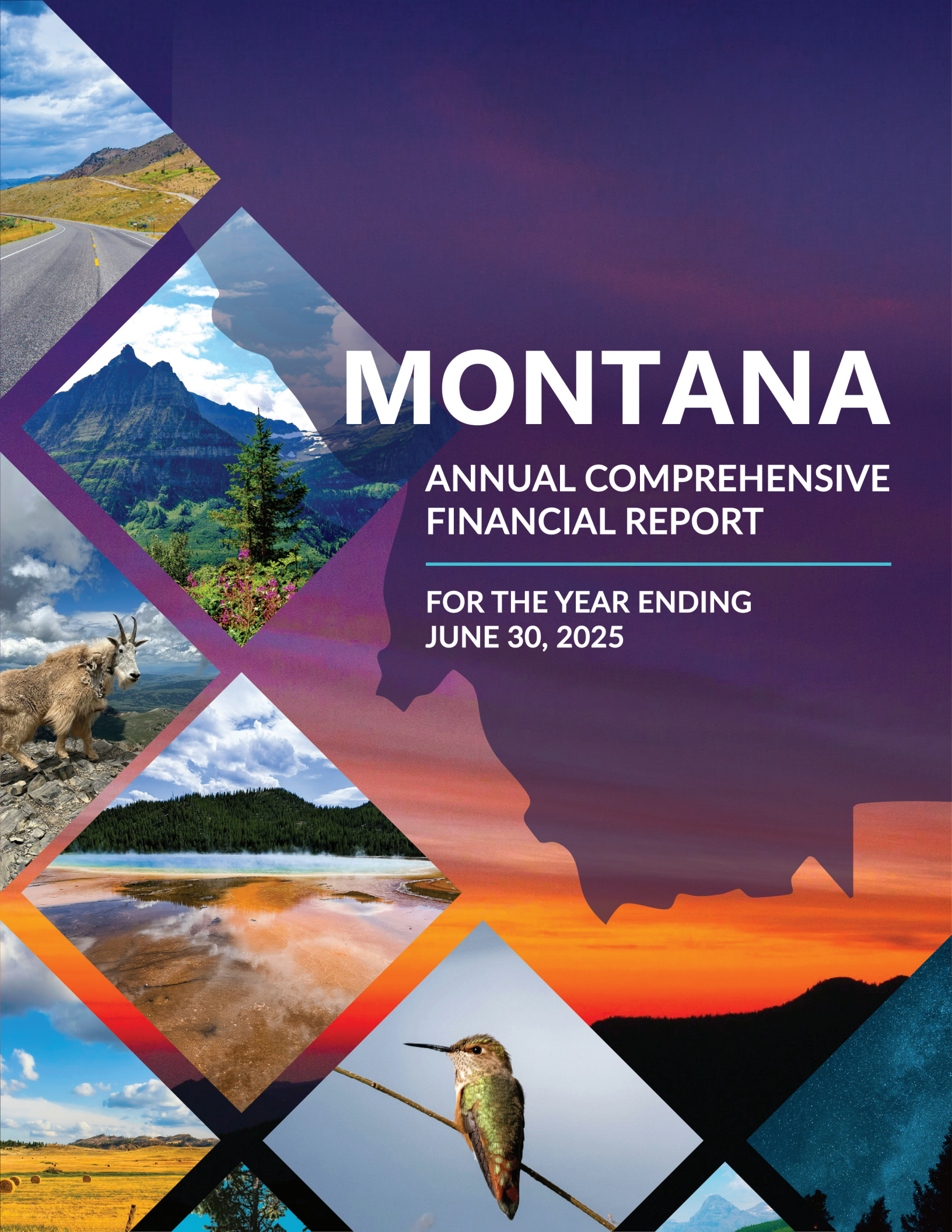


MONTANA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDING
JUNE 30, 2025

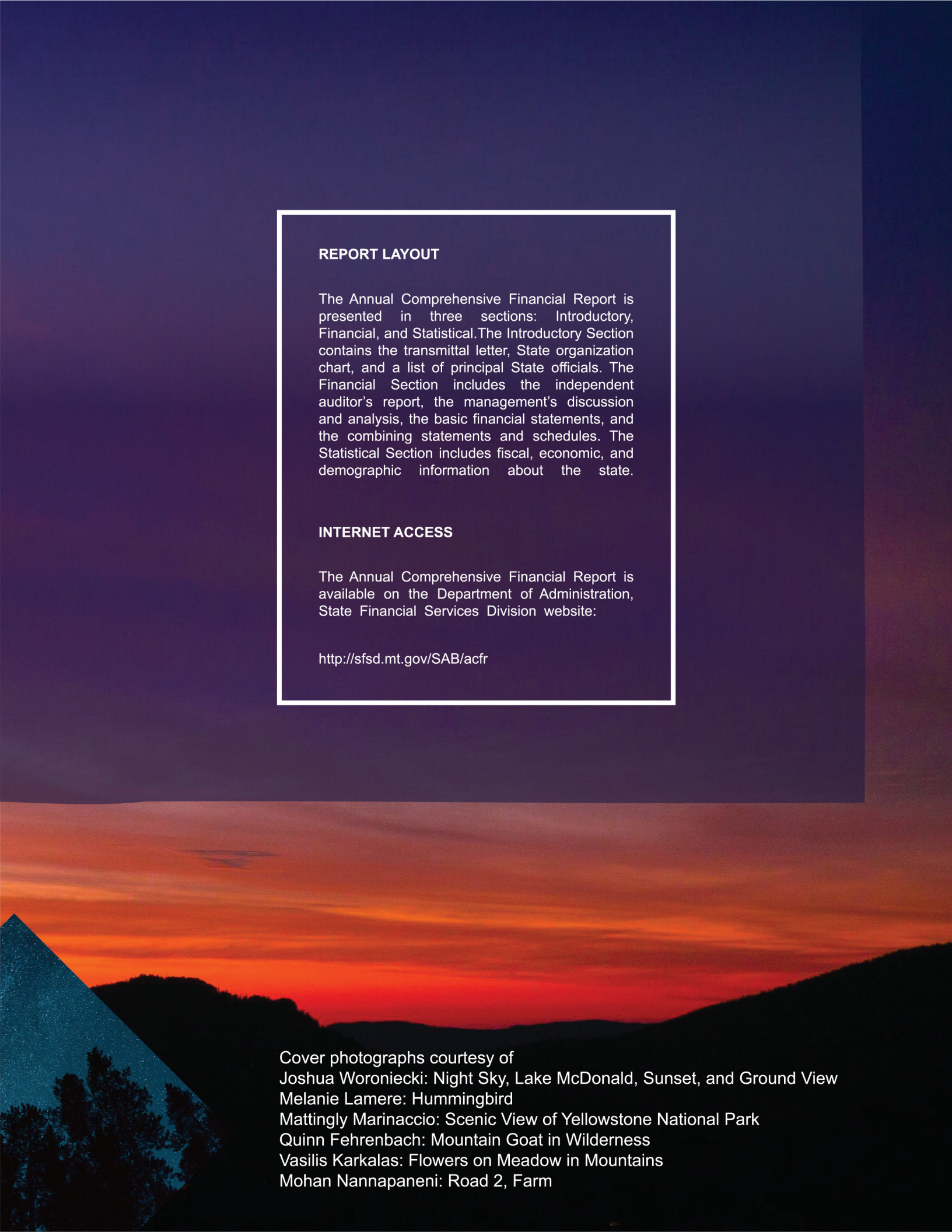
REPORT LAYOUT

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

INTERNET ACCESS

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

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



Cover photographs courtesy of
Joshua Woroniecki: Night Sky, Lake McDonald, Sunset, and Ground View
Melanie Lamere: Hummingbird
Mattingly Marinaccio: Scenic View of Yellowstone National Park
Quinn Fehrenbach: Mountain Goat in Wilderness
Vasilis Karkalas: Flowers on Meadow in Mountains
Mohan Nannapaneni: Road 2, Farm

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE OF MONTANA
ANNUAL COMPREHENSIVE FINANCIAL

Department of Administration

Misty Ann Giles, Director

State Financial Services Division

Cheryl Grey, CPA, Administrator

Statewide Accounting Bureau

Jennifer Thompson, CPA, State Accountant

Statewide Accounting & Financial

Drew Bisenius, CPA, Manager

Kelly Garber, Accountant

Mike Huotte, CPA, Accountant

Wenruizi Koch, CPA, Accountant

Barbara Walsh, Accountant

Available at the Department of Administration, State Financial Services Division website:

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

STATE OF MONTANA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

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STATE OF MONTANA

Introductory Section

MONTANA DEPARTMENT OF ADMINISTRATION

State Financial Services Division
Cheryl Grey, Administrator

Statewide Accounting & Financial Systems • 406.444.3092
Local Government Services • 406.444.9101
sfsd.mt.gov

March 2, 2026

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

In accordance with Title 17, Chapter 2, Part 110, Montana Code Annotated (MCA), we are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the State of Montana (State) for the fiscal year (FY) ended June 30, 2025. Responsibility for the accuracy of the data presented, as well as the completeness and fairness of the presentation, rests with the Department of Administration. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the State of Montana. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

DESCRIPTION OF THE ACFR

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

The State's ACFR is divided into three main sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, an organization chart for the State, and a list of principal state officials. The financial section contains management's discussion and analysis, the independent auditor's report, government-wide financial statements, fund financial statements, notes to the financial statements, combining statements by fund type, and other schedules. The statistical section includes financial, economic, and demographic data.

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

PROFILE OF THE GOVERNMENT

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

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

ECONOMIC CONDITION AND OUTLOOK

Montana's primary economic base is concentrated in service-providing industries. Production is sourced primarily from service-providing industries (e.g., healthcare, trade/transportation/utilities, financial services, professional and business services). In 2024, service-providing industries accounted for over 80% of the state's real Gross State Product (GSP), while goods industries accounted for the remaining 20%. Montana's four largest private-sector industries by share of real GSP are trade/transportation/ utilities services, financial services, education and health services, and professional and business services. Other important industries for Montana include manufacturing, construction, and leisure/ hospitality (driven by nonresident travel). Montana's industry mix remains roughly the same through 2025. According to the 2025 Labor Day Report issued by the Montana Department of Labor and Industry, the Montana economy grew by 2% in 2024, stabilizing after a period of rapid growth following the exit from the pandemic recession.

Nonfarm payroll employment (NPE) is defined as the number of paid workers in all businesses, excluding those who work for farms, serve in the military, or volunteer for nonprofit organizations. Montana's NPE is on a steady incline, increasing to 540,600 in June 2025 after adding 15,000 jobs (an increase of 2.9%) since June 2024. Employment gains are continuing into the 2026 fiscal year. The statewide unemployment rate was 2.8% as of July 2025, down from 3.0% in July 2024. In 2024 over 560,000 people were employed - a record high for Montana. Employment is at an all-time high, the unemployment rate remains low, and economic production continues to grow at a steady pace. Like GSP, Montana's employment is concentrated in the service-providing sector. Industries in this sector account for about 87.7% of total NPE in the state.

Montana's tight labor market has pushed nominal wage growth higher over the past few years as firms compete for qualified workers. According to the 2025 Labor Day Report issued by the Montana Department of Labor and Industry, the average wage for Montana workers rose by 1.9% on an inflation-adjusted basis in 2024. Montana's average annual salary was $60,037 in 2024. Montana ranks third in the nation for the fastest wage growth since 2020. Wage growth outpaced inflation in 2024, resulting in a 1.9% real average wage growth, the tenth fastest among states. Professional service workers had the fastest real wage growth of 4.8% in 2024. The average wage reached $102,000, making it the second-highest-paying industry in Montana after natural resources. Personal income, which measures the value Montanans receive from their economic activity, has risen by 7.2% annually since 2020, ranking Montana as the eighth fastest-growing state among states. Per capita income rose to $67,615 in 2024, ranking 29th among states.

Service-Providing Industries

Healthcare is one of Montana's largest employing industries. Using industry employment data from the Montana Department of Labor and Industry, employment in Montana's healthcare and social assistance industry increased by 800 jobs from June 2024 to June 2025. The total number of jobs in the industry increased by 1.1% from 74,500 to 75,300.

The trade, transportation, and utilities industries are part of the service-providing sector. The professions consist of wholesale trade, retail trade, transportation and warehousing, and utilities. These professions have the highest employment in the State. Data from the Montana Department of Labor and Industry indicate Montana's trade, transportation, and utilities industry increased 1.5% to 103,000 jobs in June 2025, compared to 101,500 jobs in 2024.

The professional and business services industry is part of the service-providing sector. The professions comprise professional scientific services, technical services, management of companies and enterprises, administrative/support services, and waste management/remediation services. Data from the Montana Department of Labor and Industry indicate Montana's professional and business services industry increased by 2,900 jobs from June 2024 to June 2025. This represented a 5.5% increase, from 53,200 to 56,100.

The financial services sector encompasses employment in financing, insurance, real estate, and rental leasing. Data from the Montana Department of Labor and Industry show employment in Montana's financial services sector increased to 21,200 in June 2025, compared to 20,700 in June 2024.

Nonresident Travel

Nonresident travel to Montana in 2024 was approximately 13.8 million visitors, which is an increase of approximately 1.2 million visitors from 2023. Yellowstone National Park welcomed 4.7 million visitors in 2024, representing a 5.4% increase from 2023. Visitors to Glacier National Park increased in 2024, reaching 3.2 million, a 10.3% rise from the previous year.

