, the University believes the balances are not material to its financial position or results of operations.

The amounts contributed by the University and its employees were as follows for the years ended June 30:

	MUS-RP	CSRS	FERS	PERS- DCRP
2016	$18,643,731	$80,135	$47,750	$336,854
2017	$19,938,178	$73,914	$44,093	$351,737
2018	$20,329,818	$40,530	$12,922	$432,109
2019	$21,261,078	$27,584	$6,606	$506,089
2020	$22,265,354	$27,584	$7,101	$532,826

Defined Benefit Plans

Following is the total of the University's share of balances for material defined benefit plans as of and for the years ended June 30:

	2020			
	TRS	**PERS**	**GWPORS**	**Total**
Net Pension Liability	$13,638,368	$70,034,424	$1,234,096	$84,906,888
Deferred Outflows of Resources	$17,755,756	$12,472,816	$423,600	$30,652,172
Deferred Inflows of Resources	$140,944	$9,271,278	$189,723	$9,601,945
Pension Expense (including state share paid on behalf of the University)	$7,642,231	$10,015,714	$259,707	$17,917,652

In accordance with Statement on Governmental Accounting Standard No. 68, Accounting and Financial Reporting for Pensions (Statement 68), employers are required to recognize and report certain amounts associated with their participation in retirement plans. Statement 68 became effective June 30, 2015 and includes requirements to record and report the University's proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows, and Deferred Outflows of resources associated with pensions. As defined by Statement 68, the University has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS and PERS that are used to provide pension benefits to the retired members of each of the plans. Due to the existence of a special funding situation, the University is also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability (NPL) that is associated with the University.

Teachers' Retirement System (TRS)

TRS Plan Description

TRS is a mandatory-participation, multiple-employer cost-sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana. The TRS Board is the governing body, and the TRS staff administers the system in conformity with the laws set forth in Title 19, chapter 20 of the Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structure, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS web site at trs.mt.gov.

TRS Eligibility for Participation

Membership in TRS is mandatory for all K-12 public educators, except for persons teaching fewer than thirty days in each fiscal year. A University faculty member who is already an active, inactive or retired member of TRS, if hired into a position that was previously covered by TRS, may have a choice to remain in TRS or transfer to the Montana University System Retirement Program (MUS-RP). University employees not already members of TRS, or that are members of TRS but are hired into a position that was not previously covered by TRS, will become members of the MUS-RP.

TRS Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Final compensation is the average of the highest three consecutive years of earned compensation. Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier ("Tier Two"), which differs from Tier One as follows:

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

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members, the GABA is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

The University's net pension liability (NPL) related to TRS was as follows for the years ended June 30,

	2020	2019	Percent of Collective NPL at June 30, 2020	Percent of Collective NPL at June 30, 2019	Increase (Decrease) in Percent of Collective NPL
University Proportionate Share	$ 13,638,368	$ 14,016,684	0.71 %	0.76%	(0.05)%
State of Montana Proportionate Share associated with the University	4,607,737	4,927,408	0.24 %	0.27%	(0.03)%
Total	$ 18,246,105	$ 18,944,092	0.95 %	1.03%	(0.08)%

The NPL was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on the university's contributions received by TRS during the measurement period July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of TRS' participating employers.

TRS Changes Between the Measurement Date and Reporting Date

The Total Pension Liability as of June 30, 2019, is based on the results of an actuarial valuation date of July 1, 2019. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the last actuarial experience study, dated May 3, 2019.

TRS Pension Expense

The University's pension expense related to TRS was as follows for the year ended June 30,

	2020
University expense	$ 7,080,189
State of Montana expense/ University revenue recognized	562,042
Total	$ 7,642,231

TRS Deferred Inflows and Outflows

The University share of deferred outflows of resources and deferred inflows of resources related to TRS was as follows:

	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 90,276	$ —
Changes in actuarial assumptions	680,996	30,577
Difference between projected and actual investment earnings	132,204	—
Difference between actual and expected contributions	8,324,312	110,367
Contributions paid to TRS subsequent to the measurement date *	8,527,968	—
Total	$ 17,755,756	$ 140,944

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the year ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2021	$ 4,954,863
2022	$ 3,074,105
2023	$ 948,414
2024	$ 109,465

TRS Overview of Contributions

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 as defined by GASB 68 and the State is treated as a non-employer contributing entity. TRS receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. TRS also receives 0.11% of reportable compensation from the State's general fund for State and University employers. Finally, the State is also required to contribute $25 million annually to TRS in perpetuity, payable on July 1st of each year.

As of June 30, 2020, MCA 19-20-605 requires each employer to contribute 11.45% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. Pursuant to MCA 19-20-609, this amount shall increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

TRS Actuarial Assumptions

The Total Pension Liability as of June 30, 2019, is based on the results of an actuarial valuation date of July 1, 2019. There were several significant assumptions and other inputs used to measure the total pension liability. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the last actuarial experience study, dated May 3, 2018. Among those assumptions were the following:

- Total Wage Increases* — 4.25% for University members, 3.25%-7.76% for Non-University members
- Investment Return — 7.50%
- Price Inflation — 2.50%
- Post-retirement Benefit Increases
  - Tier One Members: If the retiree has received benefits for at least three years, the retirement allowance will be increased by 1.5% each January 1st.
  - Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85% (starting three years after retirement).
- Mortality among contributing members, service retired members, and beneficiaries
  - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.
- Mortality among disabled members
  - For Males: RP- 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
  - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.

*Total Wage Increases include 3.25% general wage increase assumption

TRS Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute $25 million annually to TRS payable July 1 of each year. Based on those assumptions, the TRS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2126. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

TRS Target Allocations

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Domestic Equity	35.00%	6.05%
International Equity	18.00%	7.01%
Private Equity	10.00%	10.53%
Natural Resources	3.00%	4.00%
Core Real Estate	7.00%	5.65%
TIPS	3.00%	1.40%
Intermediate Duration Bonds	19.00%	2.17%
High Yield Bonds	3.00%	4.09%
Cash	2.00%	0.78%
	100.00%	

The long-term capital market assumptions published in the Survey of Capital Market Assumptions 2019 Edition by Horizon Actuarial Services, LLC, yield a median real return rate of 4.91%. Based on this information, the Board's adopted assumption of 5.00% for the real return is reasonable. Combined with the 2.50% inflation assumption, the resulting nominal return is 7.50%.

TRS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	Assuming 1.0% Decrease (6.50%)	At Current Discount Rate (7.50%)	Assuming 1.0% Increase (8.50%)
University proportion of Net Pension Liability	$18,653,842	$13,638,368	$9,436,220

TRS Summary of Significant Accounting Policies

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

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at https://trs.mt.gov/TrsInfo/NewsAnnualReports

Public Employees' Retirement System (PERS)

PERS Plan Description

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

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

PERS Eligibility for Participation

All new members in covered positions (generally all University classified employees which excludes faculty and professional staff) are defaulted to the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the University also have a third option to join the Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions is used to pay down the liability of the PERS-DBRP. A new employee of the University who is already an active or inactive member of one of the PERS Plans may remain in the current retirement option or transfer to the MUS-RP. Written election to move to the MUS-RP must be done within 30 days of becoming eligible to participate, or employees default to their existing retirement plan.

PERS Summary of Benefits

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 Any age, 25 years of membership service
Hired on or after July 1, 2011:	Age 55, 5 years of membership service

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

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

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;

Compensation Cap

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

PERS 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.

PERS Guaranteed Annual Benefit Adjustment (GABA)

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

- 3% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 through June 30, 2013
- Members hired on or after July 1, 2013:
  - 1.5% for each year PERS is funded at or above 90%;
  - 1.5% reduced by 0.1% for each 2% PERS is funded below 90%; and
  - 0% whenever the amortization period for PERS is 40 years or more

PERS Net Pension Liability

As defined by GASB Statement 68, the State of Montana contributed additional contributions, as the non-employer contributing entity, that qualify as special funding. The state contributed a Statutory Appropriation from the General Fund of $33,615,000 that was paid to the plan. Those employers who received special funding are all participating employers. Due to the existence of the this special funding situation, all participating employers, including the University, are required to report the portion of the State of Montana's proportionate share of the collective net Pension Liability that is associated with the employer. The State of Montana's proportionate share of net pension liability associated with the university is $21.9 million. This equals the ratio of state statutory contributions for the university to the total state contributions paid.

The University's net pension liability related to PERS was as follows for the years ended June 30,

			Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
	2020	2019	2020	2019	
University Proportionate Share	$ 70,034,424	$ 67,104,384	3.35%	3.22%	0.13 %

The Total Pension Liability (TPL) used to calculate the Net Pension Liability (NPL) was determined by an actuarial valuation as of June 30, 2018, with update procedures to roll forward the TPL to the measurement date of June 30, 2019. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The University's proportion of the NPL was based on the University's contributions received by PERS during the measurement period July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERS' participating employers.

PERS Changes Between the Measurement Date and the Reporting Date

There were no changes in proportion that would have and effect on the employer's proportionate share of the collective NPL.

PERS Pension Expense

The University's pension expense related to PERS was as follows for the years ended June 30,

		2020
University share	$	8,525,607
State of Montana expense/ University revenue recognized		1,490,107
Total PERS Pension expense recognized	$	10,015,714

PERS Deferred Inflows and Outflows

The University share of deferred outflows of resources and deferred inflows of resources related to PERS was as follows:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,320,875	$ 3,295,401
Changes in actuarial assumptions	2,973,175	—
Difference between projected and actual investment earnings	849,148	—
Change in proportionate share	—	5,975,877
Difference in expected versus actual contributions	—	—
Contributions paid to PERS subsequent to the measurement date *	5,329,618	—
Total	$ 12,472,816	$ 9,271,278

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

		Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2021	$	1,256,732
2022	$	(4,462,806)
2023	$	315,886
2024	$	762,108

PERS Overview of Contributions

Rates are specified by Montana Statutes and are a percentage of the member's compensation. The State legislature has the authority to establish and amend contribution rates to the plan.

PERS Member contributions

- Plan members are required to contribute 7.9% of their compensation. Contributions are deducted from each member's salary and remitted by participating employers.
- The 7.9% member contribution rate is temporary and will be decreased to 6.9% on January 1 in the year following an actuarial valuation in which results 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.

PERS Employer contributions

- State and University employers are required to contribute 8.77% of members' compensation.
- Local government entities are required to contribute 8.67% of members' compensation.

- School district employers are required to contribute 8.40% of members' compensation.
- Following the 2013 Legislative Session, PERS-employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions began increasing an additional 0.1% each year for 10 years, through 2024. The employer additional contributions including 0.27% added in 2007 and 2009, will terminate on January 1 of the year following actuarial 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.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation, though member contributions for working retirees are not required.
- Effective July 1, 2013, the additional employer contributions for DCRP and MUS-RP were allocated to the defined benefit plan's Plan Choice Rate (PCR) unfunded liability. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

PERS Non Employer Contributions

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

PERS Stand-Alone Statements

The PERS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154.

CAFR information including stand alone financial statements can be found at http://mpera.mt.gov/index.shtml

Actuarial valuations and experience studies can be found at http://mpera.mt.gov.

PERS Actuarial Assumptions

The Total Pension Liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions.

- General wage growth* 3.5%
  *includes Inflation at 2.75%
- Merit increases 0% to 6.30%
- Investment return (net of expenses) 7.65%
- Administrative expense as a % of payroll 0.26%
- Post-retirement benefit increases
  Guaranteed Annual Benefit Adjustment (GABA) each January after the member has completed 12 full months of retirement, inclusive of all other adjustments to the member's benefit
  - 3% for members hired prior to July 1, 2007
  - 1.5% for members hired between July 1, 2007 and June 30, 2013
  - Members hired on or after July 1, 2013:
    - 1.5% for each year PERS is funded at or above 90%;
    - 1.5% reduced by 0.1% for each 2% PERS is funded below 90%; and
    - 0% whenever the amortization period for PERS is 40 years or more
- Mortality assumptions for contributing members, service retired members, and beneficiaries based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back one year.
- Mortality assumptions among Disabled Retirees are based on RP-2000 Combined Mortality Tables with no projections.