Nonresident travelers contribute directly to the tax base by paying the lodging tax and excise taxes, such as those on gasoline, and indirectly by supporting employment in industries that pay corporate taxes and whose employees pay income, property, and other taxes. Estimated nonresident direct travel expenditures in Montana totaled nearly $4.9 billion in 2024, representing a decrease of $521.0 million from 2023.

Agriculture

Montana's wheat crop utilized 4.9 million acres in 2025, an insignificant change from 2024. Wheat production increased in 2025, increasing over 8.3 million bushels to 181.7 million bushels from 173.4 million bushels in 2024. Winter wheat production increased to 99.6 million bushels compared to the 2024 level of 91.5 million bushels, representing an 8.9% increase. Spring wheat production decreased by 8.9% from 2024 to 2025, decreasing from 62.1 million bushels to 56.6 million bushels. Durum production increased to 25.5 million bushels in 2025 from 19.8 million bushels in 2024.

Montana's other major agricultural commodities include oats, barley, and cattle. Oat production in Montana was 1.7 million bushels which was an increase of 809.0 thousand bushels in 2025 from 891.0 thousand bushels in 2024. Barley production decreased in 2025 to 31.6 million bushels, with the amount of barley harvested in 2024 at 36.7 million bushels. Montana ranked 12th in the U.S. cattle and calf industry, producing 2.2 million head in 2025. Montana's 2024 receipts from cattle sales were $2.1 billion.

Natural Resources/Mining

Montana's natural resources and mining industry employed 5,600 workers at the end of June 2025, an 8.2% decrease from 6,100 workers at the end of June 2024. Total crude oil production in the state was 22.6 million barrels in 2023 and increased to 26.6 million barrels in 2024, according to data from the U.S. Energy Information Administration (EIA).

Montana's total coal reserves were estimated at 118.3 billion short tons, with recoverable reserves of 74.2 billion short tons in 2024. This represents 25.3% of the total U.S. reserves and 29.8% of the recoverable U.S. reserves. Montana's recoverable coal reserves at producing mine sites stood at 315 million short tons in 2024, 3.0% of the U.S. total.

Historically, mineral mining has been a significant part of Montana's economy. While there is no published data on proven reserves for metals mining, Montana's mines continue to produce copper, molybdenum,

lead, zinc, palladium, gold, silver, cobalt, nickel, chromate, platinum, and other metals. Montana also produces non-metal minerals, including talc, limestone, bentonite, garnets, and sapphires. The "rare earth" metals, now in demand in many new products, are also known to exist within the state.

Long-Term Financial Planning

The State, as part of its biennial budget, determines how to enact the next few years of long-range planning as required by various MCA statutes. As part of the budgeting process, the Office of Budget and Program Planning forecasts revenue for six years and conducts financial and budgetary stress tests over the same period. For the 2027 biennium, the Legislature passed legislation that continues a macro-statewide financial analysis, looking forward ten years, as part of the budgeting process. Capital improvement programs focus on the construction and maintenance of state buildings, energy efficiency improvements in state facilities, and investments in state services. The loan and grant programs focus on helping local governments fund infrastructure projects, funding projects that benefit the State's natural heritage, reclaiming land impacted by mineral development, funding regional water systems, protecting works of art in the State Capitol, and other cultural and aesthetic projects. Current financial information can be found in the Supplemental Information for nonmajor governmental funds. The funds are reported in the debt service, capital projects, and permanent funds.

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

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

MAJOR INITIATIVES AND LONG-TERM OUTLOOK

The 2025 Legislature completed work and adjourned on April 30, 2025. Upon adjournment, it was anticipated that 2027 biennium General Fund revenue collections, adjusted for legislation, would be approximately $6.7 billion, and General Fund expenditures would be approximately $7.0 billion, of which $700.0 million is one-time-only (OTO) and not ongoing. At the end of fiscal year 2027, the unassigned General Fund balance is estimated to be $324.4 million.

The following are the major financial highlights of the 2027 biennium budget:

1. House Bill (HB) 337 provides income tax savings by raising the income thresholds at which the higher marginal tax rate applies for non-capital gains income and net long-term capital gains income. These income thresholds rise in both tax years (TY) 2026 and 2027. In conjunction, the top marginal rate is lowered from 5.9% to 5.65% in TY 2026 and then to 5.4% in TY 2027. The bill also increases the earned income tax credit from 10.0% of the federal credit to 20.0% beginning in TY 2026. The reduction to general fund revenue is projected to be $21.0 million in FY 2026 and $191.0 million in FY 2027.
2. HB 231 and Senate Bill (SB) 542 work together to bring property tax relief through rebates and lower tax rates for primary residences and long-term rentals. There is a maximum $400 rebate that can be claimed by owners of primary residences who paid property taxes in TY 2024. The

total cost of this rebate program is estimated to be $95.0 million from the general fund in FY 2026. A system of graduated tax rates for residential and commercial property will be implemented in TY 2025, with further refinement in TY 2026, and will remain in effect for the ensuing years. For residential property, primary residences and long-term rentals will have four marginal tax rates depending on market value in relation to the statewide median. For commercial property, there will be two marginal tax rates. There is a new tax rate for residences that do not qualify as primary or as long-term rentals.

3. HB 18 moves non-levy property tax revenue from the general fund into the school equalization and property tax relief fund (reflected in the state special revenue fund). This amounts to an estimated $21.0 million for the 2027 biennium.
4. HB 924 is a comprehensive piece of legislation that impacts the structure of state finances. The bill created a new Montana Growth and Opportunity Trust. This trust was seeded with $474.0 million of general fund transfers in FY 2025 and will receive additional transfers of $120.4 million in FY 2026 and $92.0 million in FY 2027. The trust provides funding for pensions, housing, and state special revenue funds dedicated to property tax assistance, water development, local bridge infrastructure, and early childhood. The general fund transfers in FY 2026 and FY 2027 may be reduced if the general fund ending balance for the fiscal year is projected to fall below the operating reserve level. Starting in FY 2028 and thereafter, a volatile revenue component of general fund revenue is transferred to the trust fund each year. For this report, the trust funds are reflected in the general fund, and further details can be found in Note 1, Section R.
5. HB 505 required a transfer of $50.0 million from the general fund to the Montana housing infrastructure revolving loan fund. It also authorized the fund to retain its own interest earnings.
6. HB 515 provided for a general fund transfer of the amount necessary to bring the balance of the school facilities trust fund (reported within the coal severance tax trust fund) to $275.0 million. This transfer was made in August 2025 and totaled $61.6 million. Interest from the school facilities trust fund is redirected to the school facilities and technology state special revenue fund.
7. HB 833 provides funding to increase the state's correctional capacity, transferring $246.0 million from the general fund to the capital development fund by June 30, 2027.
8. The pay plan for the 2027 biennium, HB 13, gives state employees raises equal to 2.5% or $1.00 per hour, whichever is greater, effective July 1, 2025 and July 1, 2026.
9. The cap for the budget stabilization reserve fund (BSR) increased to $557.6 million for the 2027 biennium. Excess reversions from fiscal year 2025, calculated pursuant to 17-7-130, MCA, were transferred to the BSR fund in August 2025. This transfer filled the BSR fund to its statutory cap with the remainder being transferred to the capital development long-range building program fund. For this report, the BSR fund is reflected in the general fund committed fund balances as detailed in Note 1 Section R and Note 12 Section D.
10. HB 5 contains a $150.0 million transfer from the general fund to the capital development long-range building program fund to support the low-side housing expansion project at the Montana State Prison.
11. HB 10 authorizes $39.0 million from the general fund to be transferred on an as-needed basis to support long-range information technology projects. The funds are only available during the 2027 biennium.

FINANCIAL INFORMATION

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

Management of the State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. In developing and evaluating the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that the above objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits

likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary restrictions are imposed through appropriations approved by the Legislature or established administratively as provided for by state law. Appropriations are required by State law for the General, State and Federal Special Revenue, and capital projects funds. The level of budgetary control is generally established by fund. SABHRS is designed to provide budgetary control by preventing spending in excess of legislative and administrative authority. SABHRS also provides for encumbrance accounting as a technique for accomplishing budgetary control.

General Fund Balance

For fiscal year 2025, the total fund balance of the General Fund is $2.8 billion. Of this balance, $10.3 million is non-spendable. The remaining balance is spendable with $2.0 billion committed, $46.5 million assigned, and $773.1 million unassigned. The committed fund balance of $2.0 billion is the balance from multiple funds established in statute as State Special Revenue or Permanent funds, which are combined with the General Fund for financial statement presentation purposes (see Note 1 Section R). Of the assigned fund balance, $45.2 million represents outstanding encumbrances as of the end of the fiscal year.

The unassigned ending fund balance was $773.1 million as compared to $989.2 million in fiscal year 2024, representing a decrease of 22.1%. The decrease in ending fund balance was primarily the result of one-time-only expenditures authorized during the 2025 legislative session that were required to be completed by the end of FY 2025. At the beginning of the 2027 biennium, current budget estimates anticipate unassigned fund balances of $416.8 million in FY 2026 and $86.8 million FY 2027.

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Montana for its annual comprehensive financial report for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

/s/ Jennifer Thompson

Jennifer Thompson, CPA

State Accountant
State Financial Services Division
Department of Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Montana

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

STATE OF MONTANA ORGANIZATION CHART

LEGISLATIVE

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

EXECUTIVE

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

JUDICIAL

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

STATE AGENCIES

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

STATE OF MONTANA
SELECTED STATE OFFICIALS

Executive Branch

Greg Gianforte, Governor, Elected in 2020 and 2024
Kristen Juras, Lieutenant Governor, Elected in 2020 and 2024

Judicial Branch

Cory Swanson, Chief Justice, Elected in 2024
Mike McGrath, Chief Justice, Elected 2008 through 2024

Legislative Branch

Matt Regier, President of the Senate, Elected 2025
Jason Ellsworth, President of the Senate, Elected 2023-2024

Brandon Ler, Speaker of the House, Elected 2025
Matt Regier, Speaker of the House, Elected 2023-2024

Other state official information can be obtained online: http://mt.gov

STATE OF MONTANA

Financial Section

LEGISLATIVE AUDIT DIVISION

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

Deputy Legislative Auditors
Alexa O'Dell
William Soller
Miki Cestnik

Independent Auditor's Report

The Legislative Audit Committee
of the Montana State Legislature:

Report on the Audit of Consolidated Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Montana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the state of Montana's basic financial statements as follows:

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

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Montana, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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We did not audit the financial statements of the Montana State University (MSU) component units, the University of Montana (UM) component units, the Montana State Fund (MSF), or the Montana Reinsurance Association (MRA) which represent 48.59 percent, 55.55 percent, and 21.79 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2025. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts for the component units of MSU and UM, and the MSF and MRA component units, as noted above, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026, on our consideration of the state of Montana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the state of Montana's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (25-01).

Respectfully submitted,

/s/ Alexa O'Dell

Alexa O'Dell, CPA
Deputy Legislative Auditor
Helena, MT

March 5, 2026

THE GREAT SEAL OF THE STATE OF MONTANA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Management of the State of Montana (State) provides this *Management's Discussion and Analysis* of the State of Montana's basic financial statements included in the Annual Comprehensive Financial Report (ACFR). This narrative and analysis provide an overview of the financial activities of the State of Montana for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the additional information that is furnished in the State's financial statements, which follow.

FINANCIAL HIGHLIGHTS

Government-wide

The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2025 by $16.9 billion compared with $15.5 billion at the end of fiscal year 2024, representing a 9.0% increase in net position. Component units reported a net position of $3.1 billion at the end of fiscal year 2025, compared to $2.8 billion at the end of fiscal year 2024. More detail is provided in the financial statement overview below.

Fund Level

As of the close of fiscal year 2025, the State's governmental funds reported combined ending fund balances of $9.4 billion compared with $8.7 billion in fiscal year 2024. This represents a $741.6 million (8.5%) increase in total fund balance. Of the 2025 balance, $2.8 billion is not in spendable form, primarily as permanent fund principal. Thus, $6.6 billion is available for spending. The fund balance in spendable form is segregated by constraint as follows: $1.5 billion is restricted, $4.3 billion is committed, $68.5 million is assigned, and $773.1 million is unassigned. These changes are discussed in more detail in the financial analysis of the State's major funds presented below.

The State's business-type activity funds reported a net position at the close of fiscal year 2025 in the amount of $866.5 million compared with a fiscal year 2024 net position of $813.5 million. Of the 2025 business-type activity net position, $66.6 million was reported as net investment in capital assets. Net position of $800.0 million was in spendable form with $25.1 million unrestricted and $774.9 million restricted for expenditure on a specific purpose. This represents a $39.5 million (5.2%) increase in spendable net position from the fiscal year 2024 balance of $760.5 million. These changes are discussed in more detail in the financial analysis of the State's major funds presented below.

Long-term Debt

The State's total governmental activity bonds and notes payable for governmental activities decreased by $0.1 million, from $1.4 million in fiscal year 2024 to $1.3 million, a (7.7)% decrease in fiscal year 2025. 17-6-214, MCA, established a Debt and Liability Free fund to pay off outstanding bonds, notes, and other obligations, as well as forgo or reduce the amount of future general obligation bond issuances. It has been funded with transfers and interest revenues earned by the treasury cash account through fiscal year 2025. In fiscal year 2025, this fund helped finance projects that previously would have been financed with long-term debt. The balance in this fund can be found within committed General Fund balances, discussed in Note 1, section R. Further detail relating to the State's long-term debt is provided in notes to the financial statement's Note 11.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Montana's overall financial position increased from the last fiscal year, as reflected in the $1.4 billion increase (9.0%) in net position. This improvement resulted from the continued growth, particularly in investment earnings revenue. Revenue is expected to remain consistent in fiscal year 2026, but expenditures are expected to increase in the next biennium as the initiatives of the Legislative session come to fruition.

Net Position

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. The State's combined net position (government and business-type activities) totaled $16.9 billion at the end of fiscal year 2025. Net position of both governmental and business-type activities increased by $1.3 billion (9.0%) and increased by $53.0 million (6.0%), respectively. These changes are explained in detail in the Financial Analysis of the State's Major Funds section.

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

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

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

Net Position
June 30, 2025
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Current and other assets [3]	$ 11,734,142	$ 12,154,248	$ 909,496	$ 939,251	$ 12,643,638	$ 13,093,499
Capital assets	8,194,082	8,618,807	58,002	70,841	8,252,084	8,689,648
Total assets	19,928,224	20,773,055	967,498	1,010,092	20,895,722	21,783,147
Deferred outflows of resources	510,610	491,669	3,912	4,063	514,522	495,732
Long-term liabilities Due in more than one year [2]	2,871,711	2,728,696	21,933	22,621	2,893,644	2,751,317
Other liabilities	2,113,954	1,830,977	131,976	121,834	2,245,930	1,952,811
Total liabilities	4,985,665	4,559,673	153,909	144,455	5,139,574	4,704,128
Deferred inflows of resources	800,158	702,986	3,979	3,151	804,137	706,137
Net investment in capital assets	7,972,553	8,422,622	53,045	66,583	8,025,598	8,489,205
Restricted [1]	4,129,265	4,371,561	734,780	774,884	4,864,045	5,146,445
Unrestricted [1] [3]	2,551,193	3,207,882	25,697	25,082	2,576,890	3,232,964
Total net position	$ 14,653,011	$ 16,002,065	$ 813,522	$ 866,549	$ 15,466,533	$ 16,868,614

[1] The fiscal year 2024 restricted net position and unrestricted net position for the governmental activities and total primary government are restated due to a reclassification related to net pension assets.

[2] Fiscal year 2024 long-term liabilities due in more than one year for the governmental activities and unrestricted net position are restated due to the establishment of a liability for the Confederated Salish and Kootenai Tribes Water Compact, as reported in Note 2.

[3] Fiscal year 2024 Current and other assets and Unrestricted net position for the governmental activities are restated due to the State Lottery correction of an error, as reported in Note 2.

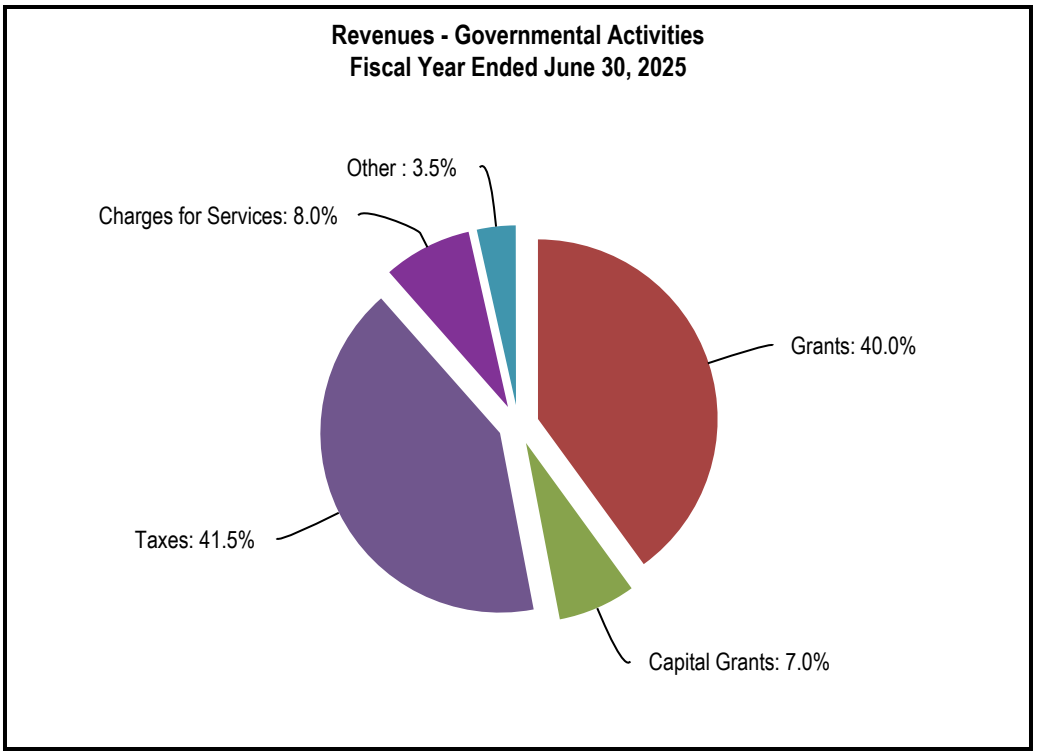
The following condensed financial information was derived from the government-wide Statement of Activities, and reflects how the State's net position changed during the fiscal year:

Changes in Net Position
For Fiscal Year Ended June 30, 2025
(expressed in thousands)

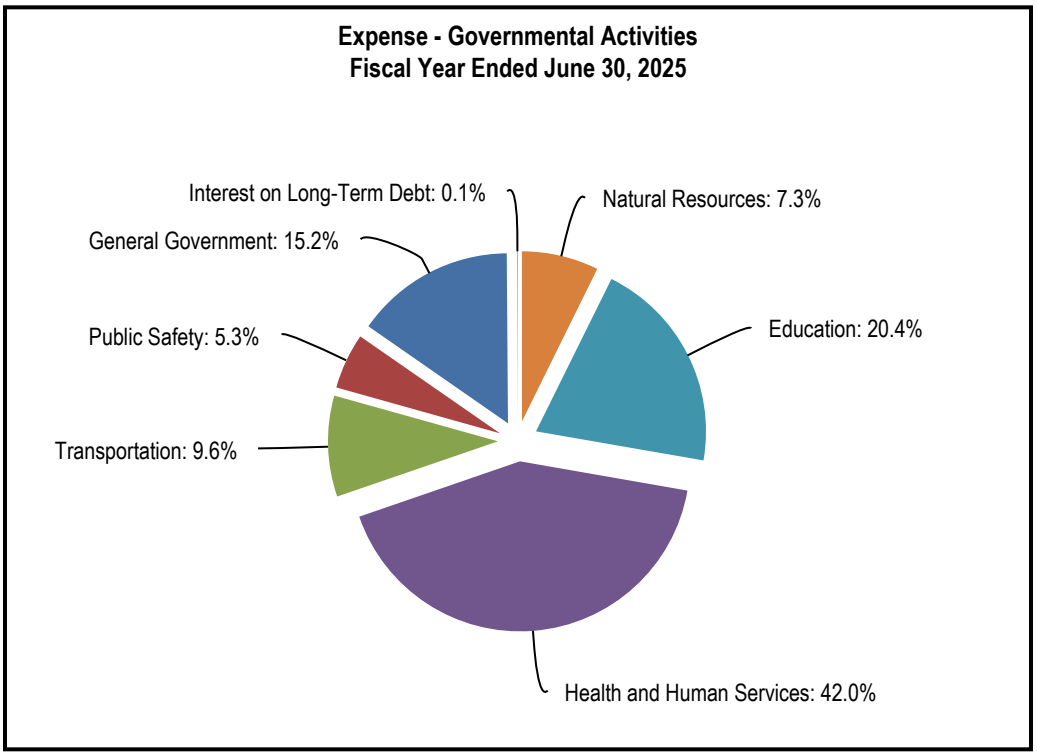
	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Revenues:						
Program revenues						
Charges for services	$ 819,963	$ 804,348	$ 610,563	$ 626,258	$ 1,430,526	$ 1,430,606
Operating grants	3,740,305	4,048,074	90,360	107,227	3,830,665	4,155,301
Capital grants	770,583	708,838	1,395	1,006	771,978	709,844
General revenues						
Taxes	4,143,813	4,191,735	41,733	41,257	4,185,546	4,232,992
Other	344,409	350,693	13,915	14,226	358,324	364,919
Total revenues	9,819,073	10,103,688	757,966	789,974	10,577,039	10,893,662
Expenses:						
General government	1,260,778	1,338,326			1,260,778	1,338,326
Public safety	563,562	478,464			563,562	478,464
Transportation	749,969	851,382			749,969	851,382
Health and human service	3,481,957	3,706,006			3,481,957	3,706,006
Education	1,707,303	1,802,341			1,707,303	1,802,341
Natural resources	585,829	642,181			585,829	642,181
Interest on long-term debt	5,709	6,828			5,709	6,828
Unemployment Insurance			127,590	150,801	127,590	150,801
Liquor Stores			125,759	124,679	125,759	124,679
State Lottery			139,584	127,192	139,584	127,192
Municipal Finance Programs			4,231	3,980	4,231	3,980
Hail Insurance			922	2,525	922	2,525
Other Services			85,695	98,081	85,695	98,081
Prison Funds			8,702	8,025	8,702	8,025
MUS Group Insurance			124,896	146,588	124,896	146,588
MUS Workers Comp			2,779	4,182	2,779	4,182
Total expenses	8,355,107	8,825,528	620,158	666,053	8,975,265	9,491,581
Increase (decrease) in net position before transfers	1,463,966	1,278,160	137,808	123,921	1,601,774	1,402,081
Transfers	57,144	70,894	(57,144)	(70,894)	—	—
Change in net position	1,521,110	1,349,054	80,664	53,027	1,601,774	1,402,081
Net position, beg of year (as adjusted)	13,131,901	14,653,011	732,858	813,522	13,864,759	15,466,533
Net position, end of year	$ 14,653,011	$ 16,002,065	$ 813,522	$ 866,549	$ 15,466,533	$ 16,868,614

Governmental Activities

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

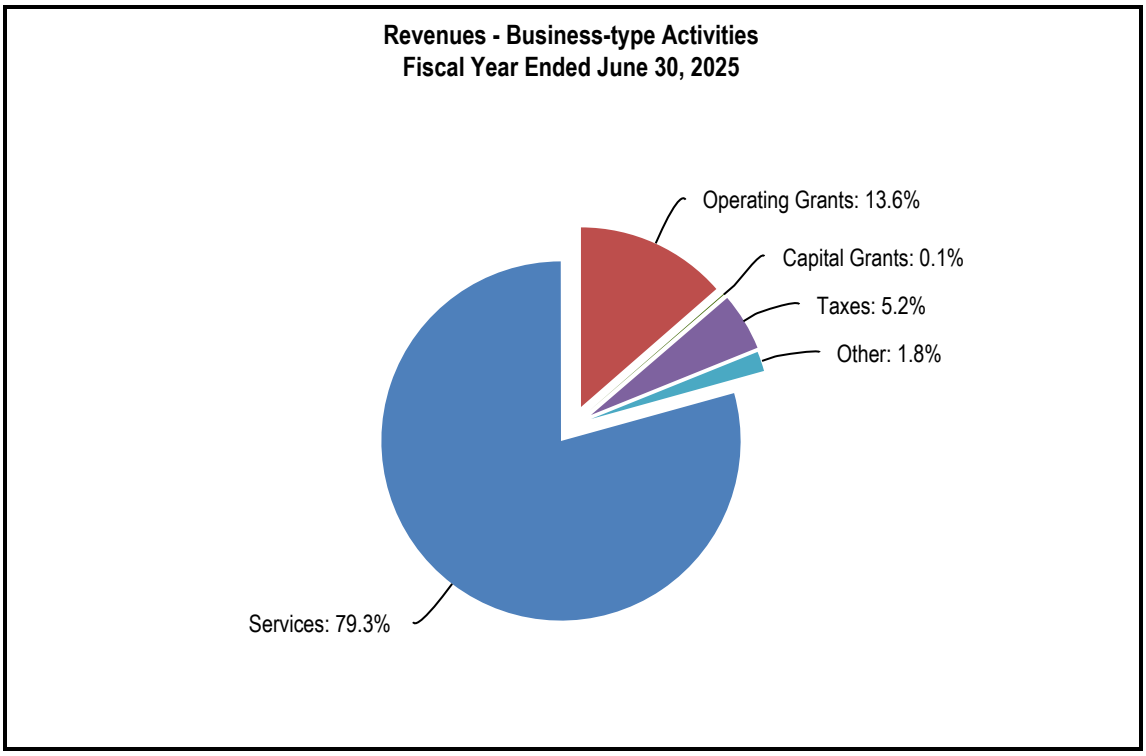


The following chart depicts expenses of the governmental activities for the fiscal year:

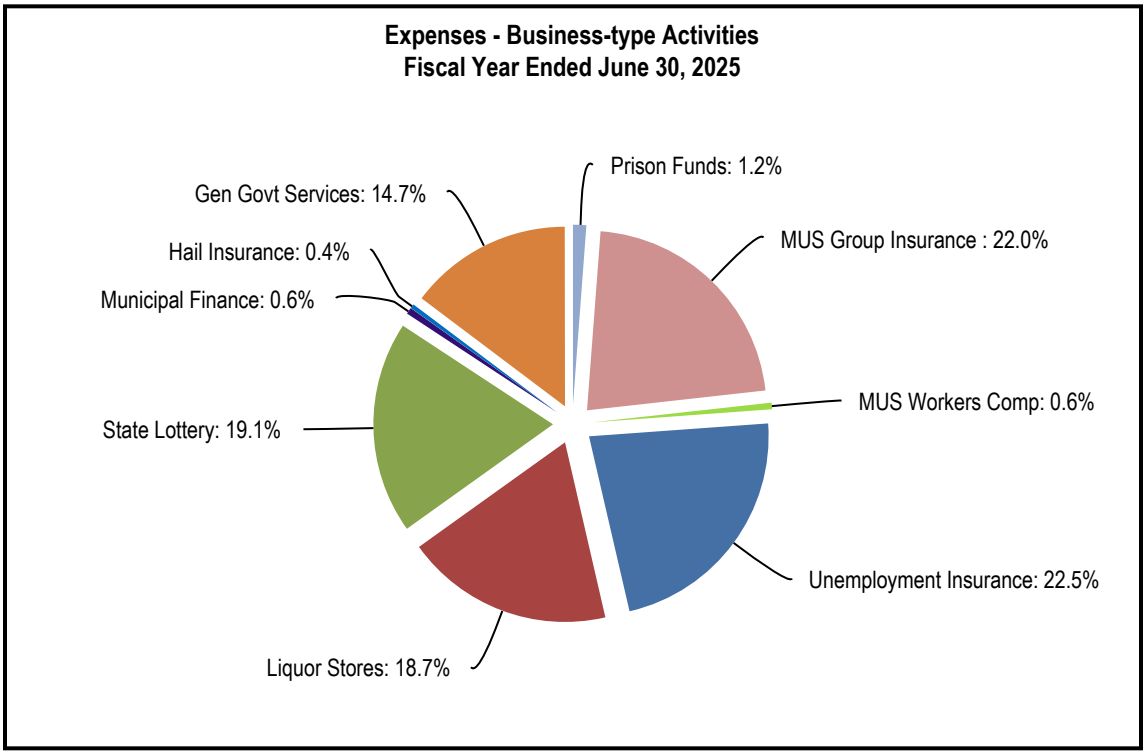


Business-type Activities

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



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



FINANCIAL ANALYSIS OF THE STATE'S MAJOR FUNDS

As the State completed the year, its governmental funds reported fund balances of $9.4 billion. Of this total, $6.6 billion (70.3%) constitutes spendable fund balance, and $2.8 billion (29.7%) is classified as non-spendable. The analysis of the following major funds, which provide the majority of the governmental fund balances, follows.

General Fund Revenues and Expenditures

The General Fund is the chief operating fund of the State. For fiscal year 2025, the total fund balance of the General Fund was reported at approximately $2.8 billion. Of this balance, $10.3 million is non-spendable. The remaining balance is spendable with $2.0 billion committed, $46.5 million assigned, and $773.1 million unassigned. This spendable fund balance of the General Fund represents 42.3% of the $6.6 billion spendable governmental fund balances for all governmental funds. The assigned fund balance of $45.2 million represents outstanding encumbrances as of the end of the fiscal year.

The committed fund balance of $2.0 billion represents the funding set aside by the Legislature for specific initiatives such as the budget stabilization reserve, property tax rebates, fire suppression funds, and more. House Bill 924, passed by the 2025 Legislature, created several new initiatives, as part of the Montana Growth and Opportunity Trust, including housing, pensions, property tax assistance, and more. Many of these initiatives are legislatively prescribed to be in certain funds, but do not meet the GASB 54 requirements for such classification. For a full list of committed balances, see Note 1, section R.

Further details on the breakdown of fund balance for the General Fund is provided in Note 14 – Major Purpose Presentation.

Total fund balance increased by $311.7 million when compared to the previously reported fund balance of $2.5 billion. Changes in both expenditures and revenues are discussed in detail below.

General Fund Revenues – Total General Fund revenues were $3.5 billion for fiscal year 2025, a 2.2% increase from the $3.4 billion reported in 2024. Fiscal year 2025 tax revenue increased by 2.7% in total over 2024; other tax collections are up 4.8% and individual income tax collections increased by 2.9%.

General Fund Expenditures – Total General Fund expenditures for fiscal year 2025 increased by $193.1 million (7.0%). The increase in expenditures is detailed by function as follows:

- Health and human services expenditures increased by $77.4 million (10.7%), due to an increase in social assistance distributions and payments to local agencies.
- Education expenditures increased by $119.9 million (15.3%), primarily due to an increase in direct state aid.
- Natural resources expenditure increased by $36.2 million (35.9%), due to increasing operating costs, fire suppression services, and the purchase of equipment.
- Public safety expenditures increased by $19.6 million (4.8%), due to room and board costs paid to outside facilities for inmates and other increasing operating costs.

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

General Fund Expenditure Budget Reversions

Fund balances are not reserved for reverted appropriations. For fiscal year 2025, General Fund appropriations that reverted to 2026 were $71.6 million, detailed as follows:

- The Department of Public Health and Human Services had unspent appropriations of $5.4 million related to various programs that received funding that could only be used for those programs and other operational costs.
- The Department of Corrections had unspent appropriations of $3.3 million. Of the unspent appropriations, approximately $1.7 million related to vacancy savings, operational cost savings, and the non-continuing appropriation for the Board of Pardons and Parole. The remaining $1.6 million is related to restricted specific purpose funds such as the appropriations for efficiencies in community corrections offender beds, Legislative Audit, ACA Accreditation, vehicle replacement, and operations and maintenance funding from House Bill 817 in the 2023 legislative session that could not be spent until completion of the capital project.
- The Judicial Branch had unspent appropriations of $4.0 million related to vacancy savings and operational cost savings.
- The Department of Justice had unspent appropriations of $1.6 million. Of the unspent appropriations, approximately $1.1 million related to restricted funds such as information technology costs, Natural Resource Damage Program (NRDP) funding for new claims, and litigation funding. The remaining unspent authority relates to County Attorney payroll, which is passed through the Department of Justice, vacancy savings, and other operational savings.
- The Department of Revenue had unspent appropriations of $2.7 million. Of the unspent authority, $2.0 million is related to funds available to local governing bodies pursuant to Section 15-1-402, MCA, regarding protested property taxes, and the remaining unspent budget authority primarily relates to operational cost savings.
- The Department of Administration had unspent appropriations of $2.8 million related to statutory transfers to the retirement systems.
- The Office of Budget and Program Planning had unspent appropriations of $1.3 million related to vacancy savings, operational cost savings, and biennial personal services contingency funding that is held in the office as a reserve for all state agencies.
- The Department of Commerce had unspent appropriations of $14.4 million. Of the unspent authority, $2.3 million is related to non-eligible cities and towns for one-time-only grant funding. The Legislature directed that $12.0 million be used to develop or acquire housing for state employees. The resulting real estate will be used solely for investment purposes. Therefore, the $12.0 million appropriation was unnecessary.
- The Legislative Services had unspent appropriations of $4.9 million. The unspent appropriations are related to operational cost savings, including savings from the early adjournment of the legislative session, as well as restricted and one-time-only funding.
- The Office of Public Instruction had unspent appropriations of $16.6 million. Of the unspent appropriations, $15.1 million is related to reduced payments to K-12 schools due to lower enrollment, reduced transportation routes, and fewer schools participating by levying a permissive sub-fund of the building reserve fund. The remaining $1.5 million is related to teacher programs that had lower enrollment than budgeted and operational cost savings.
- The Office of the Commissioner of Higher Education had unspent appropriations of $7.7 million. Of this, $7.1 million is related to operation and maintenance funding received in House Bill 5. The buildings receiving this funding were not completed during the 2025 biennium, and will carry forward until the projects are completed. The remaining unspent appropriations were due to operational savings.
- The Office of Public Defender had unspent appropriations of $4.8 million. Of the unspent appropriations, $3.5 million is related to supplemental funding for various programs. The remaining $1.3 million is related to operational cost savings.
- The remaining unspent appropriation of $2.1 million was attributable to miscellaneous reversions across other agencies.

State Special Revenue Fund
The fund balance of the State Special Revenue Fund increased by $107.2 million to $2.6 billion. Revenues decreased by $(14.9) million ((0.8)%) and expenditures increased $106.1 million (5.9%), for fiscal year 2025. The increase in fund balance overall is based upon greater amount of transfers in than transfers out netting together for $191.2 million increase due to volume of money transferred. Transfers in decreased from prior year as the legislative transfer mandates from the 2023 session were largely for FY 2024 only. Transfers out of this fund increased during FY 2025 due to capital projects including a major repair project within the Department of Natural Resources. The largest decrease in revenues is attributable to bond forfeitures that existed in fiscal year 2024 but did not exist in fiscal year 2025. The increase in expenditures is largely due to infrastructure grant contracts through the Department of Commerce and an increase in Department of Natural Resources and Conservation grants to counties in the state.

Federal Special Revenue Fund
The fund balance of the Federal Special Revenue Fund increased by $10.2 million (6.9%) to a balance of $156.7 million. The cash within this fund decreased primarily due to the passage of House Bill 61 in the 2025 legislative session. This legislation allows individual federal sub-funds to carry a negative cash balance at fiscal year-end if the funding was more likely than not to be received from the federal government within a short period of time after year end. In prior years, all sub-funds were required to have a loan or a long-term advance to bring the cash balance to at least zero. As a result, interfund loans payable and advances to/from other funds also decreased, since a single loan was done for the Federal Special Revenue Fund as a whole.

The increase in fund balance is also attributable to more federal revenues received than expenses incurred. The increase in restricted fund balance of $68.5 million is primarily related to an increase in notes receivable (from revolving loan programs) issued in fiscal year 2025. In fiscal year 2024 the ARPA interest earnings were classified in the committed fund balance which was transferred to other funds in fiscal year 2025 as required in House Bill 4 (2025 legislative session).

Coal Severance Tax Permanent Fund
The fund balance of the Coal Severance Tax Permanent Fund (CST) increased by $58.5 million (4.4%) to $1.4 billion. Revenue increased by $53.7 million (93.7%) to $111.0 million, primarily due to increases in investment earnings. The fund received a transfer of $82.7 million from the Debt and Liability Free fund as part of House Bill 924 of the 2025 legislative session that now requires loans to be administered by the Board of Housing, through the Department of Revenue. The CST then transferred the remaining balance of loans, which were held as investments, to the Montana Housing Trust, which is reported with the General Fund. As part of this transition, the State reclassified the loans from investments to long-term loans/notes/leases receivable, as discussed further in Note 2.

Land Grant Permanent Fund
The fund balance of the Land Grant Permanent Fund increased by $57.1 million (6.0%) to $1.0 billion. Revenue increased by $33.3 million to a total of $169.2 million. The increase is primarily from income generated by investment earnings.

The State's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. As the State completed the year, the enterprise funds reported fund balances of $866.5 million. Of this total, $800.0 million (92.3%) constitutes spendable net position, and $66.6 million (7.7%) is classified as net investment in capital assets. The analysis of the following major enterprise funds, providing the majority of the net position for the business-type activities, follows.

Unemployment Insurance Enterprise Fund
Net position restricted for unemployment compensation increased by $55.2 million (9.2%). The increase in net position is attributable to revenues from premiums and investments that remained strong, increasing by 13.8% over 2024.

Municipal Finance Programs Fund
Net position increased by 4.3% to $5.8 million in fiscal year 2025 from $5.5 million in fiscal year 2024. An increase of $240.0 thousand to net position is primarily due to a decrease in operating expenses of (5.93)% in fiscal year 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the State's investment in capital assets for its governmental and business-type activities totaled $11.7 billion, with related accumulated depreciation of $3.0 billion, resulting in a net book value of $8.7 billion. This investment in capital assets includes land, buildings, improvements, equipment, right to use lease assets, infrastructure, intangible assets, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State's investment in capital assets for the current fiscal year was $437.6 million or 5.3% in terms of net book value. Most increases in capital expenditures were seen in the construction, or reconstruction of roads and bridges. Additional information relating to the State's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration

Montana continues to receive excellent general obligation bond ratings from Moody's Investor Service (Aa1), Standard and Poor's Corporation (AA), and Fitch Ratings (AA+), which remain unchanged from 2024.

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

There was no general obligation debt As of June 30, 2025, there was no general obligation debt due to the establishment of the Debt and Liability Free account during the 2023 legislative session (discussed above).

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

	Amount *(in thousands)*	Percentage of Personal Income [1]	State Debt Per Capita [2]
Total State debt [3]	$ 192,236	0.20%	$ 169

(1) Based on personal income for calendar year 2024.
(2) Based on estimated 2024 Montana population.
(3) Based on total of special revenue bonds, notes payable, CSKT water compact payable, right to use payable, and lease/SBITA/financed purchase payable for the percentage and state debt per capita.

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

ECONOMIC CONDITION AND OUTLOOK

The State was allocated $2.1 billion from the American Rescue Plan Act (ARPA) during fiscal year 2021. The programs designated by the legislature for ARPA funding into the 2027 biennium are infrastructure, communications, broadband, economic transformation and stabilization, workforce development, housing, and health. As of June 30, 2025, the State has expended $1.5 billion, has obligated all remaining funds, and plans to spend all funds received by June 30, 2026.