PERS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.1% of salaries paid by local governments and 0.37% paid by school districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2122. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

PERS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	3.00%	4.09%
Domestic Equity	36.00%	6.05%
Foreign Equity	18.00%	7.01%
Fixed Income	23.00%	2.17%
Private Equity	12.00%	10.53%
Real Estate	8.00%	5.65%
	100.00%	

The most recent experienced study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 2017, which is located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for PERS. Several factors are considered in evaluating the long-term rates of return assumption including historical rates of return, rates of return assumptions adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of June 30, 2019, are summarized in the above table.

PERS Sensitivity Analysis
Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
The University's proportion of Net Pension Liability	$100,619,519	$70,034,424	$44,331,524

PERS Summary of Significant Accounting Policies
The Montana Public Employee Retirement Administration (MPERA) prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same accrual basis as they are reported by MPERA. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Game Wardens' and Peace Officers' Retirement System (GWPORS)

GWPORS Plan Description

The GWPORS is administered by the Montana Public Employee Retirement Administration (MPERA). It is a multiple-employer, cost-sharing defined benefit plan established in 1963, and governed by Title 19, chapters 2 & 8, MCA. Benefits are established by state law and can only be amended by the Legislature. The GWPORS provides retirement, disability and death benefits to those employed as game wardens, warden supervisory personnel, or state peace officers, and their beneficiaries. Member rights are vested after five years of service.

GWPORS Service Retirement and Monthly Benefit Formula:

Age 50 with 20 years of membership service.
2.5% of highest average compensation (HAC) x years of service credit

GWPORS Early Retirement

Age 55, vested members who terminate employment prior to 20 years of membership service.
A reduced retirement benefit calculated using the HAC and service credit at early retirement.

GWOPRS Second Retirement

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

- If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
- is not awarded service credit for the period of reemployment;
- is refunded the accumulated contributions associated with the period of reemployment; Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
- does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
    - is awarded service credit for the period of reemployment;
    - starting the first month following termination of service, receives:
        - 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 members' rehire date, and
    - does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
        - on the initial retirement benefit in January immediately following second retirement, and
        - on the second retirement benefit starting in January after receiving that benefit for at least 12 months.
- A member who returns to covered service is not eligible for a disability benefit.

GWPORS Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 – HAC is the average during any consecutive 36 months;
- Hired on or after July 1, 2011 – HAC is the average during any consecutive 60 months;

Compensation Cap

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

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

GWPORS Net Pension Liability

The University's net pension liability related to GWPORS was as follows for the years ended June 30,

	2020	2019	Percent of Collective NPL at June 30, 2020	Percent of Collective NPL at June 30, 2019	Increase (Decrease) in Percent of Collective NPL
University Proportionate Share	$ 1,234,096	$ 1,303,370	3.03 %	3.18%	(0.15)%

The Net Pension Liability as of June 30, 2019, was determined based on the Total Pension Liability using the actuarial valuation at June 30, 2018, with update procedures to roll forward the TPL to June 30, 2019.

GWPORS Changes Between the Measurement Date and Reporting Date

There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

Changes Since the Last Measurement Date

There were no changes made since the previous measurement date.

GWPORS Pension Expense

The University's proportionate share of the pension expense related to GWPORS was as follows for the years ended June 30,

	2020
University expense	$ 259,707

GWPORS Deferred Inflows and Outflows

At June 30, the University share of deferred outflows of resources and deferred inflows of resources related to GWPORS was as follows:

	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 166,189	$ 114,796
Changes in actuarial assumptions	71,348	—
Difference between projected and actual investment earnings	26,191	—
Changes in proportionate share	—	74,927
Contributions paid to GWPORS subsequent to the measurement date*	159,872	—
Total	$ 423,600	$ 189,723

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be fully recognized in pension expense during the year ending June 30:

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense	
2021	$	70,422
2022	$	19,060
2023	$	(328)
2024	$	(15,147)
2025	$	—

GWPORS Overview of Contributions

The State legislature has the authority to establish and amend contribution rates to the plan. Contribution rates are specified by Montana Statutes and are a percentage of the member's compensation. Plan members are required to contribute 10.56% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. Each state agency and university employers are required to contribute 9.0% of members' compensation.

GWPORS Stand-Alone Statements

The GWPORS financial information is reported in the Public Employees' Retirement Board's Comprehensive Annual Financial Report for the fiscal year ended. It is available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154.

CAFR information including stand alone financial statements and actuarial valuation and experience study can be found at http://mpera.mt.gov/

GWPORS Actuarial Assumptions

The Total Pension Liability is based on the results of an actuarial valuation date of June 30, 2018, with update procedures to roll forward the TPL to June 30, 2019. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the last actuarial experience study, dated May 2017 for the six year period July 1, 2010 to June 30, 2016. Among those assumptions were the following:

- General wage growth (includes inflation at 2.75%) 3.50%
- Merit increases 0% to 6.30%
- Investment return 7.65%
- Administrative expenses as a percent of payroll 0.23%
- Guaranteed Annual Benefit Adjustment (GABA)
  Requires 12 full months of retirement before GABA will be made
  - For members hired prior to July 1, 2007 3.00%
  - For members hired on or after July 1, 2007 1.50%
- Mortality assumptions among service retired members and beneficiaries based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, set back one year for males.
- Mortality assumptions among Disabled Retirees are based on RP-2000 Combined Employee and Annuitant Mortality Tables with no projections.

GWPORS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. Based on those assumptions, the GWPORS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2119. 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.

GWPORS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash Equivalents	3.00%	4.09%
Domestic Equity	36.00%	6.05%
Foreign Equity	18.00%	7.01%
Fixed Income	23.00%	2.17%
Private Equity	12.00%	10.53%
Real Estate	8.00%	5.65%
	100.00%	

The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the GWPORS. The most recent analysis, performed for the period covering fiscal years July 1, 2010 to June 30, 2016, is outlined in a report dated May 2017, which is located on the MPERA website. Several factors are considered in evaluating the long-term rate of return assumption including historical rates of return, rates of return assumptions adopted by similar public sector systems, and by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. Best estimates are presented as the arithmetic real rates of return for each major asset class included in the GWPORS target asset allocation as of June 30, 2019, as summarized in the above table.

GWPORS Sensitivity Analysis

Below is information regarding the net pension liability calculated using the current and two additional rates:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
University proportion of Net Pension Liability	$2,355,404	$1,234,096	$318,319

GWPORS Summary of Significant Accounting Policies

The GWPORS prepares its financial statements using the accrual basis of accounting. For the purposes of determining the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, Pension Expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been recognized on the same accrual basis as they are reported by GWPORS. For this purpose, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period when due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. The GWPORS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

Termination Benefits

During the year ended June 30, 2020, certain employees were involuntarily terminated. The University agreed to contribute to their health insurance for a specified period of time as severance. Additionally, certain employees were offered a one-time payment as incentive to retire. Certain employees had elected the Teachers' Retirement System Option 1 payout during the fiscal year ended June 2020. During the year ended June 30, 2020, incentive pay of $133,717 for voluntary and involuntary terminations plus benefits of $232,655 (including TRS payment of $222,425) were paid to a total of 12 employees, for a total of $366,372 in expenses included in the accompanying financial statements.

Other Post-Employment Benefits

Other post-employment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave. Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30, 2020.

	2020
Total OPEB Liability	$ 15,052,050
Deferred OPEB Outflows of Resources	5,796,333
Deferred OPEB Inflows of Resources	12,910,384
OPEB expense	960,820

Plan Description – The Montana University System (MUS) Group Health Insurance plan is administered by the Office of the Commissioner of Higher Education. The MUS provides optional post-employment healthcare benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Participants must elect to start medical coverage within 60 days of leaving employment. Coverage is effective the first day of the month following termination of employment. Medical, dental, and vision benefits are available through this defined benefit plan. The MUS OPEB plan is not administered through a trust; as such, no plan assets are eligible to be used to offset the total OPEB liability. The MUS group health insurance program operates in accordance with state law requiring it to be actuarially sound (20-25-1310, MCA) and have sufficient reserves to liquidate unrevealed claims liability and other liabilities.

The MUS OPEB plan is reported as single employer plan. The MUS pays for post-employment healthcare benefits on a pay-as-you-go basis from general assets from the MUS group health insurance plan. Section 20-25-1310, MCA gives authority for establishing and amending the funding policy to the Board of Regents for the MUS group health insurance plan. The MUS allows retirees to participate, as a group, at a rate that does not cover all of the related costs when retirees separated from the active participants in the group health insurance plan. This results in the reporting of the total OPEB liability in the related financial statements and note disclosures.

Employer proportionate share of total OPEB liability and basis for allocation – The total OPEB liability (TOL) was based on the actuarial valuation at December 31,2019, with update procedures to roll forward the TOL to March 31,2020. The University's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Proportionate share of collective total OPEB liability
The University's share of the total plan OPEB liability was as follows :

	2020		2019	
	OPEB Liability	OPEB Proportionate Share	OPEB Liability	OPEB Proportionate Share
Total OPEB Liability	$15,052,050	53.22 %	$20,363,397	54.44%

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources were as follows
The University's OPEB plan deferred outflows and inflows of resources are from the following sources:

	2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual economic experience	—	$ (7,421,952)
Changes in actuarial assumptions or other inputs	$ 6,367,529	$ (6,747,271)
Prior Period Amortization	$ (63,030)	139,188
FY20 Amortization	(508,166)	1,119,651
Total	$ 5,796,333	$ (12,910,384)

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

	Net Amount To Be Recognized as an increase or (decrease) to OPEB Expense
2021	$ (611,485)
2022	$ (611,485)
2023	$ (611,485)
2024	$ (611,485)
2025	$ (611,485)
Thereafter	$ (4,056,626)

Actuarial Methods and Assumptions – The total OPEB liability (TOL) measured under GASB Statement No. 75 is based upon service cost and more standardized reporting assumptions than prior GASB Statements. As a pay-as-you-go public entity, GASB 75 requires a current municipal bond discount rate to establish an Actuarially Determined Contribution (ADC). The GASB 75 valuation is further required to show both historical and projected future net changes in TOL, as well as sensitivity to changes in key underlying assumptions. Actuarially determined amounts are subject to continual revisions being actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

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

Average annual contribution:	Retiree/ Surviving Spouse	Spouse
Before Medicare eligibility	$11,212	$9,199
After Medicare eligibility	$4,301	$5,295

Actuarial valuation date	December 31, 2019
Actuarial measurement date [1]	March 31, 2020
Actuarial cost method	Entry age normal funding method
Amortization method	Open Basis
Amortization period	20 years
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75

Actuarial assumptions:	
Discount rate	2.75%
Projected payroll increases	2.5 %
Participation:	
Future retirees	40 %
Future eligible spouses	70 %
Marital status at retirement	70 %

[1] Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Health: For TRS and MUS-RP, healthy mortality is assumed to follow the RP-2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP-2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years for males, set back two years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, healthy mortality is assumed to follow the RP-2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.

Mortality - Disabled: For TRS and MUS-RP, disabled mortality is assumed to follow the RP-2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, disabled mortality is assumed to follow the RP-2000 Combined Mortality Table with no projections.

Changes in actuarial assumptions and methods since last measurement date: Changes in actuarial methods include the adjustment of the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised retirement rates per the retirement system pension valuations as of July 1, 2019; revised participation rates based on recent experience studies; revised aging factors based on recent experience studies; interest rates are based upon the average of multiple March 31, 2020, 20-year municipal bond index rates per GASB 75 requirements.

Changes in benefit terms since last measurement date: None.

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

The following presents the Total OBEP Liability 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:

	Assuming 1.0% Decrease 5.0%	At Current Rate 6.0%	Assuming 1.0% Increase 7.0%
University proportion of total OPEB Liability	$11,113,867	$15,052,050	$20,615,696

Sensitivity of the TOL to changes in the discount rate: The following presents the Total OBEP Liability if calculated using the 20-year municipal bond rates that are 1-percentage-point lower or 1-percentage-point higher than the March 31, 2019 20-year municipal bond rate:

	Assuming 1.0% Decrease 1.75%	At Current Rate 2.75%	Assuming 1.0% Increase 3.75%
University proportion of total OPEB Liability	$20,409,948	$15,052,050	$11,160,519

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

NOTE 16 – RISK MANAGEMENT

Due to the diverse risk exposure of the University and its constituent agencies, the insurance portfolio contains a comprehensive variety of coverage. Montana statutes, Sections 2-9-101 through 305, MCA, require participation of all state agencies in the self-insurance plan established by the Montana Department of Administration, Risk Management and Tort Defense Division (RMTDD). The self-insurance program includes coverage for automobile physical damage, aircraft physical damage and liability, general liability, and property exposures. The RMTDD provides coverage above self-insured retentions by purchasing other commercial coverage using Alliant Insurance Services as the primary insurance broker. Those coverages include Active Shooter coverage, volunteer accidental death & dismemberment, boiler & machinery, business interruption, crime, cyber/data information security, fine art, foreign liability and special risks, inland marine, student medical and non-medical professional liability, excess property, special events coverage, and Summer Camps Accident and Injury. The insurance broker for aviation excess liability and aircraft hull (physical damage) is held through a specialty broker, Mountain Air Aviation. MSU secures athletic injury and catastrophic sports injury insurance for its NCAA programs through AIG Insurance Company. In addition to these basic policies, the University's Department of Safety and Risk Management establishes guidelines and provides consultation in risk assessment, avoidance, acceptance, and transfer. There have been no significant reductions in commercial property insurance protection from fiscal 2019 to fiscal 2020, and there were no instances in which settlements exceeded insurance coverage for the past three fiscal years.