Montana’s primary economic base remains concentrated in service-providing industries. By share of real gross state product (GSP), the leisure and hospitality sector (14.0%), the trade, transportation, and utilities sector (19.0%), and the education and health services sector (16.0%) were Montana’s largest in 2025. Per the 2025 Labor Day Report issued by the Montana Department of Labor and Industry, the Montana labor market continued to expand in 2024, growing by 0.5% and adding over 3,000 jobs. Businesses have continued to thrive, grow, and increase production in the face of worker shortages by enhancing productivity and raising wages to attract and retain workers. Montana's average annual wage recorded an inflation-adjusted growth of 1.9% in 2024. Rapid economic expansion has brought prosperity, but fast growth creates additional pressure on an already constrained labor market. Tight labor markets will continue to pose a challenge to Montana's economic growth.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Montana’s finances for all of Montana’s citizens, taxpayers, customers, investors, and creditors. The financial report seeks to demonstrate the State’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the State of Montana, Statewide Accounting Bureau, Room 250 Mitchell Building, PO Box 200102, Helena, MT 59620.

STATE OF MONTANA

Basic Financial Statements

STATEMENT OF NET POSITION
JUNE 30, 2025
(amounts expressed in thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash/cash equivalents (Note 3)	$ 6,379,069	$ 807,032	$ 7,186,101	$ 798,536
Receivables, net (Note 4)	771,122	54,321	825,443	263,965
Due from primary government	—	—	—	1,809
Due from other governments	457,510	443	457,953	94,097
Due from component units	376	891	1,267	657
Internal balances	9,069	(9,069)	—	—
Inventories	41,158	8,791	49,949	5,121
Advances to component units	1,467	3,523	4,990	—
Long-term loans/notes/leases receivable (Note 4)	1,142,199	47,395	1,189,594	712,687
Equity in pooled investments (Note 3)	2,849,464	16,561	2,866,025	87,714
Investments (Note 3)	242,637	1,977	244,614	2,589,371
Securities lending collateral (Note 3)	174,326	4,993	179,319	68,632
Net pension asset (Note 6)	65,226	—	65,226	—
Other assets	20,625	2,393	23,018	22,049
Depreciable capital assets and infrastructure, net (Note 5)	5,342,578	17,592	5,360,170	1,136,682
Land and nondepreciable capital assets (Note 5)	3,276,229	53,249	3,329,478	237,381
Total assets	20,773,055	1,010,092	21,783,147	6,018,701
DEFERRED OUTFLOWS OF RESOURCES (Note 4)	491,669	4,063	495,732	155,333
LIABILITIES				
Accounts payable (Note 4)	975,921	26,186	1,002,107	116,670
Lottery prizes payable	—	5,097	5,097	—
Due to primary government	—	—	—	1,267
Due to other governments	35,748	29	35,777	1,000
Due to component units	1,809	—	1,809	657
Due to pension trust funds	49,120	—	49,120	—
Advances from primary government	—	—	—	4,990
Unearned revenue	371,776	3,469	375,245	118,518
Amounts held in custody for others	48,042	40	48,082	22,696
Securities lending liability (Note 3)	174,326	4,993	179,319	68,632
Other liabilities	6,010	—	6,010	23,725
Short-term debt (Note 11)	—	65,000	65,000	—
Long-term liabilities (Note 11):				
Due within one year	168,225	17,020	185,245	269,460
Due in more than one year	403,284	7,663	410,947	2,088,988
Net pension liability (Note 6)	2,280,521	14,116	2,294,637	235,035
Total OPEB liability (Note 7)	44,891	842	45,733	42,773
Total liabilities	4,559,673	144,455	4,704,128	2,994,411
DEFERRED INFLOWS OF RESOURCES (Note 4)	702,986	3,151	706,137	108,222

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION				
Net investment in capital assets	$ 8,422,622	$ 66,583	$ 8,489,205	$ 933,499
Restricted for:				
General government	155,089	—	155,089	—
Transportation	110,805	—	110,805	—
Health and human service	47,318	—	47,318	—
Natural resources	867,023	—	867,023	—
Public safety	188,416	—	188,416	—
Education	81,814	—	81,814	—
Funds held as permanent investments:				
Nonexpendable	2,766,557	—	2,766,557	611,693
Expendable	92,822	—	92,822	—
Pensions	61,717	—	61,717	—
Unemployment compensation	—	655,290	655,290	—
Municipal Finance Programs	—	5,789	5,789	—
Public Entity Risk Pools	—	97,506	97,506	—
Montana Board of Housing	—	—	—	176,018
Other purposes (Note 1)	—	16,299	16,299	573,827
Unrestricted	3,207,882	25,082	3,232,964	776,364
Total net position	$ 16,002,065	$ 866,549	$ 16,868,614	$ 3,071,401

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

		PROGRAM REVENUES			
FUNCTIONS/PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**	**CAPITAL GRANTS AND CONTRIBUTIONS**	**NET (EXPENSE) REVENUE**
Primary government:					
Governmental activities:					
General government	$ 1,338,326	$ 263,583	$ 588,859	$ 4,080	$ (481,804)
Public safety	478,464	233,371	31,498	—	(213,595)
Transportation	851,382	38,779	122,399	676,046	(14,158)
Health and human services	3,706,006	23,271	2,645,772	6,641	(1,030,322)
Education	1,802,341	4,464	339,152	13,947	(1,444,778)
Natural resources	642,181	240,880	320,394	8,124	(72,783)
Interest on long-term debt	6,828	—	—	—	(6,828)
Total governmental activities	8,825,528	804,348	4,048,074	708,838	(3,264,268)
Business-type activities:					
Unemployment Insurance	150,801	178,971	26,669	—	54,839
Liquor Stores	124,679	147,300	—	—	22,621
State Lottery	127,192	148,042	—	—	20,850
Municipal Finance Programs	3,980	—	4,220	—	240
Hail Insurance	2,525	2,053	5,635	—	5,163
Other Service	98,081	29,927	64,984	1,006	(2,164)
Prison Funds	8,025	8,672	—	—	647
MUS[1] Group Insurance	146,588	107,965	4,997	—	(33,626)
MUS[1] Workers Compensation	4,182	3,328	722	—	(132)
Total business-type activities	666,053	626,258	107,227	1,006	68,438
Total primary government	$ 9,491,581	$ 1,430,606	$ 4,155,301	$ 709,844	$ (3,195,830)
Component units:					
Montana Board of Housing	$ 32,961	$ 31,931	$ 7,532	$ —	$ 6,502
Facility Finance Authority	833	798	241	—	206
Montana Reinsurance Association	59,358	—	27,903	—	(31,455)
Montana State Fund	205,784	177,342	352	—	(28,090)
Montana State University	826,917	345,911	411,689	69,125	(192)
University of Montana	603,550	231,212	228,995	5,157	(138,186)
Total component units	$ 1,729,403	$ 787,194	$ 676,712	$ 74,282	$ (191,215)

[1]Montana University System

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Changes in net position:				
Net (expense) revenue	$ (3,264,268)	$ 68,438	$ (3,195,830)	$ (191,215)
General revenues:				
Taxes:				
Property	456,526	—	456,526	—
Fuel	283,764	—	283,764	—
Natural resource	233,783	—	233,783	—
Individual income	2,282,114	—	2,282,114	—
Corporate income	318,769	—	318,769	—
Other (Note 1)	616,779	41,257	658,036	—
Unrestricted grants and contributions	922	—	922	—
Settlements	19,098	—	19,098	—
Unrestricted investment earnings (losses)	320,418	553	320,971	97,313
Payment from primary government	—	—	—	312,114
Gain on sale of capital assets	2,185	902	3,087	232
Miscellaneous	8,070	12,771	20,841	492
Contributions to term and permanent endowments	—	—	—	62,904
Transfers between primary government	70,894	(70,894)	—	—
Total general revenues, contributions, and transfers	4,613,322	(15,411)	4,597,911	473,055
Change in net position	1,349,054	53,027	1,402,081	281,840
Total net position - July 1 - as previously reported	14,683,150	813,522	15,496,672	2,788,894
Adjustments to beginning net position (Note 2)	(30,139)	—	(30,139)	667
Total net position - July 1 - as adjusted	14,653,011	813,522	15,466,533	2,789,561
Total net position - June 30	$ 16,002,065	$ 866,549	$ 16,868,614	$ 3,071,401

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

THE GREAT SEAL OF THE STATE OF MONTANA
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Governmental
Fund Financial Statements

General Fund	The principal operating fund of the State. It is used to account for and report all financial resources not accounted for and reported in another fund.
State Special Revenue Fund	Accounts for the proceeds of specific state and non-federal revenue sources where expenditures are restricted by law for specific activities such as an agency, program, or function of state government or by the terms of an agreement such as a contract or donation.
Federal Special Revenue Fund	Accounts for all activities funded from federal revenue sources, which are used in the operation of the state government.
Coal Severance Tax Fund	Created by Article IX, Section 5, of the Montana Constitution and administered by the Department of Revenue. This fund receives 50% of all coal tax collections. The principal can by expended only upon affirmation vote by three-fourths of each house of the Legislature.
Land Grant Fund	Used by the Department of Natural Resources and Conservation to account for lands granted to the State for support of public schools and state institutions.
Nonmajor Governmental Funds	Presented in more detail, by fund type, within the Supplementary Information section.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

		SPECIAL REVENUE	
	GENERAL	STATE	FEDERAL
ASSETS			
Cash/cash equivalents (Note 3)	$ 2,848,699	$ 1,701,710	$ 339,165
Receivables (net)	416,292	195,867	111,181
Interfund loans receivable (Note 12)	91,765	94,972	—
Due from other governments	13,548	9,372	434,582
Due from other funds (Note 12)	49,022	10,360	347
Due from component units	9	319	—
Inventories	5,134	26,408	—
Equity in pooled investments (Note 3)	13,006	344,224	—
Long-term loans/notes/leases receivable (Note 4)	80,353	527,634	150,448
Advances to other funds (Note 12)	1,740	292	—
Advances to component units	—	1,461	—
Investments (Note 3)	23,198	90,552	—
Securities lending collateral (Note 3)	10,095	33,611	13,375
Other assets	4,879	11,879	404
Total assets	$ 3,557,740	$ 3,048,661	$ 1,049,502
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 437,545	$ 165,572	$ 326,161
Interfund loans payable (Note 12)	—	46,556	137,323
Due to other governments	640	31,963	3,145
Due to other funds (Note 12)	10,280	33,312	11,635
Due to component units	49,152	306	1,470
Advances from other funds (Note 12)	—	22,400	—
Unearned revenue	59	17,223	353,747
Amounts held in custody for others	14,856	29,455	618
Securities lending liability (Note 3)	10,095	33,611	13,375
Other liabilities	—	440	—
Total liabilities	522,627	380,838	847,474
DEFERRED INFLOWS OF RESOURCES	215,105	66,912	45,346
Fund balances (Note 14):			
Nonspendable	10,322	27,500	342
Restricted	—	1,308,967	156,340
Committed	1,990,037	1,258,525	—
Assigned	46,515	5,919	—
Unassigned	773,134	—	—
Total fund balances	2,820,008	2,600,911	156,682
Total liabilities, deferred inflows of resources, and fund balances	$ 3,557,740	$ 3,048,661	$ 1,049,502

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

PERMANENT				
COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	TOTAL	
$ 183,574	$ 57,586	$ 983,466	$ 6,114,200	
13,294	9,483	9,954	756,071	
—	—	—	186,737	
—	—	—	457,502	
—	—	22,982	82,711	
—	—	19	347	
—	—	—	31,542	
1,079,866	945,670	430,186	2,812,952	
—	364,967	18,797	1,142,199	
—	—	22,400	24,432	
—	—	6	1,467	
126,416	—	—	240,166	
37,665	26,692	43,970	165,408	
—	113	—	17,275	
$ 1,440,815	$ 1,404,511	$ 1,531,780	$ 12,033,009	
$ —	$ 13	$ 25,883	$ 955,174	
1,603	153	379	186,014	
—	—	—	35,748	
—	—	1,024	56,251	
—	—	—	50,928	
—	—	872	23,272	
—	1	—	371,030	
—	2,651	—	47,580	
37,665	26,692	43,970	165,408	
—	—	—	440	
39,268	29,510	72,128	1,891,845	
—	370,894	1,507	699,764	
1,324,575	1,004,107	436,027	2,802,873	
—	—	49,438	1,514,745	
76,972	—	956,575	4,282,109	
—	—	16,105	68,539	
—	—	—	773,134	
1,401,547	1,004,107	1,458,145	9,441,400	
$ 1,440,815	$ 1,404,511	$ 1,531,780	$ 12,033,009	

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

JUNE 30, 2025

(amounts expressed in thousands)

Total fund balances - governmental funds		$ 9,441,400
Amounts reported for governmental activities in the Statement of Net Position are different due to:		
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds (Note 5):		
Depreciable capital assets and infrastructure, net	$ 5,342,578	
Land and nondepreciable capital assets	3,276,229	8,618,807
Deferred outflows of resources represent a consumption of net assets that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds.		491,669
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net pension asset		65,226
Long-term receivables		39
Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position, excluding internal service funds' capital assets, deferred outflows of resources, deferred inflows of resources and long-term liabilities reported in specific areas.		298,279
Other liabilities that are not due and payable in the current period and are not reported in the governmental funds.		(13,213)
A portion of deferred inflows of resources represents an acquisition of net assets that will be recognized as an inflow of resources in a future period, which differs than that reported in the governmental funds.		(3,221)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds (Note 11):		
Other long-term liabilities	$ (571,509)	
Net pension liability	(2,280,521)	
Total OPEB liability	(44,891)	(2,896,921)
Total net position - governmental activities		$ 16,002,065