Buildings and contents are insured for replacement cost value. For each loss covered by the State's self-insurance program and commercial coverage, MSU elects a $1,000 per occurrence retention.

General liability and tort claim coverage includes comprehensive liability for personal injury or property damage that may arise from a negligent act or omission of the state. Also included and provided for by the University's participation in the State's self-insurance program are automobile liability, UAV (drone) liability, and coverage for watercraft and mobile equipment. If the RMTDD pays damages on a claim, the division has the right to recover costs or damages from any party in connection with the claim. There is no agency deductible applied to tort liability claims. There is a $250/$500 deductible for comprehensive/collision claims on state owned, loaned, or leased vehicles.

The Tort Claims Act of the State of Montana, Section 2-9-102, MCA, provides that governmental entities are liable for its torts and of those of its employees acting within the course and scope of their employment or duties, whether arising out of a governmental or proprietary function, except as specifically provided by the Legislature. Accordingly, Section 2-9-305, MCA, requires that the State "provide for the immunization, defense and indemnification of its public officers and employees civilly sued for their actions taken within the course and scope of their employment."

Self-Funded Programs include both health care and workers' compensation. The University's employee health care program is self-funded and is provided through participation in the Montana University System (MUS) Inter-unit Benefits Program. The MUS program is funded on an actuarial basis and the actuarial analysis indicates sufficient reserves to pay run-off claims related to prior years and considers premiums and University contributions sufficient to pay current and future claims.

The MUS provides workers' compensation coverage through the MUS Self-Funded Workers' Compensation Program (WC Program). The WC Program covers all Montana employees of the MUS while they are working within the course & scope of their MUS employment, including while in travel status inside & outside the U.S. The Program is self-insured for workers' compensation claims to a maximum of $750,000 per occurrence after July 1, 2013. Prior to July 1, 2013, the Program was self-insured for workers' compensation claims to a maximum of $500,000 per occurrence. Losses more than those limits, or $1,000,000 for an aircraft-related claim, are covered by reinsurance with a commercial carrier. Employer's liability claims are covered to a maximum of $1,000,000 above the self-insured amount. The MUS also purchases state-specific workers' compensation insurance policies for its permanent, non-MT employees.

The Program is administered by staff at the Office of the Commissioner of Higher Education. The Director reports to a governing Committee comprised of campus and OCHE representatives. Campuses pay work comp premiums to fund the Program based on risk class rates applied to payroll.

The MUS Program utilizes a Third-Party Administrator with experienced senior staff to manage claims, and an actuary with experience in workers' compensation to calculate its claim liability and to ensure adequate premium rates and reserving for the liability. The Program and its actuary will continue to incorporate Montana University System claim data, trends, and experience into the estimate of current and non-current claims liability and adjust accordingly. The Program and its actuary monitor its potential liabilities and work collaboratively with campus safety and risk managers to identify and mitigate risks and with along with internal and external partners to secure the fiscal health of the Program.

Premium rates for all members are established by the Program's governing Committee based upon anticipated premiums needed as determined by the actuary. Premium rates are adjusted annually based on inflation, claims experience, and other factors. Premiums are recorded as revenue in the period for which coverage is provided. Members may be subject to supplemental assessments in the event of deficiencies and in the event of increased costs due to changes in law or excessive claims costs. The Program considers anticipated investment income in determining if a premium deficiency exists.

NOTE 17 – COMMITMENTS AND CONTINGENT LIABILITIES

Operating leases – The University is committed under non-cancelable operating leases as follows:

Minimum rental payments for operating leases are due in the years ending June 30,		Amount
2021	$	4,355,194
2022		3,530,634
2023		3,283,128
2024		2,631,590
2025		3,407,853
2026 - 2030		7,650,018
Total	$	24,858,417

Payments made under operating leases during the year ended June 2020 totaled $3,552,503. Certain space lease agreements, which comprise the majority of the commitments, contain escalation clauses based on the consumer price index.

Other Commitments

Encumbrances – As of June 30, 2020, the University had issued purchase orders committing the expenditure of approximately $17.2 million for equipment, supplies and services which had not yet been received.

Legal actions – Montana State University is a defendant in legal actions arising in the normal course of business. While outcomes cannot be determined at this time, management is of the opinion that the liability from these actions will not have a material impact on the University's financial position.

In addition, MSU has been named as a defendant in a class action lawsuit alleging that students are due a refund for their paid tuition and fees based on the switch to remote learning in the spring 2020 due to the COVID-19 pandemic. The University denies these claims and will actively defend them. At this time, it is too early to determine the financial impacts, if any, of a potential adverse outcome.

Refundable and transferable grants – The University receives grants and other forms of reimbursement from various Federal and State agencies. These funds are subject to review and audit by cognizant agencies. As of June 30, 2020, certain audits were in progress and the University does not expect any material adjustments or repayments to result from such audits. Additionally, in the event that grant activity is moved to another University, as sometimes occurs when researchers leave for a different institution, assets acquired with grant funds may transferred at the request of the sponsoring agency with or without reimbursement.

Capital projects – As of June 30, 2020, the University had remaining budget authority on significant capital construction and renovation projects underway of approximately $61.7 million. Select projects are funded wholly or partially by the State's Long Range Building Program, and are administered by the State Architecture and Engineering Division, and do not represent a commitment of funds on the part of the University.

Pledged revenues – The University's bonded indebtedness, as described in Note 11, is payable from and secured by a parity first lien on and pledge of certain gross and net revenues, which comprise: 1) all student building fees and certain student union use fees assessed against students attending the University; 2) net student housing system pledged revenues, after the payment of operation and maintenance expenses of such facilities; 3) certain rental and other income generated by the pledged facilities; 4) all Land Grant income; 5) certain student athletic fees; 6) certain Health & Physical Education fees; 7) MSU- Bozeman Fieldhouse fees; 8) capitalized interest and earnings on certain funds created under the Indenture; 9) certain Grant-related Facilities & Administrative Costs with respect to Series N 2012 debt; 10) revenue generated from the student facility enhancement fee; 11) lease income generated from the University's lease with the ASMSU Bookstore; 12) student fees generated by the student union building fees. None of the net pledged revenues are derived from facilities or fees relating to the Great Falls campus, the MSU Extension Service, the Montana Agricultural Experiment Station, or the Fire Services Training School.

All of the above revenues are cross-pledged to repay any and all of the secured debt. The remaining cash requirements to repay bonds, including principal and interest, total $272.4 million from July 1, 2020 through November 15, 2047.

Amounts of pledged revenue were as follows in the years ended June 30:

	2020		
Description	Pledged Revenue	Total Similar Revenue	% Pledged
Student fees (no tuition is pledged)	$ 10,855,266	$ 39,509,467	27%
Housing and residence hall dining revenues, net of related expenses	11,077,370	11,077,370	100%
Grant and contract facility and administrative cost recoveries	1,373,507	21,494,131	6%
Bozeman campus athletic events revenue	3,682,578	3,698,402	100%
Bozeman campus parking revenues	3,157,473	3,157,743	100%
Bozeman bookstore and museum lease income	273,561	273,561	100%
Land grant income	2,447,711	2,447,711	100%
Investment income	1,446,486	4,793,506	30%
Total	34,313,952		
Less debt service requirements	(17,814,335)		
Excess of pledged revenue over debt service requirements	$ 16,499,617		

NOTE 18 – RELATED PARTIES

Private nonprofit organizations affiliated with the University include the MSU Foundation, the MSU-Billings Foundation, the MSU-Northern Foundation, the MSU Bobcat Club, the MSU-Bozeman Bookstore, Friends of KUSM, Friends of KEMC and the Museum of the Rockies, Inc. As discussed in note 20, certain of the parties are considered Component Units of the University.

During the year ended June 30, 2020, the Foundations provided $17,938,087 in scholarship, in-kind capital donations, and other gift support directly to the University, in addition to significant payments made to others in support of the University. The University paid to its Foundations $1,992,204 during the year ended 2020, which included payments for contracted services, capital campaign support, and operating leases.

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 $453,089 during 2020.

Friends of Montana Public Television provided $1,912,914 during 2020 and Friends of KEMC Public Radio provided $1,210,941 during 2020 in support of the University’s television and radio stations.

The Museum of the Rockies, Inc. provided $1,796,978 during the fiscal year ended June 2020 in support of the University, primarily as reimbursement for Museum staff salaries and benefits.

The MSU Bobcat Club provided $309,378 in scholarship and other support during the fiscal year ended June 30, 2020. The University provided $191,400 in salary support to the MSU Bobcat Club during the year ended June 30, 2020 for services provided.

NOTE 19 – SUBSEQUENT EVENTS

In September 2020, the University received authorization from the Board of Regents to expend up to $60.0 million to design and construct a comprehensive Student Wellness Center. The project will be financed with insurance proceeds of $36.0 million, revenue bond proceeds of $22.0 million and existing student fee balances of $2.0 million.

NOTE 20 – COMPONENT UNITS

Entities included as component units of the University are nonprofit, tax exempt organizations operating exclusively for the purposes of encouraging, promoting and supporting educational programs, research, scholarly pursuits and athletics at, or in connection with the University. Although the University may not control the timing or amount of receipts from these entities, the majority of the revenues or incomes thereon that the entities hold and invest are restricted by donors to the activities of the University. The entities included as component units in the financial statements are the Montana State University Foundation (406-994-2053), the MSU-Billings Foundation (406-657-2244), the MSU-Northern Foundation (406-265-3711), the MSU Bobcat Club (406-994-3741), and the Museum of the Rockies, Inc. (406-994-3466).

The Foundations and the Museum of the Rockies, Inc., meet the test for component units based on the materiality of the support provided to the university. The Montana State University Bobcat Club has been included as a component unit because management believes it would be misleading to exclude it. Support received from this entity is significant and critical in relation to the operations of the individual sports it supports; additionally, many financial statement readers do not differentiate between the University and its sports support organizations, and would expect their financial information to be included within the University’s audited statements.

Condensed financial information for each of the University's component units follows.

Montana State University

Condensed Combining Schedule of Component Unit Statements of Financial Position

As of June 30, 2020 or December 31, 2019*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Assets:						
Cash and investments	$ 237,080,190	$ 36,106,820	$ 9,570,882	$ 16,915,749	$ 1,681,257	$ 301,354,898
Amounts due from MSU	—	—	—	—	—	—
Other receivables, net	40,441,528	1,846,100	2,130,613	131,785	—	44,550,026
Capital assets, net	9,128,859	972,586	1,743,146	4,487,902	—	16,332,493
Other assets	729,198	61,166	5,212	339,271	880,147	2,014,994
Total assets	$ 287,379,775	$ 38,986,672	$ 13,449,853	$ 21,874,707	$ 2,561,404	$ 364,252,411
Liabilities:						
Accounts payable and other liabilities	$ 2,548,161	$ 1,177,540	$ 59,036	$ 589,718	$ 6,200	$ 4,380,655
Amounts due to MSU	26,111	—	—	278,383	—	304,494
Notes, bonds and debt obligations	3,146,535	150,000	601,620	—	—	3,898,155
Liabilities to external parties	5,756,381	430,475	1,040,068	—	—	7,226,924
Custodial funds	9,439,714	1,850,843	100,911	—	—	11,391,468
Total liabilities	20,916,902	3,608,858	1,801,635	868,101	6,200	27,201,696
Net assets:						
Without donor restrictions - undesignated	216,958	2,341,684	665,835	6,390,321	894,768	10,509,566
Without donor restrictions - designated	7,330,421	2,374,159	—	5,713,941	304,447	15,722,968
With restrictions	258,915,494	30,661,971	10,982,383	8,902,344	1,355,989	310,818,181
Total net assets	266,462,873	35,377,814	11,648,218	21,006,606	2,555,204	337,050,715
Total liabilities and net assets	$ 287,379,775	$ 38,986,672	$ 13,449,853	$ 21,874,707	$ 2,561,404	$ 364,252,411

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

Montana State University

Condensed Combining Schedule of Component Unit Statements of Activities

For the Year Ended June 30, 2020 or December 31, 2019*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Revenues:						
Contributions	$ 26,229,149	$ 3,567,592	$ 2,655,072	$ 357,695	$ 515,340	$ 33,324,848
Investment income and unrealized gain on investments	(3,698,426)	1,125,976	362,532	2,418,043	(60,220)	147,905
Support from University	1,650,000	160,000	182,204	—	—	1,992,204
Other income	2,583,469	671,909	6,300	3,875,297	448,359	7,585,334
Total revenues	26,764,192	5,525,477	3,206,108	6,651,035	903,479	43,050,291
Expenses:						
University support	8,755,866	1,847,490	162,164	1,644,456	361,555	12,771,531
Scholarships and other program expenses	6,497,136	2,338,991	940,424	1,521,859	309,603	11,608,013
Supporting services	8,005,051	903,828	433,945	1,109,968	254,284	10,707,076
Total expenses	23,258,053	5,090,309	1,536,533	4,276,283	925,442	35,086,620
Change in net assets before nonoperating items	3,506,139	435,168	1,669,575	2,374,752	(21,963)	7,963,671
Nonoperating items	(609,345)	—	—	—	—	(609,345)
Change in net assets	2,896,794	435,168	1,669,575	2,374,752	(21,963)	7,354,326
Net assets, beginning of fiscal year	263,566,079	34,942,646	9,978,643	18,900,491	2,577,167	329,965,026
Prior period adjustment	—	—	—	(268,637)	—	(268,637)
Net assets, beginning of fiscal year, as restated	263,566,079	34,942,646	9,978,643	18,631,854	2,577,167	329,696,389
Net assets, end of fiscal year	$ 266,462,873	$ 35,377,814	$ 11,648,218	$ 21,006,606	$ 2,555,204	$ 337,050,715

Component Unit Investment Composition*:

	2020
Pooled investments**:	
Equity securities	$ 36,672,228
Debt securities	18,800,913
Alternative investments	96,214,909
Cash equivalents	14,332,025
Other pooled investments	115,694,814
US Treasuries	526,060
Other real estate	399,550
Other investments	647,927
Investments held in trust for others	11,456,035
Total	$ 294,744,461

Component Unit Promises Receivable*:

	2020
Receivable in one year	$ 10,744,734
Receivable in one to five years	12,347,308
Receivable after five years	1,514,389
Less discounts and allowances	(1,233,061)
Total	$ 23,373,370

*The Museum of the Rockies, Inc. maintains a December 31 year-end. All other component units' year-ends coincide with the University's June 30 fiscal year.

**Foundation investment pools are not subject to regulatory oversight.

PENSIONS

TRS Schedule of the University's Proportionate Share of the Net Pension Liability

Year	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	1.24%	$19,038,438	$7,645,390	$26,683,828	$12,179,563	156.31%	70.36%
2016	1.13%	$18,636,406	$7,277,054	$25,913,460	$11,281,960	165.19%	69.30%
2017	0.96%	$17,469,027	$6,550,303	$24,019,330	$9,738,223	179.39%	66.69%
2018	0.85%	$14,368,327	$5,183,426	$19,551,753	$9,353,995	153.61%	70.09%
2019	0.76%	$14,016,684	$4,927,408	$18,944,092	$7,852,741	176.69%	69.09%
2020	0.71%	$13,638,368	$4,607,737	$18,246,105	$7,587,849	179.74%	68.64%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

TRS Schedule of University Contributions

Year	Contractually Required Contributions	Contributions Made*	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$8,012,997	$8,012,997	$—	$11,281,960	71.02%
2016	$7,819,626	$7,819,626	$—	$9,738,223	80.30%
2017	$8,318,256	$8,318,256	$—	$9,353,995	88.93%
2018	$8,038,127	$8,038,127	$—	$8,840,624	101.07%
2019	$8,181,048	$8,181,048	$—	$7,952,741	107.48%
2020	$8,527,968	$8,527,968	$—	$7,587,849	112.39%

*Includes contributions made as a percent of MUS-RP covered payroll as well as TRS covered payroll at statutory rates.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

PERS Schedule of the University's Proportionate Share of the Net Pension Liability

Year	University's Proportion of the NPL	University's Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	4.06%	$50,597,799	$45,405,357	111.44%	79.90%
2016	4.12%	$57,646,591	$47,364,867	121.71%	78.40%
2017	4.08%	$69,576,861	$48,343,193	143.92%	74.71%
2018	4.18%	$81,386,415	$51,513,790	157.99%	73.75%
2019	3.22%	$67,104,384	$52,551,576	127.69%	73.47%
2020	3.35%	$70,034,424	$54,692,819	128.02%	73.85%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

PERS Schedule of University Contributions

Year	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$4,427,288	$4,427,288	$—	$47,364,867	9.35%
2016	$4,470,903	$4,470,903	$—	$48,343,193	9.25%
2017	$4,589,245	$4,589,245	$—	$51,513,790	8.91%
2018	$4,571,908	$4,571,908	$—	$52,132,694	8.77%
2019	$5,022,398	$5,022,398	$—	$52,551,576	9.56%
2020	$5,329,618	$5,329,618	$—	$54,692,819	9.74%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

GWPORS Schedule of the University's Proportionate Share of the Net Pension Liability

Year	University's Proportion of the NPL	University's Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2015	3.63%	$548,897	$1,511,439	36.32%	90.20%
2016	3.44%	$723,801	$1,546,185	46.81%	87.60%
2017	3.32%	$1,089,310	$1,562,149	69.73%	82.48%
2018	3.22%	$1,201,302	$1,490,991	80.57%	82.48%
2019	3.18%	$1,303,370	$1,617,730	80.57%	82.54%
2020	3.03%	$1,234,096	$1,570,338	78.69%	83.54%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

GWPORS Schedule of University Contributions

Year	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$139,455	$139,455	$—	$1,546,185	9.02%
2016	$140,761	$140,761	$—	$1,562,149	9.01%
2017	$143,393	$143,393	$—	$1,490,991	9.62%
2018	$129,188	$129,188	$—	$1,450,141	8.91%
2019	$141,072	$141,072	$—	$1,617,730	8.72%
2020	$159,872	$159,872	$—	$1,570,338	10.18%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Notes to Required Supplementary Information – Pensions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and wage rates. Amounts determined regarding the plans are subject to continual revision as actual results are compared with past expectations.

TRS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the TRS schedules:

Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase—non-University members	Salary increase-University Members	Investment rate of return (shown net of pension plan investment expense, and including inflation)
July 1, 2014	Entry age	Level percentage of pay, open	28 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2015	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2016	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2017	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2018	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
July 1, 2019	Entry age	Level percentage of pay, open	31 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Changes That Affect Trend Data

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

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

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

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

c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.

7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination

8) **Guaranteed Annual Benefit Adjustment (GABA)**:

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

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

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

Changes in actuarial assumptions and other inputs – The following changes to the actuarial assumptions were adopted in 2019:

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

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

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

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

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

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

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

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

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

PERS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the PERS schedules:

<table>
<tr><th>Actuarial Valuation Date</th><th>Actuarial cost method</th><th>Amortization method</th><th>Remaining amortization period</th><th>Asset valuation method</th><th>Inflation</th><th>Salary increase</th><th>Investment rate of return (shown net of pension plan investment expense, including inflation)</th><th>Expenses</th><th>Other</th></tr>
<tr><td>June 30, 2013, rolled forward to 2014</td><td>Entry age</td><td>Level percentage of pay, open</td><td>29.3 years</td><td>4-year smoothed market</td><td>3.0%</td><td>General Wage Growth - 4.00% Merit – 0% - 6%</td><td>7.75%</td><td rowspan="4">0.27% administrative expenses as a % of payroll</td><td>GABA- 3.0% or 1.5% for hires after July 1, 2007</td></tr>
<tr><td>June 30, 2014, rolled forward to 2015</td><td>Entry age</td><td>Level percentage of pay, open</td><td>30 years</td><td>4-year smoothed market</td><td>3.0%</td><td>General Wage Growth - 4.00% Merit – 0% - 6%</td><td>7.75%</td><td rowspan="6">GABA- 3.0% or 1.5% for hires after July 1, 2007 and before July 1, 2013; for members hired 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</td></tr>
<tr><td>June 30, 2015, rolled forward to 2016</td><td>Entry age</td><td>Level percentage of pay, open</td><td>27.2 years</td><td>4-year smoothed market</td><td>3.0%</td><td>General Wage Growth - 4.00% Merit – 0% - 6%</td><td>7.75%</td></tr>
<tr><td>June 30, 2016, rolled forward to 2017</td><td>Entry age</td><td>Level percentage of pay, open</td><td>26 years</td><td>4-year smoothed market</td><td>2.75%</td><td>General Wage Growth - 3.5% Merit – 0% - 4.8%</td><td>7.65%</td></tr>
<tr><td>June 30, 2017, rolled forward to 2018</td><td>Entry age</td><td>Level percentage of pay, open</td><td>30 years</td><td>4-year smoothed market</td><td>2.75%</td><td>General Wage Growth - 3.5% Merit – 0% - 4.8%</td><td>7.65%</td><td>0.26% administrative expenses as a % of payroll</td></tr>
<tr><td>June 30, 2018, rolled forward to 2019</td><td>Entry age</td><td>Level percentage of pay, open</td><td>30 years</td><td>4-year smoothed market</td><td>2.75%</td><td>General Wage Growth - 3.5% Merit – 0% - 6.3%</td><td>7.65%</td><td>0.26% administrative expenses as a % of payroll</td></tr>
<tr><td>June 30, 2019, rolled forward to 2020</td><td>Entry age</td><td>Level percentage of pay, open</td><td>30 years</td><td>4-year smoothed market</td><td>2.75%</td><td>General Wage Growth - 3.5% Merit – 0% - 8.47%</td><td>7.65%</td><td>0.26% administrative expenses as a % of payroll</td></tr>
</table>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Changes That Affect Trend Data

2017 Legislative Changes, General Revisions - House Bill 101, effective July 1, 2017

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

Refunds

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

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

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

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

GWPORS

The following actuarial methods and assumptions were used to determine actuarial contribution rates reported in the GWPORS schedules:

Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase	Investment rate of return (net of pension plan investment expense, including inflation)	Other
June 30, 2013, rolled forward to 2014	Entry age normal	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth - 4.00%	7.75%,	0.17% administrative expenses as a % of payroll
June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth - 4.00%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2015 rolled forward to 2016	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	3.0%	General Wage Growth - 4.00%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2016 rolled forward to 2017	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2017 rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2018 rolled forward to 2019	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2019 rolled forward to 2020	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth - 3.5%	7.65%	0.23% administrative expenses as a % of payroll

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Changes That Affect Trend Data

2017 Legislative Changes, General Revisions - House Bill 101, effective July 1, 2017

Working Retiree Limitations for GWPORS

1) Applies to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
2) Members who return for less than 480 hours in a calendar year:
    a. May not become an active member in the system; and
    b. Are subject to a $1 reduction in their retirement benefit for each $3 earned in excess of $5,000 in the calendar year.
3) Members who return for 480 or more hours in a calendar year:
    a. Must become an active member of the system;
    b. Will stop receiving a retirement benefit from the system; and
    c. Will be eligible for a second retirement benefit if they earn 5 or more years of service credit through their second employment.
4) Employee, employer and state contributions, if any, apply as follows:
    a. Employer contributions and state contributions (if any) must be paid on all working retirees;
    b. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Second Retirement Benefit for GWPORS

1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
2) 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.
3) 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.
4) A member who returns to covered service is not eligible for a disability benefit.

Refunds

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

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

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

Other Post-Employment Benefits

The MUS OPEB plan has not established a trust to accumulate employer contributions; as such, net assets are not considered irrevocable, legally required to be used to provide OPEB to plan members, or protected from creditors.