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

		SPECIAL REVENUE	
	GENERAL	**STATE**	**FEDERAL**
REVENUES (Note 14)			
Licenses/permits	$ 159,699	$ 361,086	$ —
Taxes:			
Natural resource	97,860	94,086	—
Individual income	2,292,065	—	—
Corporate income	319,959	12	—
Property	15,562	440,965	—
Fuel	—	283,764	—
Other	326,183	272,009	—
Charges for services/fines/forfeits/settlements	28,544	116,254	9,210
Investment earnings (losses)	156,745	69,070	25,893
Securities lending income	1,531	820	—
Sale of documents/merchandise/property	384	7,792	—
Rentals/leases/royalties	42	1,523	24
Contributions/premiums	46	35,922	—
Grants/contracts/donations	31,639	33,409	333
Federal	22,186	8,559	4,309,139
Federal indirect cost recoveries	244	71,046	106,545
Other revenues	1,115	5,352	1,616
Total revenues	3,453,804	1,801,669	4,452,760
EXPENDITURES			
Current:			
General government	619,059	275,643	297,997
Public safety	428,333	116,311	32,977
Transportation	17,495	312,991	143,916
Health and human services	800,055	263,277	2,629,904
Education	903,357	543,623	342,236
Natural resources	137,245	261,204	263,615
Debt service:			
Principal retirement	11,802	10,368	6,999
Interest/fiscal charges	2,185	1,451	776
Capital outlay	27,042	105,092	605,964
Securities lending	1,230	647	—
Total expenditures	2,947,803	1,890,607	4,324,384
Excess of revenue over (under) expenditures	506,001	(88,938)	128,376
OTHER FINANCING SOURCES (USES)			
Inception of right-to-use and financed purchase payables	14,397	1,775	939
Insurance proceeds	5	992	—
General capital asset sale proceeds	42	1,071	7
Energy conservation loans	—	1,034	—
Transfers in (Note 12)	222,540	317,934	4,870
Transfers out (Note 12)	(424,277)	(126,700)	(124,035)
Total other financing sources (uses)	(187,293)	196,106	(118,219)
Net change in fund balances	318,708	107,168	10,157
Fund balances - July 1 - as previously reported	2,508,298	2,493,743	146,525
Adjustments to beginning fund balance (Note 2)	(6,998)	—	—
Fund balances - July 1 - as adjusted	2,501,300	2,493,743	146,525
Fund balances - June 30	$ 2,820,008	$ 2,600,911	$ 156,682

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

PERMANENT			
COAL SEVERANCE TAX	LAND GRANT	NONMAJOR	TOTAL
$ —	$ 2,846	$ —	$ 523,631
36,007	—	10,568	238,521
—	—	—	2,292,065
—	—	—	319,971
—	—	—	456,527
—	—	—	283,764
—	—	9,137	607,329
—	—	10,861	164,869
72,636	60,606	74,820	459,770
2,399	2,101	933	7,784
—	8,973	—	17,149
—	94,561	—	96,150
—	—	—	35,968
—	63	634	66,078
—	—	—	4,339,884
—	—	—	177,835
—	—	—	8,083
111,042	169,150	106,953	10,095,378
—	—	8,109	1,200,808
—	—	9,250	586,871
—	—	—	474,402
—	—	2,570	3,695,806
—	—	3,188	1,792,404
—	6,065	6,804	674,933
—	—	1,365	30,534
—	—	191	4,603
—	80	243,599	981,777
1,875	1,642	729	6,123
1,875	7,787	275,805	9,448,261
109,167	161,363	(168,852)	647,117
—	—	—	17,111
—	—	—	997
—	1,119	1	2,240
—	—	—	1,034
82,690	253	416,950	1,045,237
(133,308)	(105,656)	(51,186)	(965,162)
(50,618)	(104,284)	365,765	101,457
58,549	57,079	196,913	748,574
1,342,998	947,028	1,261,232	8,699,824
—	—	—	(6,998)
1,342,998	947,028	1,261,232	8,692,826
$ 1,401,547	$ 1,004,107	$ 1,458,145	$ 9,441,400

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(amounts expressed in thousands)

Net change in fund balances - total governmental funds			$ 748,574
Amounts reported for governmental activities in the Statement of Activities are different due to:			
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense over the useful life of the capital asset. Capital outlays exceeded depreciation expense in the current year by the following amount (Note 5):			
Capital outlay	$ 981,777		
Depreciation and amortization expenses	(501,620)		480,157
Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities, but only proceeds from sales are reported in the governmental funds.			(9,803)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.			(2,266)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and central computer services, to individual governmental funds. Internal service funds are reported separately from governmental funds in the fund financial statements. In the government-wide statements, internal service funds are included with governmental activities.			(36,943)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease items reported in the Statement of Net Position.			169,335
Change in net position - governmental activities			$ 1,349,054

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

Proprietary
Fund Financial Statements

Unemployment Insurance Fund	Accounts for employer contributions deposited with the Secretary of the Treasury of the United States to the credit of the State's unemployment trust fund. Unemployment benefits are paid from this fund to eligible recipients.
Municipal Finance Programs Fund	Accounts for the programs created under the Municipal Finance Consolidation Act and the Economic Development Act, both managed by the Montana Board of Investments. These are primarily revolving loan programs that provides variable low interest rate loans to eligible Montana State agencies, universities, and local governments for a variety of projects statutorily defined. The funding for the revolving loans is from the issuance of bonds.
Nonmajor Enterprise Funds	Account for operations that provide goods or services to the general public in a manner similar to private business enterprises. These funds are presented in more detail within the Supplementary Information section.
Governmental Activities - Internal Service Funds	Account for operations that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. These funds are presented in more detail within the Supplementary Information section.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash/cash equivalents (Note 3)	$ 652,814	$ 2,610	$ 151,608	$ 807,032	$ 264,869
Receivables, net (Note 4)	2,749	9,280	42,292	54,321	15,016
Interfund loans receivable (Note 12)	—	—	34	34	—
Due from other governments	—	—	443	443	7
Due from other funds (Note 12)	—	3,066	1	3,067	19
Due from component units	—	891	—	891	29
Inventories	—	—	8,791	8,791	9,615
Securities lending collateral (Note 3)	—	101	4,892	4,993	8,916
Other current assets	—	—	472	472	3,350
Total current assets	655,563	15,948	208,533	880,044	301,821
Noncurrent assets:					
Advances to other funds (Note 12)	—	9,867	—	9,867	—
Advances to component units	—	3,523	—	3,523	—
Long-term investments (Note 3)	—	—	18,538	18,538	38,984
Long-term notes/loans receivable (Note 4)	4,374	42,995	26	47,395	—
Other long-term assets	—	—	1,921	1,921	—
Capital assets (Note 5):					
Land	—	—	800	800	—
Land improvements	—	—	3,830	3,830	95
Buildings/improvements	—	—	16,445	16,445	9,235
Equipment	—	—	11,371	11,371	331,012
Infrastructure	—	—	1,175	1,175	—
Construction work in progress	—	—	46,529	46,529	7,341
Intangible/right to use assets, net	—	—	7,294	7,294	16,120
Other capital assets	—	—	5,920	5,920	—
Less accumulated depreciation	—	—	(22,523)	(22,523)	(220,293)
Total capital assets	—	—	70,841	70,841	143,510
Total noncurrent assets	4,374	56,385	91,326	152,085	182,494
Total assets	659,937	72,333	299,859	1,032,129	484,315
DEFERRED OUTFLOWS OF RESOURCES (Note 4)	—	70	3,993	4,063	15,067

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
LIABILITIES					
Current liabilities:					
Accounts payable (Note 4)	4,647	1,037	20,502	26,186	20,515
Lottery prizes payable	—	—	4,105	4,105	—
Interfund loans payable (Note 12)	—	—	215	215	542
Due to other governments	—	—	29	29	—
Due to other funds (Note 12)	—	—	19,323	19,323	2,818
Unearned revenue	—	—	3,469	3,469	745
Right to use/financed purchase payable (Note 10)	—	—	653	653	6,476
Short-term debt (Note 11)	—	65,000	—	65,000	—
Amounts held in custody for others	—	—	40	40	462
Securities lending liability (Note 3)	—	101	4,892	4,993	8,916
Estimated insurance claims (Note 8)	—	—	15,085	15,085	31,159
Compensated absences payable (Note 11)	—	37	1,245	1,282	5,392
Total current liabilities	4,647	66,175	69,558	140,380	77,025
Noncurrent liabilities:					
Lottery prizes payable	—	—	992	992	—
Advances from other funds (Note 12)	—	—	2,499	2,499	8,528
Right to use/financed purchase payable (Note 10)	—	—	2,847	2,847	12,888
Estimated insurance claims (Note 8)	—	—	3,266	3,266	20,933
Compensated absences payable (Note 11)	—	33	1,517	1,550	6,074
Net pension liability (Note 6)	—	345	13,771	14,116	61,668
Total OPEB liability (Note 7)	—	12	830	842	3,006
Total noncurrent liabilities	—	390	25,722	26,112	113,097
Total liabilities	4,647	66,565	95,280	166,492	190,122
DEFERRED INFLOWS OF RESOURCES (Note 4)	—	49	3,102	3,151	10,585
NET POSITION					
Net investment in capital assets	—	—	66,583	66,583	112,315
Restricted for:					
Unemployment compensation	655,290	—	—	655,290	—
Municipal Finance Programs	—	5,789	—	5,789	—
Public Entity Risk Pools	—	—	97,506	97,506	—
Other purposes	—	—	16,299	16,299	—
Unrestricted	—	—	25,082	25,082	186,360
Total net position	$ 655,290	$ 5,789	$ 205,470	$ 866,549	$ 298,675

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
Operating revenues:					
Charges for services	$ 105	$ —	$ 319,025	$ 319,130	$ 226,173
Investment earnings (losses)	20,170	198	7,660	28,028	13,506
Securities lending income	—	—	37	37	81
Financing income	—	4,022	—	4,022	—
Contributions/premiums	178,866	—	127,699	306,565	205,647
Grants/contracts/donations	6,405	—	69,034	75,439	6,116
Other operating revenues	94	—	13,333	13,427	26,110
Total operating revenues	205,640	4,220	536,788	746,648	477,633
Operating expenses:					
Personal services	—	454	22,457	22,911	85,049
Contractual services	—	26	31,274	31,300	53,300
Supplies/materials	—	1	127,345	127,346	27,392
Benefits/claims	150,801	—	216,069	366,870	259,986
Depreciation	—	—	1,178	1,178	16,267
Amortization	—	—	1,434	1,434	9,822
Utilities/rent	—	42	914	956	6,206
Communications	—	3	1,653	1,656	15,844
Travel	—	—	343	343	1,547
Repairs/maintenance	—	—	2,525	2,525	39,199
Grants	—	—	—	—	284
Lottery prize payments	—	—	103,518	103,518	—
Securities lending expense	—	—	29	29	63
Interest expense	—	3,385	126	3,511	2,201
Other operating expenses	—	69	2,407	2,476	7,447
Total operating expenses	150,801	3,980	511,272	666,053	524,607
Operating income (loss)	54,839	240	25,516	80,595	(46,974)
Nonoperating revenues (expenses):					
Tax revenues (Note 1)	—	—	41,257	41,257	—
Insurance proceeds	—	—	—	—	234
Gain (loss) on sale of capital assets	—	—	902	902	452
Capital contribution expense	—	—	(7)	(7)	(3,922)
Federal indirect cost recoveries	—	—	160	160	9,231
Total nonoperating revenues (expenses)	—	—	42,312	42,312	5,995
Income (loss) before contributions and transfers	54,839	240	67,828	122,907	(40,979)
Capital contributions	—	—	13,070	13,070	1,161
Transfers in (Note 12)	335	—	660	995	3,413
Transfers out (Note 12)	—	—	(83,945)	(83,945)	(538)
Change in net position	55,174	240	(2,387)	53,027	(36,943)
Total net position - July 1 - as previously reported	600,116	5,549	207,857	813,522	335,618
Total net position - July 1 - as adjusted	600,116	5,549	207,857	813,522	335,618
Total net position - June 30	$ 655,290	$ 5,789	$ 205,470	$ 866,549	$ 298,675