Schedule of the University's Proportionate Share of the total OPEB Liability

Measurement Year	University's Proportion of the OPEB Liability	University's Share of the OPEB Liability	University's Covered Employee Payroll	University's share of the OPEB Liability as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
2018	48.92%	$18,130,942	$225,842,121	8.03%	0.00%
2019	54.44%	$20,363,797	$225,896,948	9.01%	0.00%
2020	53.22 %	$15,052,050	$239,454,928	6.29%	0.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available

Note to Required Supplementary Information – OPEB

Other Post-Employment Benefits (OPEB) Trend Data

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

Unaudited Supplemental Information

MONTANA STATE UNIVERSITY—ALL CAMPUSES AND AGENCIES

MSU-BOZEMAN

MONTANA AGRICULTURAL EXPERIMENT STATION (MAES)

MSU EXTENSION (ES)

FIRE SERVICES TRAINING SCHOOL (FSTS)

MSU-BILLINGS

MSU-NORTHERN

GREAT FALLS COLLEGE MSU

Montana State University
Unaudited Consolidating Statements of Net Position
As of June 30, 2020

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Intercampus Eliminations	MSU Consolidated Total
ASSETS									
Current assets:									
Cash and cash equivalents	$ 182,583,112	$ 8,244,281	$ 4,382,818	$ 200,894	$ 27,463,311	$ 8,114,510	$ 5,896,222	$ —	$ 236,885,148
Short term investments	—	—	—	—	—	—	—	—	—
Securities lending collateral	329,357	—	—	—	—	—	—	—	329,357
Accounts and grants receivable, net	9,460,182	33,436	134,088	2,590	2,675,331	864,385	32,437	—	13,202,449
Amounts receivable from Federal government	19,531,882	—	317,730	—	143,517	50,642	25,975	—	20,069,746
Amounts receivable from primary government	244,596	—	—	—	3,774	—	28,909	—	277,279
units	—	—	—	—	—	4,520	—	(4,520)	—
Amounts receivable from MSU campuses	—	—	—	—	—	—	—	—	—
Loans receivable, net	2,398,030	—	—	—	245,216	179,393	—	—	2,822,639
Inventories	1,378,615	679,564	—	—	349,535	232,319	310,527	—	2,950,560
Prepaid expenses and other current assets	4,575,009	1,430	8,917	1,784	460,067	86,550	24,182	—	5,157,939
Total current assets	**220,500,783**	**8,958,711**	**4,843,553**	**205,268**	**31,340,751**	**9,532,319**	**6,318,252**	**(4,520)**	**281,695,117**
Noncurrent assets:									
Restricted cash and cash equivalents	1,666	—	—	—	12,400	64,848	—	—	78,914
Restricted investments	7,768,329	—	—	—	—	100,911	—	—	7,869,240
Loans receivable, net	13,228,858	—	—	—	1,834,539	960,210	—	—	16,023,607
Investments	17,641,247	—	—	—	1,850,843	—	—	—	19,492,090
Capital assets	438,952,361	19,317,485	151,875	135,052	43,489,933	24,529,256	18,868,245	—	545,444,207
Other noncurrent assets	1,089,124	—	—	—	—	—	—	—	1,089,124
Total noncurrent assets	**478,681,585**	**19,317,485**	**151,875**	**135,052**	**47,187,715**	**25,655,225**	**18,868,245**	**—**	**589,997,182**
Total assets	**$ 699,182,368**	**$ 28,276,196**	**$ 4,995,428**	**$ 340,320**	**$ 78,528,466**	**$ 35,187,544**	**$ 25,186,497**	**$ (4,520)**	**$ 871,692,299**
DEFERRED OUTFLOWS	**$ 33,097,884**	**$ 1,985,452**	**$ 1,395,529**	**$ 59,867**	**$ 4,447,585**	**$ 1,590,084**	**$ 1,035,115**	**$ —**	**$ 43,611,516**
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities	$ 37,956,060	$ 1,305,137	$ 1,185,645	$ 79,765	$ 5,768,569	$ 1,948,107	$ 881,126	$ —	$ 49,124,409
Amounts payable to primary government	1,405,446	—	—	—	477,400	69,893	72,092	—	2,024,831
Amounts payable to Montana component units	176,425	—	—	—	—	—	—	—	176,425
Amounts payable to MSU campuses	—	—	—	—	—	—	—	—	—
Securities Lending Liability	329,357	—	—	—	—	—	—	—	329,357
Property held in trust for others	2,133,773	—	—	—	73,225	76,244	90,038	—	2,373,280
Deferred revenues	12,958,903	—	4,920	—	1,466,923	233,906	20,109	—	14,684,761
Compensated absences	13,068,017	1,215,630	911,722	—	1,955,097	658,599	417,311	—	18,226,376
Current portion debt and capital lease obligations	10,105,802	295	—	—	900,878	6,152	—	—	11,013,127
Total current liabilities	**78,133,783**	**2,521,062**	**2,102,287**	**79,765**	**10,642,092**	**2,992,901**	**1,480,676**	**—**	**97,952,566**
Noncurrent liabilities:									
Advances from primary government	14,492,932	—	—	—	1,624,228	728,131	151,927	(4,520)	16,992,698
Debt and capital lease obligations	167,571,902	—	—	—	4,547,699	7,874	—	—	172,127,475
Compensated absences	14,598,227	1,378,160	985,863	112,486	1,392,243	631,763	290,057	—	19,388,799
OPEB implicit rate subsidy	10,662,221	633,976	569,746	28,547	2,099,974	658,851	398,735	—	15,052,050
Net pension liability	57,799,387	3,987,568	2,025,502	96,354	13,153,446	4,816,462	3,028,169	—	84,906,888
Due to Federal government	15,837,290	—	—	—	1,910,754	1,465,481	—	—	19,213,525
Derivative instrument - swap liability	5,499,340	—	—	—	—	—	—	—	5,499,340
Total noncurrent liabilities	**286,461,299**	**5,999,704**	**3,581,111**	**237,387**	**24,728,344**	**8,308,562**	**3,868,888**	**(4,520)**	**333,180,775**
Total liabilities	**$ 364,595,082**	**$ 8,520,766**	**$ 5,683,398**	**$ 317,152**	**$ 35,370,436**	**$ 11,301,463**	**$ 5,349,564**	**$ (4,520)**	**$ 431,133,341**
DEFERRED INFLOWS	**$ 15,131,136**	**$ 895,246**	**$ 664,359**	**$ 38,819**	**$ 3,657,288**	**$ 1,393,905**	**$ 731,575**	**$ —**	**$ 22,512,328**
NET POSITION									
Net investment in capital assets	$ 254,858,496	$ 19,317,191	$ 113,487	$ 135,052	$ 36,143,253	$ 23,727,666	$ 18,324,150	$ —	$ 352,619,295
Restricted - nonexpendable	11,838,889	—	—	—	510,758	417,954	11,299	—	12,778,900
Restricted - expendable	14,684,170	825,476	(52,359)	—	2,689,049	1,278,721	71,739	—	19,496,796
Unrestricted	71,172,479	702,969	(17,928)	(90,836)	4,605,267	(1,342,081)	1,733,285	—	76,763,155
Total net position	**$ 352,554,034**	**$ 20,845,636**	**$ 43,200**	**$ 44,216**	**$ 43,948,327**	**$ 24,082,260**	**$ 20,140,473**	**$ —**	**$ 461,658,146**

Montana State University

Unaudited Consolidating Statement of Revenues, Expenses and Changes in Net Position

As of and for the Year Ended June 30, 2020

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Intercampus Eliminations	Total
Operating revenues:									
Tuition and fees	$ 171,843,450	$ —	$ 2,500	$ —	$ 17,608,686	$ 5,004,511	$ 2,772,298	$ —	$ 197,231,445
Federal appropriations	—	2,694,506	2,968,480	—	—	—	—	—	5,662,986
Federal grants and contracts	87,994,072	(9,018)	(15,464)	—	2,886,057	1,532,984	401,091	(164,196)	92,625,526
State grants and contracts	6,427,838	—	30,498	—	380,616	144,072	56,429	(12,831)	7,026,622
Non-governmental grants and contracts	12,045,224	—	226,256	—	528,331	45,115	18,555	—	12,863,481
Grant and contract facilities and administrative cost recoveries	21,101,554	—	—	—	267,619	102,352	22,606	—	21,494,131
Educational, public service and outreach revenues	16,827,740	3,081,586	4,685,382	66,925	1,322,016	187,568	53,218	(899,924)	25,324,511
Auxiliary - housing	19,900,142	—	—	—	1,156,827	534,266	—	—	21,591,235
Auxiliary - food service	17,041,236	—	—	—	854,588	538,991	108,146	—	18,542,961
Auxiliary - other auxiliary sales and services	5,992,246	—	—	—	1,373,363	390,243	636,454	(127,127)	8,265,179
Interest earned on loans	57,331	—	—	—	3,855	(12)	—	—	61,174
Other operating revenues	10,198,128	80,255	(71)	—	197,030	1,760	24,471	—	10,501,573
Total operating revenues	**369,428,961**	**5,847,329**	**7,897,581**	**66,925**	**26,578,988**	**8,481,850**	**4,093,268**	**(1,204,078)**	**421,190,824**
Operating expenses:									
Compensation and benefits, including pensions	281,443,993	16,756,083	13,014,715	637,105	37,094,882	13,917,016	9,827,747	—	372,691,541
OPEB expense	690,024	41,029	36,872	1,847	116,364	39,778	34,906	—	960,820
Operating expenses	138,283,898	4,001,609	2,177,727	196,750	16,140,734	6,387,112	2,727,519	(1,204,078)	168,711,271
Scholarships and fellowships	21,580,841	14,034	11,083	—	4,916,681	1,746,501	1,644,045	—	29,913,185
Depreciation and amortization	29,560,141	1,242,640	37,504	64,230	3,293,661	1,581,064	1,249,445	—	37,028,685
Total operating expenses	**471,558,897**	**22,055,395**	**15,277,901**	**899,932**	**61,562,322**	**23,671,471**	**15,483,662**	**(1,204,078)**	**609,305,502**
Operating loss	**(102,129,936)**	**(16,208,066)**	**(7,380,320)**	**(833,007)**	**(34,983,334)**	**(15,189,621)**	**(11,390,394)**	**—**	**(188,114,678)**
Nonoperating revenues (expenses):									
State and local appropriations	73,732,305	16,615,337	6,851,566	761,690	22,501,610	10,530,175	7,742,437	—	138,735,120
Pell Grants	13,421,121	—	—	—	5,360,782	2,081,001	2,117,142	—	22,980,046
Federal CARES Act grant	6,567,702	—	—	—	558,402	455,994	338,007	—	7,920,105
Land grant and timber sales income	1,996,809	—	—	—	450,901	—	—	—	2,447,710
Gifts	15,225,081	37,013	411,993	—	5,472,617	1,317,144	255,534	—	22,719,382
Investment Income	4,050,457	113,372	48,566	2,879	423,103	91,664	63,465	—	4,793,506
Interest expense	(7,409,217)	(147)	—	—	(276,664)	(39,253)	(15,086)	—	(7,740,367)
Net nonoperating revenues (expenses)	**107,584,258**	**16,765,575**	**7,312,125**	**764,569**	**34,490,751**	**14,436,725**	**10,501,499**	**—**	**191,855,502**
Income before other revenues, expenses, gains and losses	**5,454,322**	**557,509**	**(68,195)**	**(68,438)**	**(492,583)**	**(752,896)**	**(888,895)**	**—**	**3,740,824**
Transfers in (out)	(110,917)	87,298	23,619	—	—	—	—	—	—
Gain or loss on disposal of capital assets	(144,216)	33,576	850	7,922	(138,329)	(842,496)	(13,776)	—	(1,096,469)
Additions to permanent endowments	14,070	—	—	—	—	—	—	—	14,070
Gifts, capital grants and contributions	6,330,405	64,750	—	—	3,233,530	189,834	320,076	—	10,138,595
Change in net position	**11,543,664**	**743,133**	**(43,726)**	**(60,516)**	**2,602,618**	**(1,405,558)**	**(582,595)**	**—**	**12,797,020**
Net position, beginning of year restated	**341,010,370**	**20,102,503**	**86,926**	**104,732**	**41,345,709**	**25,487,818**	**20,723,068**	**—**	**448,861,126**
Net position, end of year	**$ 352,554,034**	**$ 20,845,636**	**$ 43,200**	**$ 44,216**	**$ 43,948,327**	**$ 24,082,260**	**$ 20,140,473**	**$ —**	**$ 461,658,146**