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from sales and service	$ 178,951	$ —	$ 453,974	$ 632,925	$ 432,536
Payments to suppliers for goods and services	—	(142)	(173,604)	(173,746)	(141,119)
Payments to employees	—	(479)	(22,639)	(23,118)	(86,167)
Grant receipts (expenses)	6,613	—	69,038	75,651	5,883
Cash payments for claims	(151,358)	—	(213,537)	(364,895)	(258,240)
Cash payments for prizes	—	—	(103,380)	(103,380)	—
Other operating revenues	95	—	13,333	13,428	35,341
Other operating payments	—	—	(2,402)	(2,402)	(7,110)
Net cash provided by (used for) operating activities	34,301	(621)	20,783	54,463	(18,876)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Collection of taxes	—	—	41,257	41,257	—
Transfer to other funds	—	—	(83,945)	(83,945)	(538)
Transfer from other funds	335	—	660	995	3,413
Proceeds from interfund loans/advances issued or cash receipts from interfund loans/advances repayments	—	—	1,567	1,567	6,603
Cash paid or repayment of interfund loans and advances	—	—	(536)	(536)	(10,075)
Proceeds from bonds and notes	—	71,793	—	71,793	—
Payment of principal and interest on bonds and notes	—	(85,684)	(55)	(85,739)	(763)
Grant receipts and Federal indirect cost recoverable	—	—	160	160	—
Net cash provided by (used for) noncapital financing activities	335	(13,891)	(40,892)	(54,448)	(1,360)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	—	—	—	—	234
Payment of principal and interest - capital related	—	—	(970)	(970)	(12,516)
Acquisition of capital assets	—	—	(1,885)	(1,885)	(18,637)
Payments for construction projects that are contributed to other funds	—	—	(7)	(7)	(3,922)
Proceeds from sale of capital assets	—	—	58	58	864
Net cash provided by (used for) capital and related financing activities	—	—	(2,804)	(2,804)	(33,977)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from securities lending transactions/ investments	—	—	37	37	81
Interest and dividends on investments	20,170	199	7,417	27,786	13,134
Payment of securities lending costs	—	—	(29)	(29)	(63)
Collections of principal and interest on loans	—	36,287	—	36,287	—
Cash payment for loans	—	(21,140)	—	(21,140)	—
Net cash provided by (used for) investing activities	20,170	15,346	7,425	42,941	13,152
Net increase (decrease) in cash and cash equivalents	54,806	834	(15,488)	40,152	(41,061)
Cash and cash equivalents, July 1	598,008	1,776	167,096	766,880	305,930
Cash and cash equivalents, June 30	$ 652,814	$ 2,610	$ 151,608	$ 807,032	$ 264,869

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	UNEMPLOYMENT INSURANCE	MUNICIPAL FINANCE PROGRAMS	NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 54,839	$ 240	$ 25,516	$ 80,595	$ (46,974)
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:					
Depreciation	—	—	1,178	1,178	16,267
Amortization	—	—	1,434	1,434	9,822
Securities lending expense	—	—	29	29	63
Investment earnings	(20,170)	(198)	(7,660)	(28,028)	(13,506)
Securities lending income	—	—	(37)	(37)	(81)
Financing income	—	(4,022)	—	(4,022)	—
Interest expense	—	3,385	126	3,511	2,201
Other revenue	—	—	—	—	9,231
Change in assets, deferred outflows, liabilities and deferred inflows:					
Decr (Incr) in accounts receivable	(2,250)	—	7,549	5,299	424
Decr (Incr) in due from other funds	—	—	5	5	50
Decr (Incr) in due from component units	—	—	—	—	(29)
Decr (Incr) in due from other governments	208	—	4	212	51
Decr (Incr) in inventories	—	—	656	656	(1,115)
Decr (Incr) in other assets	—	—	285	285	(1,878)
Incr (Decr) in accounts payable	1,674	(5)	1,016	2,685	4,538
Incr (Decr) in due to other funds	—	—	(6,972)	(6,972)	50
Incr (Decr) in due to other governments	—	—	(4)	(4)	—
Incr (Decr) in lottery prizes payable	—	—	138	138	—
Incr (Decr) in unearned revenue	—	—	(4,628)	(4,628)	(121)
Incr (Decr) in amounts held in custody for others	—	—	(73)	(73)	195
Incr (Decr) in compensated absences payable	—	10	131	141	872
Incr (Decr) in total OPEB liability and related accounts	—	(2)	26	24	49
Incr (Decr) in estimated claims	—	—	2,547	2,547	3,612
Incr (Decr) in other payables	—	7	—	7	—
Incr (Decr) in net pension liability and related accounts	—	(36)	(483)	(519)	(2,597)
Net cash provided by (used for) operating activities	$ 34,301	$ (621)	$ 20,783	$ 54,463	$ (18,876)
Schedule of noncash transactions:					
Capital asset acquisitions from contributed capital	$ —	$ —	$ 13,070	$ 13,070	$ 1,161
Incr (Decr) in fair value of investments	—	—	395	395	784
Acquisition of capital assets through financing arrangements	—	—	—	—	2,953
Total noncash transactions	$ —	$ —	$ 13,465	$ 13,465	$ 4,898

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

Fiduciary
Fund Financial Statements

Pension (and Other Employee Benefit) Trust Funds	Account for provided retirement, disability, death, and lump-sum payments to public employee retirement system members, in a trustee capacity.
Private-Purpose Trust Funds	Account for assets held by the State, in a trustee capacity and are not required to be reported in the Pension (and Other Employee Benefit) Trust Funds or Investment Trust Funds, where both the principal and earnings benefit individuals, private organizations, or other governments.
Investment Trust Funds	Account for the receipt of monies held by Montana Board of Investments for investment in external investment pools, and the distribution of related investment earnings, for local government agencies, in a trustee capacity.
Custodial Funds	Account for assets held by the State as an agent that is not in a trust or equivalent arrangement, for individuals, private organizations, and other governments.

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

(amounts expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	INVESTMENT TRUST FUNDS	CUSTODIAL FUNDS
ASSETS				
Cash/cash equivalents (Note 3)	$ 199,960	$ 20,087	$ 1,957,168	$ 11,172
Due from other governments	—	—	—	526
Receivables (net):				
Accounts receivable	30,044	—	—	4,149
Interest	650	83	7,354	10
Due from primary government	49,120	—	—	—
Due from other PERB plans	1,000	—	—	—
Total receivables	80,814	83	7,354	4,159
Investments at fair value:				
Equity in pooled investments (Note 3)	15,704,209	—	11,672	—
Other investments (Note 3)	1,293,119	244,626	—	—
Total investments	16,997,328	244,626	11,672	—
Securities lending collateral (Note 3)	785,067	2	77,512	89
Capital Assets:				
Buildings/improvements	288	—	—	—
Equipment	29	—	—	—
Accumulated depreciation	(246)	—	—	—
Right to use lease buildings	7,660	—	—	—
Accumulated amortization	(2,048)	—	—	—
Intangible assets	781	—	—	—
Total capital assets	6,464	—	—	—
Other assets	—	8,010	—	2,550
Total assets	18,069,633	272,808	2,053,706	18,496
DEFERRED OUTFLOWS OF RESOURCES	795	—	—	—
LIABILITIES				
Accounts payable	1,840	602	7,307	4,245
Due to other governments	—	—	—	3,694
Due to other PERB plans	1,000	—	—	—
Unearned revenue	636	—	—	—
Securities lending liability (Note 3)	785,067	2	77,512	89
Compensated absences payable	871	—	—	—
Due to primary government - leases (Note 10)	6,142	—	—	—
Net pension liability (Note 6)	2,026	—	—	—
Total OPEB liability (Note 7)	264	—	—	—
Total liabilities	797,846	604	84,819	8,028
DEFERRED INFLOWS OF RESOURCES	723	—	—	—
NET POSITION				
Restricted for:				
Pensions	16,546,420	—	—	—
Postemployment benefits other than pensions	725,439	—	—	—
Pool participants	—	—	1,968,887	—
Individuals, organizations, and other governments	—	272,204	—	10,468
Total net position	$ 17,271,859	$ 272,204	$ 1,968,887	$ 10,468

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	INVESTMENT TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS				
Contributions/premiums:				
Employer	$ 351,960	$ —	$ —	$ —
Employee	314,720	—	—	—
Other contributions	140,416	20,938	1,729,807	—
Investment earnings:				
Net increase (decrease) in fair value of investments	1,605,046	19,975	152	—
Interest, dividends, and other	20,970	6,183	85,508	102
Securities lending income	35,933	—	26	—
Total investment earnings	1,661,949	26,158	85,686	102
Less investment costs:				
Administrative investment expense	88,059	—	—	—
Securities lending expense	31,232	—	20	—
Net investment earnings	1,542,658	26,158	85,666	102
Charges for services	404	—	—	—
Other additions and miscellaneous	1,938	7,653	—	129,929
Total additions	2,352,096	54,749	1,815,473	130,031
DEDUCTIONS				
Benefits	1,283,417	—	—	—
Refunds	37,582	—	—	—
Distributions	—	34,492	1,707,813	130,506
Administrative expenses	14,518	948	—	—
Local assistance	13	—	—	—
Transfers to MUS-RP	395	—	—	—
Transfers to PERS-DCRP	2,709	—	—	—
Total deductions	1,338,634	35,440	1,707,813	130,506
Change in net position	1,013,462	19,309	107,660	(475)
Net position - July 1 - as previously reported	16,258,193	252,895	1,861,227	10,943
Adjustments to beginning net position (Note 2)	204	—	—	—
Net position - July 1 - as adjusted	16,258,397	252,895	1,861,227	10,943
Net position - June 30	$ 17,271,859	$ 272,204	$ 1,968,887	$ 10,468

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Facility Finance Authority
1712 9th Avenue
PO Box 200506
Helena, MT 59601-0506

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

Montana Reinsurance Association
Montana Commissioner of Securities and Insurance
1827 11th Avenue, PMB 123
Helena, MT 59601

Montana Board of Housing (MBOH) – MBOH, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. The State of Montana directs and supervises the budgeting, recordkeeping, reporting, and related administrative functions of the board. The MBOH was created in 1975 to facilitate the availability of safe and affordable housing to persons and families of lower-income. MBOH issues negotiable notes and bonds to fulfill its purposes. The total amount of notes and bonds outstanding at any time may not exceed $1.5 billion. The discount price of bonds sold, not the face amount of the bonds, counts against this statutory ceiling. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. MBOH is attached to the Department of Commerce for administrative purposes only. MBOH is audited on an annual basis by the Legislative Audit Division.

Facility Finance Authority (FFA) – FFA, which is a legally separate entity, is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. The State of Montana has the ability to modify or approve: the budget, the rate or fee changes affecting revenues, and the ability to appoint, hire, reassign, or dismiss those responsible for the day-to-day operations of FFA. The FFA is a conduit issuer of taxable and tax-exempt private activity bonds to support eligible non-profit and for-profit projects. Primarily, the FFA assists eligible, nonprofit Montana health care and other community-based service providers to obtain and maintain access to the broadest range of low-cost capital financing as possible. FFA also administers Montana's Commercial Property Assessed Capital Enhancement Program (C-PACE), which provides Montana businesses with access to private capital to finance energy and water efficiency, renewable energy, and building resiliency improvements. FFA issues revenue bonds to fulfill its purposes. The Authority issues no commitment conduit debt and does not recognize a liability for those debts. Neither the faith and credit nor the taxing power of the State of Montana may be pledged for the amounts so issued. FFA is attached to the Department of Commerce for administrative purposes only. Individual audited financial reports are issued every two years by an independent auditor, contracted by the Legislative Audit Division.

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

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

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

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

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

Though the following organizations perform functions related to the MUS, they are not considered part of Montana's reporting entity: (1) Community Colleges which are considered part of local units of government; (2) the Montana Higher Education Student Assistance Corporation, a private nonprofit corporation; and (3) the Student Assistance Foundation of Montana, a private nonprofit corporation. Entities such as local school districts and local authorities of various kinds are considered part of local units of government and have not been included. The state and federal support of local public education systems is reported in the General Fund, the State Special Revenue Fund, and the Federal Special Revenue Fund.

Montana Reinsurance Association (MRA) – In April 2019, the State of Montana enacted the Montana Reinsurance Association Act (Act) establishing MRA as a nonprofit, legal entity and creating a reinsurance program to stabilize the individual health insurance market. The Act is established under Title 33, Chapter 22, Part 13 of the Montana Code Annotated (MCA) and authorizes the State to apply for a State Innovation Waiver under Section 1332 of the Patient Protection and Affordable Care Act (ACA). The United States Departments of Health and Human Services and Treasury approved Montana's State Innovation Waiver, which is effective through December 31, 2029.

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

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

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

Fiduciary Fund Component Units

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

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

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

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

Public Employees' Retirement Board (Pension and Other Employee Benefit Trust Funds) – The Public Employees' Retirement Board (PERB) is appointed by the Governor and administers nine retirement plans for the purpose of providing retirement, disability, death, and lump-sum payments to plan members. These legally separate plans include the Public Employees' Retirement Plan – Defined Benefit and Defined Contribution and the associated education funds; the Judges'; the Highway Patrol Officers'; the Sheriffs'; the Game Wardens' and Peace Officers'; the Municipal Police Officers'; the Firefighters' Unified Retirement Systems; and the Volunteer Firefighters' Compensation Act retirement plans. The board also administers one Other Post-Employment Benefit (PERS-DCRP Disability OPEB) disability plan on behalf

of Public Employees' Retirement Plan-Defined Contribution members, and one other employee benefit plan (457(b) Plan). The board is audited annually by the State's Legislative Audit Division. Further details related to PERB are provided in Note 6, and information on its OPEB plan is included in Section F of Note 7.

Related Organizations

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

Montana Opioid Abatement Trust
1597 Avenue D, Ste. 6
Billings, MT 59102

B. Government-wide and Fund Financial Statements

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

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

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

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

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

The major revenue sources considered susceptible to accrual are licenses and permits, natural resource taxes, individual income taxes, corporate income taxes, property taxes, fuel taxes, and certain federal revenues (reimbursable grants and U.S. mineral royalties). Any revenue (not accrued) is considered to be measurable and available when the cash is received.

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

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

Governmental Funds
General Fund – To account for and report all financial resources not accounted for and reported in another fund.