Montana State University

Unaudited Selected Cash Flow Data

As of And For the Year Ended June 30, 2020

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Intercampus Eliminations	Total
Cash flows from operating activities:									
Cash received for revenues:									
Tuition and fees	$ 171,198,267	$ —	$ 2,500	$ —	$ 16,394,379	$ 5,263,836	$ 2,913,762	$ —	$ 195,772,744
Federal appropriations	—	2,694,506	2,909,114	—	—	—	—	—	5,603,620
Federal grants and contracts	84,096,316	—	(12,781)	907	2,410,136	1,539,826	380,319	(164,196)	88,250,527
State grants and contracts	6,529,384	—	30,498	—	387,087	147,047	53,605	(12,831)	7,134,790
Private grants and contracts	10,899,841	—	226,256	—	421,699	50,258	18,555	—	11,616,609
Grant and contract indirect cost recoveries	20,861,286	—	—	—	267,619	102,352	22,606	—	21,253,863
Educational, public service and outreach revenues	15,827,918	3,253,547	4,702,158	72,781	1,352,340	187,718	58,137	(899,924)	24,554,675
Sales and services of auxiliary enterprises	42,916,551	—	—	—	3,232,466	1,525,600	766,137	(127,127)	48,313,627
Interest on loans receivable	57,331	—	—	—	3,855	(12)	—	—	61,174
Other operating receipts	10,862,778	80,255	(71)	—	251,809	(55,829)	(11,192)	—	11,127,750
Cash paid for expenses:									
Compensation and benefits	(275,912,048)	(16,457,556)	(12,735,642)	(652,315)	(37,049,675)	(13,441,860)	(9,532,046)	—	(365,781,142)
Operating expenses	(143,366,461)	(3,990,052)	(2,118,506)	(158,121)	(14,740,852)	(7,342,103)	(3,093,967)	1,204,078	(173,605,984)
Scholarships and fellowships	(21,580,841)	(14,033)	(11,083)	—	(4,916,681)	(1,746,501)	(1,644,046)	—	(29,913,185)
Loans made to students and federal funds repaid	(333,323)	—	—	—	20,207	12,220	—	—	(300,896)
Loan payments received from students	2,938,409	—	—	—	315,885	208,872	—	—	3,463,166
Intercampus payments	4,520	—	—	—	—	(4,520)	—	—	—
Net cash used in operating activities	**(75,000,072)**	**(14,433,333)**	**(7,007,557)**	**(736,748)**	**(31,649,726)**	**(13,553,096)**	**(10,068,130)**	**—**	**(152,448,662)**
Cash flows from noncapital financing activities:									
Receipts (Payments) of funds held in trust for others	(300,452)	—	—	—	(24,561)	(3,140)	(18,017)		(346,170)
Direct lending proceeds	65,128,104	—	—	—	13,255,722	3,465,458	3,006,924		84,856,208
Direct lending disbursements	(65,128,104)	—	—	—	(13,255,722)	(3,465,458)	(3,006,924)		(84,856,208)
State and local appropriations	73,732,305	16,615,337	6,851,566	761,690	22,501,610	10,530,175	7,742,437		138,735,120
Federal CARES Act Grant	6,567,702	—	—	—	558,402	455,994	338,007		7,920,105
Federal Pell grant funds received	13,421,121	—	—	—	5,360,782	2,081,001	2,117,142		22,980,046
Gifts and contributions (expendable)	15,225,081	37,013	411,993	—	5,472,617	1,317,144	255,534		22,719,382
Land grant income	1,996,809	—	—	—	450,901	—	—		2,447,710
government	(64,672)	—	—	—	—	—	—		(64,672)
Additions to permanent endowments	14,070	—	—	—	—	—	—		14,070
Transfers between campuses and agencies	(110,917)	87,298	23,619	—	—	—	—		—
Net cash flows from noncapital financing activities	**110,481,047**	**16,739,648**	**7,287,178**	**761,690**	**34,319,751**	**14,381,174**	**10,435,103**	**—**	**194,405,591**
Cash flows from capital financing activities:									
Purchase of capital assets	(49,511,898)	(1,042,357)	(49,213)	(28,581)	(8,148,707)	(608,728)	(156,402)	—	(59,545,886)
Proceeds from sale of capital assets	150,050	90,262	850	12,324	9,090	—	—	—	262,576
Gifts restricted for capital purchase	5,909,752	64,750	—	—	3,233,530	189,834	—	—	9,397,866
Other capital financing activities	33,403	—	—	—	—	—	—	—	33,403
Proceeds from borrowings	464,400	—	—	—	—	—	—	—	464,400
Debt principal paid	(9,904,362)	(3,410)	—	—	(847,464)	(211,193)	—	—	(10,966,429)
Payment of capitalized debt issue costs	—	—	—	—	— —		—	—	—
Advances from primary government	—	—	—	—	—	—	—	—	—
Repayment of advances from primary government	(1,300,233)	—	—	—	(463,272)	(57,847)	(67,726)	—	(1,889,078)
Interest paid	(7,993,633)	(147)	—	—	(242,349)	(40,626)	(18,774)	—	(8,295,529)
Net cash change from capital financing activities	**(62,152,521)**	**(890,902)**	**(48,363)**	**(16,257)**	**(6,459,172)**	**(728,560)**	**(242,902)**	**—**	**(70,538,677)**
Cash flows from investing activities:									
Purchase of investments	(12,050)	—	—	—	—	—	—	—	(12,050)
Proceeds from sale of investments	27,340,698	—	—	—	—	—	—	—	27,340,698
Investment income	635,491	113,372	48,566	2,879	474,223	100,883	70,222	—	1,445,636
Net cash change from investing activities	**27,964,139**	**113,372**	**48,566**	**2,879**	**474,223**	**100,883**	**70,222**	**—**	**28,774,284**
Net change in cash and cash equivalents	**1,292,593**	**1,528,785**	**279,824**	**11,564**	**(3,314,924)**	**200,401**	**194,293**	**—**	**192,536**
Balances at beginning of year	**181,292,186**	**6,715,497**	**4,102,992**	**189,330**	**30,790,634**	**7,978,959**	**5,701,928**	**—**	**236,771,526**
Balances at end of year	**$ 182,584,779**	**$ 8,244,282**	**$ 4,382,816**	**$ 200,894**	**$ 27,475,710**	**$ 8,179,360**	**$ 5,896,221**	**$ —**	**$ 236,964,062**

Montana State University—All Campuses and Agencies

Overview

The University campuses are accredited by the Northwest Commission on Colleges and Universities and, in addition, by national professional accrediting organizations in teacher education, nursing, environmental health, engineering, engineering technologies, architecture, foods and nutrition, chemistry, art, music and business.

Enrollment

Annual Full Time Equivalent Students

	2020	2019	2018
Montana residents			
Undergraduate	12,460	12,916	13,247
Graduate	1,038	1,036	1,064
Nonresidents			
Undergraduate	4,869	4,703	4,462
Graduate	500	500	522
Western Undergraduate Exchange	1,395	1,404	1,415
Total	20,262	20,559	20,710

Tuition and Fees

Tuition and fees vary from campus to campus, and on each campus differ for residents and nonresidents and for undergraduate students and graduate students. The ranges of tuition and fees charged for full-time students during the 2019-2020 academic year, on a per-semester basis, were as follows:

	Resident Undergraduate—Graduate			Nonresident Undergraduate (WUE)—Graduate		
Bozeman Campus	$3,663	-	$4,228	$5,223	-	$13,493
Billings Campus	$2,997	-	$3,553	$4,184	-	$10,125
Northern Campus	$2,978	-	$3,601	$4,157	-	$10,127
Great Falls Campus (1)	$1,709	-	N/A	$2,397	-	N/A

(1) Undergraduate program only.

Employees and Graduate Assistants

As of Fall 2019, the University had 7,730 employees and utilized 783 graduate assistants at the following degree-granting locations:

	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College MSU	Total
Faculty/Professional	2,216	420	136	132	2,904
State classified system	1,372	197	64	56	1,689
Temporary hourly	208	75	42	19	344
Students	2,414	226	121	32	2,793
Total employees	6,210	918	363	239	7,730
Graduate assistants	769	14	—	—	783

Non-tenure track faculty and classified employees at the University are members of and represented by various collective bargaining units. Currently, tenure track faculty, part-time employees and administrative professionals are not represented by any of the collective bargaining units.

MSU-Bozeman

Campus Overview

Montana State University was founded in 1893 as the Agricultural College of the State of Montana. By the 1920s, the institution's preferred name was Montana State College, and so it remained until July 1, 1965, when, in recognition of the advances in the college's commitment to scientific and humanistic research, the 39th Montana Legislature changed MSC's name to Montana State University. Located in Bozeman, the campus comprises approximately 1,800 acres and more than 40 academic and administrative buildings.

In 1994, the Montana Board of Regents approved a restructuring plan that created a four-campus Montana State University. The Bozeman campus was given administrative oversight of the what became MSU Billings, Great Falls College MSU and MSU-Northern. Statutory authority for Montana State University-Bozeman is contained in Title 20, Chapter 25, Section 201 of Montana Code Annotated.

MSU is organized into seven undergraduate colleges: College of Agriculture; College of Arts and Architecture; College of Education, Health and Human Development; Jake Jabs College of Business and Entrepreneurship; College of Letters and Science; Norm Asbjornson College of Engineering; and College of Nursing. Post-graduate master’s and doctoral degrees are offered through the Graduate School. One-year and two-year degrees, as well as certificates, are offered through Gallatin College MSU. The university’s Honors College offers curriculum for students to qualify for one of three honors designations on their transcripts in addition to the degree in their chosen major of academic study.

The campus offers more than 250 academic programs including 60 master’s degrees, three education specialist degrees, 28 doctoral degree options and many certificate options. In the 2020 fiscal year, Montana State University awarded 3,416 degrees, including 515 master’s degrees and 88 doctorates.

The university’s annual research expenditures — almost entirely federal dollars competitively won — set a record in fiscal year 2020 with total expenditures topping $167 million. The total marks seven years in a row that research expenditures have exceeded $100 million The university is home to 300 laboratories, 44 research centers and seven agricultural research stations. MSU is the only university in Montana, Wyoming, Idaho, North and South Dakota classified as having “very high research activity” by the Carnegie Classification of Institutions of Higher

Education. There are only 131 universities nationally with the “very high” designation, and MSU is one of just two that also have the profile of “Very High Undergraduate” enrollment.

MSU continues to be one of the top institutions in producing Goldwater scholars. The Goldwater Scholarship is a competitive national award given to math, science and engineering students. Since the scholarship’s inception in 1989, 78 MSU students have become Goldwater scholars. MSU’s number of scholarships leads other prominent schools like Johns Hopkins, Yale and Cornell.

In 2018, MSU won the Connections Award by the Association of Public and Land-grant Universities in recognition of its economic engagement efforts, specifically its work with public- and private-sector partners in Montana and the region to support economic development through innovation and entrepreneurship, technology transfer, talent and workforce development and community development.

In addition to its academic mission of educating students, MSU is home to numerous entities that help strengthen the state through outreach efforts. First among them is MSU Extension, which has agents serving all 56 Montana counties and seven reservations in the areas of youth development, agriculture, community development, and family and consumer science. MSU is also home to the Montana Manufacturing Extension Center, a statewide manufacturing outreach and assistance center whose professional staff have extensive experience in manufacturing and business in a variety of industries. Other examples of the university’s statewide reach include its Center for Mental Health Research and Recovery, Montana PBS and the Museum of the Rockies.

Enrollment

		Student FTE for Fiscal Years Ended June 30,				
		2020	**2019**	**2018**	**2017**	**2016**
Resident	Undergraduate	7,774	7,999	8,149	8,032	7,779
	Gallatin College	441	432	413	389	336
	Graduate	751	766	780	769	705
	Total resident	8,966	9,197	9,342	9,190	8,820
Nonresident	Undergraduate	4,512	4,338	4,093	3,855	3,676
	Gallatin College	171	167	148	125	108
	Graduate	484	487	499	520	386
	Total nonresident	5,167	4,992	4,740	4,500	4,170
Western Undergraduate Exchange		**1,058**	**1,064**	**1,052**	**1,149**	**945**
	Total	**15,191**	**15,253**	**15,134**	**14,839**	**13,935**

	Degrees Granted - Fiscal Years Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Undergraduate	2,869	2,820	2,580	2,600	2,468
Graduate	603	542	653	580	537
TOTAL:	3,472	3,362	3,233	3,180	3,005

Other highlights from MSU’s enrollment headcount included:

- The number of veteran students enrolled increased 15% to 526 from 456 last year.
- MSU saw increases among the student populations of under-represented groups. The number of American Indian/Alaska Native students increased 5% to 755; Asian students increased 6% to 641; and Hispanic students increased 6% to 809. The numbers of African American and Native Hawaiian/Pacific Islander students each held steady at 238 and 122, respectively.
- The total number of degrees awarded at MSU increased by 3% to 3,472. Among those, bachelor’s degrees numbered 2,683, an increase of 5 percent over the prior year; associates degrees totaled 120, up from 106; and doctoral degrees were up 22% to 104 total.
- Even in the face of the pandemic, the vast majority of Fall classes were scheduled to have an in-person component, particularly those classes traditionally taken by new undergraduate students. These classes were scheduled in larger rooms with appropriate spacing, or with blended delivery to foster face-to-face interactions and engagement with the university, while minimizing risk of transmission.

Campus Outlook

In January 2019, the university adopted a new, seven-year strategic plan, Choosing Promise. The plan has three areas of focus – teaching/learning, discovery/scholarship and outreach/engagement - that also align with university's historic mission as articulated by the Morrill Land Grant Act of 1862 and the subsequent Hatch and Smith-Lever acts passed by the U.S. Congress. Central to all parts of the plan is an emphasis to improve Montana, its people, its environment and its economy.

Few programs better epitomize the university's new strategic plan than its Hilleman Scholars program, named after Maurice Hilleman – an MSU alumnus widely recognized as the most prolific vaccinologist in history. Now [FC1] in its fifth year, the Hilleman Scholars program seeks Montana high school students who may not have performed well on traditional academic measures, but who have shown grit and promise. Each year, MSU selects 50 Hilleman Scholars from across Montana. The Hilleman story is one of how nurturing the promise in hard-working Montanans of ordinary or humble means can transform them, their families, the state and even the world.

Change is occurring rapidly at Montana State University to accommodate the tremendous growth the university has experienced over the last decade. Norm Asbjornson Hall was opened in the spring semester 2019, completing a $50 million privately funded classroom and teaching lab construction project that promotes inter-curricular instruction and also houses the MSU Honors College along with the Dean of the Norm Asbjornson College of Engineering. Hyalite Hall, a $50 million student residence project with six stories and 510 beds opened in the fall semester 2020.

The university successfully completed private funding efforts and broke ground on the $20 million American Indian Hall. American Indian Hall is a 25,000 square foot facility that will house the Department of Native American Studies as well as providing a gathering point for students from regional Native American tribes and general classroom space for all students.

In addition to new construction, the university is also renovating existing space on campus. A renovation is underway of the MSU Bozeman original gymnasium, Romney Hall, built in 1922, transforming it into instructional space, adding 19 classrooms and 1,000 classroom seats to the campus inventory. In addition, three high impact student centers will be housed in the renovated facility: a new veterans center, writing center and math center. Overall, the Romney Hall renovation is a $25 million project with funding approved by the 2019 Montana Legislature. Project completion is estimated to be January 2022.

MSU is planning the design and construction of an expansion of its Health and Wellness facilities. In March 2019, MSU lost two of its recreational gymnasiums due to a roof collapse caused by overloaded snow. The Montana Board of Regents subsequently approved a $60 million project for MSU to replace the lost gymnasium space and to integrate a new home for its student health services. The proposed facility, scheduled to break ground in 2021, would conveniently co-locate all student health, counseling, recreation and fitness and other wellness services into a single facility.

All of MSU's physical growth is an attestation to its increased student population. The enrollment in the fall semester 2020 is the fifth highest in MSU's 127-year history, with the record set in fall 2018 at 16,902. MSU's fall 2020 retention rate – the percentage of first-year students returning for their second year – hit its highest mark in more than 30 years of modern record keeping at 78.2% percent. In addition, graduate enrollment is improving. The number of MSU graduate students grew to 2,009 in the fall 2020 semester, an increase of 3% over the prior fall.

MSU also attracted 158 recipients of the prestigious Montana University System Honors Scholarship – an all-time high for MSU and 74% of the total recipients statewide – which grants four years of tuition at an eligible state campus. MSU also welcomed eight National Merit Finalists among its incoming class.

Montana Agricultural Experiment Station (MAES)

Agency Overview

The Hatch Act of 1887 created the national State Agricultural Experiment Station system. This unique federal/state partnership supports agricultural and natural resource research and outreach, to help maintain viable agricultural and natural resource communities and an affordable and safe supply of food for America.

Under the terms of the Morrill Act, in 1893 Montana created its land-grant university and the Montana Agricultural Experiment Station (MAES). MAES operates under these enabling acts and subsequent federal and state legislation and amendments through the authority of the MAES director as approved by the U.S. Department of Agriculture. MAES houses people and programs at research centers throughout Montana and at the main station at the Bozeman campus.

The research center system consists of the Northern Agricultural Research Center (ARC) at Havre, Northwestern ARC at Creston, Western ARC at Corvallis, Central ARC at Moccasin, Southern ARC at Huntley, Western Triangle ARC at Conrad and Eastern ARC at Sidney. The oldest research centers, Central and Western, were established in 1907 with the most recent, Western Triangle, established in 1978.

Research centers are located so they address the diverse climatological, ecological, and environmental challenges of Montana's largest economic sector, and research priorities at the individual center reflect challenges faced by producers in their region. MAES also cooperates with the USDA ARS Fort Keogh Livestock and Range Research Laboratory at Miles City, a partnership that has been in place since 1924, and the USDA ARS research programs at Sidney.

The Bozeman MAES component includes research in the academic departments of Agricultural Economics and Economics, Agricultural and Technological Education, Animal and Range Sciences, Land Resources and Environmental Sciences, Plant Sciences and Plant Pathology, and Microbiology and Immunology. The majority of the MAES faculty are located on the main station at MSU in Bozeman, with split appointments between research, teaching and Extension service. The Bozeman station provides unique and high-quality educational opportunities on- and off-campus that are appropriate for the region and appeal to students and clientele from around the world.

MAES cooperates with state, regional, and federal agencies on research to generate and disseminate superior knowledge and to produce advances in technology that increase the competitiveness, profitability and sustainability of agricultural and natural resource systems. MAES aids agriculture in competing and succeeding in a global environment, preserving environmental quality, improving the quality of life, and adding value to state, regional and national resources within the global economy, as well as developing cutting-edge outreach and education programs.

Highlights

MAES and the College of Agriculture continue to secure and leverage new extramural funding to support research programs. The College of Agriculture, which is collaboratively funded by MAES, has been among the most productive of the academic disciplines in terms of research expenditures with a total of $44 million for fiscal year 2020. The departments of Microbiology and Immunology and Land Resources and Environmental Science rank in the top five among MSU departments in terms of sponsored program expenditures.

Outlook

MAES base-funded programs are financed by state (84%) and federal (16%) funding. MAES foresees continued legislative pressure to reduce federal as well as state agricultural research funding, while competitive grant programs at state, regional and national levels are also significantly constrained. These concerns occur in an environment where agriculture still plays a role as the largest economic engine for Montana.

MSU Extension (ES)

Agency Overview

The mission of Montana State University Extension ("Extension" or "ES") is to improve the lives of Montana citizens by providing unbiased, research-based education and information that integrates learning, discovery and engagement to strengthen the social, economic and environmental well-being of individuals, families and communities.

To meet the educational needs of Montanans, Extension coordinates educational and research resources in the region through campus-based specialists and 54 local Extension offices, providing outreach to all 56 Montana counties and seven reservations. Because Montana's communities are as diverse as its landscape, the structure of Extension — MSU faculty living in Montana's small towns and cities — ensures that programs are in tune with local issues and can adapt quickly to changing needs.

The unique funding structure of ES combines state general fund, federal Smith-Lever and county resources. The state Legislature appropriates general funds on a biennial basis. Extension agents' salaries are paid from both federal Smith-Lever and county funding sources, while Extension specialists are paid from state general funds. Extension funds the payroll benefit costs for all employees hired on state funding, while county agents' benefits are paid from a blend of Federal Smith-Lever and state general fund dollars. Operational allocations are made to specialists based on a pre-established formula, and other operating dollars are allocated to support staff development, program development, personnel recruitment and general operating purposes.

To deliver the practical advice and information needed by Montana's agricultural community, Extension taps into the resources of the entire university system. Research results from the Agricultural Research Centers and funding through USDA assist in developing programmatic responses. Primary concerns related to sustainability and profitability, natural resources and the environment, and technology transfer/value-added opportunities are addressed through outreach efforts across the state.

Extension's Family & Consumer Sciences program area serves a wide variety of people and families and provides specialized programs, including those targeted toward the elderly, children, single parents and step-families. Topics include food and nutrition, housing, health, family issues, personal finance, environmental health and many other subjects useful to Montanans. One special program emphasizes nutrition education for families with limited resources.

Extension agents also work with Montana 4-H programs to serve youth throughout the state. In 2019-2020, Montana 4-H reached 17,237 Montana youth, ages 6-19. Approximately 50% of these youth are involved in yearlong community clubs, while the rest are active through a variety of short-term and special interest education programs. These youth are supported by 3,119 trained adult and youth volunteers who lead local programs and activities.

Local community and economic viability efforts continue to be an area of major emphasis for Extension's Community Development program. Extension continues to collaborate with state and federal agencies to provide local governance, strategic planning and leadership development education for communities and individuals. The MSU Extension Local Government Center provides the only extensive education and training for Montana's elected and government officials at the local and county level.

MSU Extension's strategic plan complements the university's strategic plan by focusing on engagement within Montana communities and the integration of learning, discovery and engagement. Extension is successful throughout the state in meeting and excelling at this tripartite mission. Within MSU's strategic plan, Extension has a clear leadership role in increasing the university's capacity as a statewide resource to collaborate, respond to local needs and address the state's greatest challenges.

Fire Services Training School (FSTS)

Agency Overview

The Fire Services Training School (FSTS) is state-level agency and is attached to MSU Extension. The FSTS is authorized in 20-31-102 of the Montana Code Annotated. Its purpose is to provide fire service personnel with professional training; identify new methods of fire prevention and suppression, and disseminate information; provide a resource center for use by local fire services; provide testing and certification for personnel and apparatus; and coordinate fire services training in the state. FSTS certifications are internationally accredited by two different accrediting agencies.

These goals are accomplished by building capacity in local governments for protecting citizens' lives and property and safeguarding the community tax base and infrastructure from harm caused by fires, accidents, injuries, hazardous materials incidents and other emergencies. FSTS trainers provide instruction and resources to local fire and rescue services and are strategically located in Cascade, Custer, Valley, Flathead, Missoula, Beaverhead and Yellowstone counties.

The FSTS audience consists of 10,000 fire fighters in more than 380 organizations, 96% of whom are volunteers. The FSTS provides 69% of its services to all-volunteer fire companies, 20% to combination fire companies (with both paid and volunteer firefighters), and 11% to all-paid fire companies.

The FSTS curriculum includes entry level recruit academies, hazardous materials and technical rescue courses, and leadership and management, as well as tactical- and strategic-level incident operations courses. The FSTS continues to introduce new methods and technology into local fire service organizations, resulting in enhanced firefighter safety, a higher level of citizen protection and significantly reduced costs for fire insurance premiums in many communities.

MSU-Billings

Campus Overview

Montana State University Billings is a regional, comprehensive, public, four-year higher education institution located in Montana's largest population center, whose faculty members are actively engaged in teaching, research, creative endeavors and public service. MSU Billings is unique in that it is one of a select few higher education institutions that also boasts an embedded two-year community college. The university's mission is to deliver a transformative education that empowers students from diverse backgrounds to succeed.

Founded in 1927, the institution was initially called Eastern Montana Normal School and was established to prepare teachers for elementary schools in eastern Montana. It was again renamed in 1965 as Eastern Montana College (EMC), and it merged into the Montana University System in 1994 under its present name.

MSU Billings has grown, with the city of Billings and Yellowstone County, into the major comprehensive higher education center of south-central and eastern Montana. The university has five colleges: the College of Liberal Arts & Social Sciences (CLASS), the College of Business (COB), the College of Education (COE), the College of Health Professions and Science (CHPS), and City College, which serves the comprehensive two-year mission of the university. MSU Billings offers a full complement of certificate programs, associate, bachelor and master's degrees, as well as pre-professional academic offerings in many areas, 26 online degree programs, and several academic programs unique to the Montana University System. In addition, MSU Billings offers graduate degrees from the CLASS, COE and CHPS.

MSU Billings is accredited by the Northwest Commission on Colleges and Universities. Its College of Business is accredited by the Association to Advance Collegiate Schools of Business, whose standards are used as the basis to evaluate a business school's mission, operations, faculty qualifications and contributions, programs, and other critical areas. The MSU Billings College of Education is accredited by the Council for the Accreditation of Educator Preparation for preparing elementary and secondary teachers and school counselors through the Bachelor of Science, Master of Education and Master of Science in Special Education degrees. National accreditation has also gone to the departments of Music (National Association of Schools of Music), Art (National Association of Schools of Art and Design), Health and Human Performance (Commission on Accreditation of Athletic Training Education), Rehabilitation and Human Services (Council for Accreditation of Counseling and Related Educational Programs), and Health Care Services (Commission on Collegiate Nursing Education).

The Association for Behavior Analysis International (ABAI) Accreditation Board has awarded MSU Billings' Master of Science in Special Education Advanced Studies Applied Behavior Analysis (MSSED ABA) degree program a five-year accreditation.

City College programs are accredited and approved by the Montana Board of Nursing, the National League for Nursing Commission for Nursing Education Accreditation, the Committee on Accreditation of Allied Health Education Programs, the Committee on Accreditation of Educational Programs for the EMS Professions, and International Fire Service Accreditation Congress.

Public service is integral to the mission of the university. Its two primary public service entities are Yellowstone Public Radio (KEMC), serving Montana and Northern Wyoming with local, regional and nationally acclaimed educational programming, including NPR, and the Montana Center for Inclusive Education (MCIE), which serves the diverse population of Montana and provides continuing professional development opportunities for educators and direct service providers.

Enrollment

	Student FTE for Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
Resident					
Undergraduate	2,031	2,094	2,083	2,112	2,244
City College	597	589	655	701	713
Graduate	243	232	239	240	236
Total Resident	2,871	2,915	2,977	3,053	3,193
Nonresident					
Undergraduate	103	115	128	133	158
City College	12	9	8	14	15
Graduate	16	13	22	21	20
Total nonresident	131	137	158	168	193
Western Undergraduate Exchange					
Main Campus	188	191	212	193	217
City College	35	32	28	34	37
Total Western Undergraduate Exchange	223	223	240	227	254
Total	3,225	3,275	3,375	3,448	3,640

	Degrees Granted - Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
University Campus:					
Associate Degrees	30	36	31	29	36
Bachelor's Degrees	461	439	447	513	579
Master's Degrees	116	110	131	107	115
Total University Campus	607	585	609	649	730
City College Campus:					
Certificates	48	42	40	40	22
Associate Degrees	181	206	187	193	225
Total City College	229	248	227	233	247
Grand Total Degrees	836	833	836	882	977

MSU Billings is the third largest public university in Montana. Alumni and workforce data show that graduates from MSU Billings stay in Montana and contribute to the state's economy and betterment of its communities.

MSU Billings started the 2020-2021 academic year two weeks early on Aug. 19 so that the campus could conclude the fall semester at Thanksgiving break. The fall headcount totaled 4,000 students, which is a 9.4% decrease from the prior fall's enrollment of 4,416, a direct impact of COVID-19. Of the 4,000 students, 2,500 are at University Campus and 1,500 are at City College. Dual enrollment decreased by 158, a 21.8% decline from fall 2019.

Fall 2020 enrollment data showed an increase in retention and graduate student enrollment, specifically in all mental and behavioral health programs at the undergraduate and graduate level. Programs in mental health and the RN to BSN nursing program experienced significant enrollment increases. MSUB's proximity to the city's medical corridor, strong relationships with the regional medical community and the current landscape demonstrates that MSUB's program offerings are in alignment with student, workforce and regional demands.

Campus Outlook

MSU Billings continues to serve our students and community with superior levels of excellence and efficiency. MSU Billings has invested in distance learning by developing full degree programs and general education online. This investment continues in order to provide educational offerings to Montana citizens who are place-bound or time-bound. Increasing opportunities for students to participate in internships and cooperative education experiences also continue to be a priority.

Grants and research production continues. The university recently received notification of a new four-year Department of Education CCAMPIS grant for $196,368, which aims to provide childcare for low-income students. The university's INBRE grant was renewed for $450,000 over five years. Continuing major grants include TRIO, Talent Search and Student Support Services, NIH, MT Health Care, America's Promise, Social Security, OPI, Corporation for Public Broadcasting, and Title III.

Because Billings is the primary health care center of the region, MSU Billings partnered with the industry to meet its educational needs and established the College of Health Professions and Science with key programs in athletic training, health and human performance, and rehabilitation and human services, as well as a RN to BSN nursing program. The program is being delivered online and helps to put more highly trained nurses in our medical facilities.

As part of the governor's "One-Two-Free" initiative to improve Montana's workforce, MSU Billings, along with other MUS institutions, is working with local school districts to expand dual-enrollment programs, whereby high school students can take college-level courses taught at their high schools and receive credit at both institutions. With High School Connections, students can take two free college classes, opening the door to further education and preparing them for college. MSU Billings also offers the University Connections program for high school students to participate in classes at the university.

The 2013 Montana Legislature appropriated $10 million for the renovation and expansion of MSUB's outdated science facility. The renovated Yellowstone Science and Allied Health Building will provide state-of-the-art facilities for both the College of Liberal Arts and Social Sciences and the College of Health Professions and Science. In 2018, the MSU Billings Foundation achieved the required $5 million fundraising match, and construction commenced in September 2019. The project is on schedule to be completed in fall 2021.

City College at MSU Billings has continued its transition to a true "community" college by expanding its offerings and programs, focusing on the needs of two-year education and workforce development in the Billings region.

Support for the university continues to be strong as well, with the MSU Billings Foundation distributing $2.1 million in scholarships for MSU Billings students in fiscal year 2020.

MSU-Northern

Campus Overview

Founded by the Montana Legislature in 1913, the Northern Montana Agricultural and Manual Training School opened in 1929 and was known as the Northern Montana School. In 1931, it began to be commonly called Northern Montana College, and in 1994 it became Montana State University-Northern as part of the restructuring of the Montana University System. MSU-Northern offers liberal arts, professional and technical education programs ranging from certificates through master's degrees.

The university is known for its supportive, student-centered environment in which a unique mix of academic programs are responsive to local, regional and state workforce needs, offered in an atmosphere that promotes student success. MSU-Northern provides liberal arts, professional and technical programs that serve a diverse student population; promotes a student-centered and culturally enriched environment which fosters student success; and partners with external entities to enhance and expand learning experiences.

MSU-Northern is accredited by the Northwest Commission on Colleges and Universities. Its programmatic accreditations also include the Accreditation Commission for Education in Nursing (ACEN), the Montana State Board of Nursing, the Engineering Technology Accreditation Commission/Accreditation Board of Engineering Technology (ETAC/ABET), the National Automobile Technicians Education Foundation (NATEF) and the Montana Office of Public Instruction.

MSU-Northern values individualized attention to its students, experiential learning and creating a culturally rich and intellectually stimulating environment. From its main campus on the Montana Hi-Line, the university serves as a regional cultural center and maintains strong partnerships with communities, education, business and industry.

Enrollment

	Student FTE for Fiscal Years Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Resident					
Undergraduate	786	806	862	886	860
Graduate	44	38	45	55	64
Total resident	830	844	907	941	924
Nonresident					
Undergraduate	47	46	47	46	57
Graduate	0	0	1	1	1
Total nonresident	47	46	48	47	58
Western Undergraduate Exchange	110	111	118	133	113
Total	987	1,001	1,073	1,121	1,095

	Degrees Granted - Fiscal Years Ended June 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Undergraduate	296	272	217	281	240
Graduate	18	16	27	22	28
Total:	314	288	244	303	268

Campus Outlook

MSU-Northern, located in the rural northern region of Montana is deeply committed to providing a supportive, student-centered environment. Northern utilizes innovative teaching, alternate delivery methods and partnerships with tribal colleges across Montana and a number of two-year colleges throughout the Northwest, helping these institutions expand their program offerings in the realm of four-year baccalaureate degrees. Together, we ensure that Northern students can attain an education that works.

Great Falls College MSU

Campus Overview

Great Falls College Montana State University (GFC MSU), an affiliated campus of Montana State University, is an independently accredited, comprehensive two-year college primarily serving north-central Montana. GFC MSU prides itself on being a student-centered two-year college, providing quality educational opportunities responsive to community needs.

GFC MSU is a progressive public institution offering two-year transfer degrees as well as degrees and certificates preparing students to enter high-skill, high-wage, high-demand careers. Transfer degrees include general education (Associate of Arts, Associate of Science and the Montana University System Core) offerings. The Certificate and Associate of Applied Science degrees include one- and two-year applied programs in Health Sciences, Accounting, Trades, and Technology disciplines.

The college also works with employers to ensure students are getting the knowledge they need to be successful in employment. Additional offerings related to workforce development, customized and contracted training, and community enrichment are provided as part of economic and community development. Several of the health sciences and trades programs are unique to the state and the region.

In partnership with Great Falls Public Schools, the Career and College Readiness program is also housed on the Great Falls College MSU campus. The college has a full complement of student, academic and administrative services reflective of a larger campus.

GFC MSU began as the Great Falls Vocational - Technical Center, established by the Montana Legislature in 1969 to offer employment training in vocational and technical fields with governance provided by the local school districts. In July 1989, the governance of the center and the other Montana vocational technical centers was transferred to the Montana Board of Regents. In January 1994, the Regents approved the restructuring of the Montana University System. Montana State University-Bozeman, Montana State University-Billings, Montana State University-Northern and Great Falls College Montana State University are related through common management; however, they are separate and distinct entities.

GFC MSU is regionally accredited by the Northwest Commission on Colleges and Universities. Various academic programs are accredited individually as well, primarily those within medical fields. Since 2012, Great Falls College Montana State University has seen a steady decline in enrollment. This fits with national trends of a strong economy having negative impacts on overall enrollment at two-year institutions.

Enrollment

	Student FTE for Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
Resident					
Undergraduate	831	996	1,085	1,123	1,178
Nonresident					
Undergraduate	24	28	38	51	38
Western Undergraduate Exchange	4	6	5	7	4
Total	859	1,030	1,128	1,181	1,220

	Degrees Granted - Fiscal Years Ended June 30,				
	2020	2019	2018	2017	2016
Certificate of Applied Science	64	102	86	102	74
Professional Certificate*	14	44	56	130	119
Associate of Science/Arts	114	124	118	104	100
Associate of Applied Science	93	142	161	180	178
Total	285	412	421	516	471

Campus Outlook

Great Falls College MSU will continue to provide excellent instruction to its students as it helps them move through the COVID-19 pandemic. Fortunately, the vast majority of the college's faculty were already teaching at least one section of an online course before the pandemic, so the transition to remote instruction went smoothly in March 2020. The Teaching and Learning Center will continue to provide workshops and individualized training to support the faculty's online teaching efforts. Several faculty members are implementing a HyFlex teaching model in which students can participate in a class in-person and remotely in both synchronous and asynchronous manners.

In addition, the college will strengthen its marketing efforts, its community outreach and its development of internships for the accounting and computer technology programs, as they provide good wages and employment opportunities for students. The respiratory care program will be removed from moratorium and renamed respiratory therapy. The program will be revitalized through a three-campus partnership between Great Falls College MSU, City College in Billings and Gallatin College in Bozeman. The program will be offered using remote technologies, similar to surgical technology and the PN nursing program to provide access to more communities and health care partners. The trades division will continue to strengthen its dual credit program with Great Falls Public Schools, develop new ties to industry for internships and expand concurrent enrollment opportunities with local school districts. The trades program will support the customized training programs offered by the Lifelong Learning Center.

The Lifelong Learning Center provides community and continuing education programs, plus customized training to business, community and military partners. In the summer, several kids career exploration camps are held.

The college will also break ground on its dental clinic expansion, with a completion goal of fall 2021. The expanded space will enable the state's only dental hygiene program to increase capacity from 18 to 25 students each year. The dental hygiene students are in addition to the 18 possible students in dental assisting.