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

Several funds are defined in statute as Permanent Funds; however, per GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), these funds should be reported within the State Special Revenue Fund. The respective effect on fund balance is approximately a $104.0 million increase. One specific fund is defined in statute as a Federal Special Revenue Fund; however, per GASB 54, this fund should be reported within the State Special Revenue Fund. The respective effect on fund balance is approximately a $29.4 million increase. Several funds are defined in statute as State Special Revenue Funds; however, per GASB 54, these funds should be reported with the General Fund. The effect on fund balance is detailed in section R below.

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

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

Permanent Funds – To account for resources that are permanently restricted to the extent that only earnings, not principal, may be used to support the government's programs. Several funds are defined in

statute as Permanent Funds; however, per GASB 54, these funds should be reported within the State Special Revenue Fund as noted above.

Proprietary Funds

Enterprise Funds – To account for operations: (1) financed and operated similar to private business enterprises, where the intent of the Legislature is to finance or recover costs primarily through user charges; (2) where the Legislature has decided periodic determination of revenue earned, expenses incurred, or net income is appropriate; (3) where the activity is financed solely by a pledge of the net revenues from fees and charges of the activity; or (4) when laws or regulations require that the activities' costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues. The primary focus of fee revenues charged by enterprise funds is users outside of the primary government. One specific fund is defined in statute as an Enterprise Fund, however, per GASB 34, this fund should be reported within Internal Service Funds. The respective effect on net position is approximately a $7.2 million increase.

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

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

Fiduciary Funds

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

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

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

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

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

Major Governmental Funds

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

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

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

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

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

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

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

D. Proprietary Activity Accounting and Financial Reporting

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

E. Cash/Cash Equivalents

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

F. Receivables

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

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

G. Inventories

Inventories of materials and supplies are reported at cost. The State allows agencies to use any generally accepted inventory pricing method, but specifies the first-in, first-out method generally to be appropriate for most agencies. Governmental funds use the "purchase method," meaning inventory purchases are

recorded as expenditures. At fiscal year-end, inventory balances are shown as nonspendable, indicating they do not constitute available expendable resources. Proprietary and fiduciary funds report using the "consumption method," meaning inventories are expensed as used.

H. Equity in Pooled Investments

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

I. Investments

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

J. Capital Assets

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

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

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

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

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

20 years for other intangibles. Leased and SBITA right-to-use assets are amortized on a straight-line basis using the shorter of the lease/ subscription term or the useful life of the underlying asset.
The capitalization threshold for buildings and building/land improvements is $25.0 thousand. The capitalization threshold for infrastructure and internally generated software is $500.0 thousand. The capitalization threshold for purchased software, intangible and right-to-use lease and SBITA assets is $100.0 thousand. The capitalization limit for other capital assets is $5.0 thousand. Agencies are allowed to capitalize additions to collections and land acquisitions at any cost. Purchases below these thresholds and leases and SBITAs with maximum possible terms of 12 months or less at commencement, are recorded as outflows of resources in the current period. Further detail relating to capital assets is provided in Note 5.

K. Deferred Outflows, Deferred Inflows, and Unearned Revenue

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

L. Long-term Obligations

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

M. Right-To-Use Liabilities

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

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

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

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

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

N. Financed Purchases

A financed purchase is a contract that transfers ownership of an underlying asset to the purchaser by the end of the contract and does not contain termination options. Provisions that end a contract for the following reasons are not considered termination options: Payment of all sums due, default on payments, or a fiscal funding or cancellation clause that is not reasonably certain of being exercised. If the contract does contain a termination option, it should be considered a lease and should be accounted for in accordance with the State's lease policies. The threshold for recording a financed purchase is the threshold for recording the asset type associated with a financed purchase. Further detail related to financed purchases is provided in Note 10 and Note 11.

O. Bond Discounts/Premiums/Issuance Costs

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

P. Compensated Absences

Full-time state employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Teachers employed by the State do not receive vacation leave. Vacation leave may be accumulated and carried over from one year to the next. The carryover is limited to two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Each contribution year, an employee may contribute a maximum of 80 hours of sick or annual leave to a nonrefundable sick leave pool. Excess annual leave that is being forfeited can also be contributed, with no maximum contribution. Participants in the pool may apply to use hours through a grant application process. Upon retirement or termination, an employee is paid for 100% of unused vacation leave and 25% of unused sick leave.

Vested or accumulated leave for proprietary and fiduciary funds is recorded as an expense and liability of those funds in the fund financial statements. For governmental funds, the liability is not expected to be liquidated with current financial resources. The expense and liability for the governmental funds is reported only on the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated vacation balances, sick leave balances that are more likely than not to be paid in future years, and sick leave pool amounts estimated using average salary rates of participants. Further detail related to compensated absences is provided in Note 11.

Q. Nonexchange Financial Guarantee

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

R. Fund Balance/Net Position

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

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

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

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

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

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

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

The June 30, 2025, committed fund balance in the General Fund is shown below:

Purpose		Committed Fund Balance (in thousands)
Behavioral Health System for Future Generations	$	205,843
Better Local Bridges		10,000
Budget Stabilization Reserve		521,765
Capitol Complex Executive Branch		21,794
Capitol Complex Legislative Branch		19,806
Community Reinvestment		35,415
Debt and Liability Free		265,988
Early Childhood Account		10,000
Emergency Shelter Facilities Grants		2,206
Fire Suppression Fund		103,196
Growth and Opportunity Trust Distribution Account		224,000
Growth and Opportunity Trust Housing Account		115,000
Growth and Opportunity Trust Pensions Account		250,000
Local Road and Bridge Account		75,233
Montana Surplus Tax Rebates		20,777
Montana Water Development		10,000
Securing Access to Federal Expenditures to Repair (SAFER) Montana Roads		79,014
State Property Tax Assistance Account		20,000
Total	$	1,990,037

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

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

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

Net Position

In funds other than governmental, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net investment in the capital assets portion of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing and outstanding capital asset expense payable used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions, enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide Statement of Net Position reported restricted net position of $5.1 billion.

Net position associated with the Unemployment Insurance Fund, Municipal Finance Programs, and Public Entity Risk Pools are classified as restricted. The majority of the restricted net position for other purposes business-type activities amounting to $16.3 million is made up of $10.5 million from HUD Section 8 Fund and $5.8 million from Flexible Spending Administration Fund.

S. Property Taxes

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

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

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

T. Other Taxes

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

	General Fund	State Special Revenue	Other Governmental Funds	Business-Type Funds	Total
Accommodations	$ 53,144	$ 78,504	$ 7,982	$ 29	$ 139,659
Agriculture	—	10,946	—	—	10,946
Cannabis tax (medical/recreational)	—	60,539	—	—	60,539
Car rental	8,713	2,904	—	—	11,617
Cigarette/tobacco	22,180	33,241	1,141	—	56,562
Contractors gross receipts	9,189	—	—	—	9,189
Energy tax	7,848	—	—	—	7,848
Fire protection	—	4,120	—	—	4,120
Insurance premium	127,821	67,836	—	—	195,657
Light vehicle registration	—	6,639	—	—	6,639
Liquor tax	5,286	2,132	—	41,228	48,646
Livestock	—	4,968	—	—	4,968
Other taxes	139	1,107	—	—	1,246
Public service commission	—	5,338	—	—	5,338
Railroad car companies	3,492	—	—	—	3,492
Telephone license	8,029	—	—	—	8,029
Video gaming	83,535	6	—	—	83,541
Total other taxes	$ 329,376	$ 278,280	$ 9,123	$ 41,257	$ 658,036

U. Tax Abatement

Within the BOI's SMA Commercial Loan Program, by statute, the Infrastructure Loan Program is funded by an $80.0 million allocation. Eligible local governments request a loan for constructing or purchasing infrastructure to be used by an eligible basic sector business. The business will pay a user fee to the local government that is pledged to BOI for the loan repayment. BOI reviews each loan, and only upon verification that the entities meet the loan requirements is the loan approved by BOI.

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

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

During the fiscal year ended June 30, 2025, eligible business entities made total user fee payments of $1.5 million, representing $1.2 million of principal and $300.0 thousand in interest. During the fiscal year ended June 30, 2025, a total of $5.1 million was claimed as a credit against the State individual and corporation tax liability. The following table details the fiscal year 2025 credit claimed by tax type and the tax year it was applied against (in thousands):

Infrastructure Credit Claimed for the Fiscal Year 2025

	Tax Year 2024	Tax Year 2023	Total net
Corporate income tax	$ 16	$ 230	$ 246
Individual income tax	130	4,736	4,866
Total amount claimed	$ 146	$ 4,966	$ 5,112

The local government entity must pass a resolution authorizing the acceptance of the commitment agreement. BOI indemnities the local government regarding repayment of the loan.

V. Irrevocable Split Interest Agreements

Irrevocable split-interest agreements are used by donors to provide resources to two or more beneficiaries, including governments. These agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. The University of Montana campuses have three irrevocable split interest agreements during the fiscal year ended June 30, 2025. Further detail related to these agreements is provided in Note 3.

NOTE 2. ACCOUNTING AND REPORTING CHANGES

A. New Accounting Guidance Implemented (Column A)

For the year ended June 30, 2025, the State adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 102, *Certain Risk Disclosures (GASB 102)*,establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints that will limit the State's ability to obtain resources or control spending when providing government services. To qualify for reporting, a circumstance must be known prior to issuance of the ACFR, and the event must have occurred, begun to occur, or will occur within 12 months of the date the State ACFR is issued. No circumstances were found to require disclosure.

The State, except the Montana State Fund (MSF), a discretely presented component unit of the State, has early implemented GASB Statement No. 101, *Compensated Absences* (GASB 101) in fiscal year 2024. Due to the difference in reporting period, MSF reported on the calendar year ending December 31, 2024; thus, for the State reporting period ending June 30, 2025, MSF implemented GASB 101 on time. The compensated absences expenses are reported as program expenses on the Statement of Activities. The compensated absences payable are reported as long-term liabilities on the Statement of Net Position. The adoption of this statement is applied retroactively, which requires MSF to restate compensated absences payable beginning balances for the cumulative effect. The effects on beginning net position of this change in accounting principle are shown in Column A of the table in section F.

B. Correction of Errors in Previously Issued Financial Statements (Column B)

During fiscal year 2025, the State corrected errors resulting from oversight and misuse of facts that existed at the time the financial statements were issued. During fiscal years 2020 through 2024, the State Lottery (a non-major enterprise fund) had two erroneously designed accounting processes that understated Contractual Services ($2.6 million) and Lottery Prize Payments ($4.3 million) expense accounts on the Statement of Revenues, Expenses, and Changes in Fund Net Position for Proprietary Funds and overstated the Receivables, Net account on the Statement of Net Position for Proprietary Funds. This error also overstated the State Lottery's Transfer out obligation of its net revenues to the general fund (MCA, 23-7-402) and overstated general fund cash/cash equivalents on the Balance Sheet for Governmental Funds and the Transfers In on the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds. The effect on beginning fund balance of the general fund for governmental funds and net position of governmental activities are shown in column B of the table in section F. There is no effect on the beginning net position of the State Lottery, due to statutory transfer requirements. MD&A and Statistics Sections for RSI have also been restated for effected prior periods.

During fiscal year 2025, the State corrected an error for an unrecorded long-term liability for $23.1 million associated the Confederated Salish and Kootenai Tribes Water Compact that was ratified by the State in fiscal year 2015 and the federal government in fiscal year 2021. See Note 11 for additional details surrounding the compact. The error understated Long-term liabilities and overstated Total net position on the Statement of Net Position. MD&A and Statistics Sections for RSI have also been restated for affected prior periods.

During fiscal year 2025, the State corrected an error due to mistakes in the application of accounting principles related to the valuation of Infrastructure. The State depreciates infrastructure using the composite method and evaluates historic infrastructure assets by comparing current-year infrastructure costs, adjusted for price level indexes. In prior years, this analysis was interpreted as indicating an impairment due to damage, technological advances, and safety considerations. However, an impairment requires a significant and unexpected decline in service utility arising from a specific event or change in circumstance that is outside the normal life cycle. Because no such discrete impairment event could be identified, the decline in service utility should have been treated as a change in estimate of depreciation, rather than an impairment. Accordingly, impairment expenses reported in years 2022 ($124.4 million),

2023 ($123.2 million) and 2024 ($80.9 million) should have instead been reflected as depreciation expense. There is no change in the Transportation Expense function/ program for governmental activities on the statement of activities and no affect net position.

During fiscal year 2025, the State corrected an error in the application of accounting principles related to the classification of two mortgage loan programs. The programs are the Multifamily Housing Projects (MCHP), which finances rental housing projects that provide low and moderate-income housing, and the Veterans' Home Loan mortgage Program (VHMP) which provides financing for first-time home buyers. The Mortgage Programs were treated as investments since their inception. However, under GASB Codification I50.106, mortgage loans made though governmental programs do more than generate cash flows; they also provide present service capacity by advancing public policy objectives, such as supporting first-time homebuyers or veterans as in this case. As such, Investments for MCHP and VHMP programs have been reclassified to Long-term Loans/Notes/Lease Receivables for the general fund, governmental funds on the Balance Sheet and the governmental activities for the Statement of Net Position. Prior periods within the Statistics Section are not restated because it is not practicable to determine the manner in which the Board of Investments would have allocated expenses and recorded the related income in those periods.

The immaterial error corrections in the fund financial statements, and the government-wide financial statements for the primary government are reported as the current year activities. Some component units report error corrections to restate beginning balances for cumulative effect in pension trust funds that are administered by the Montana Public Employees' Retirement Administration (MPERA), a fiduciary component unit of the State, and two discretely presented component units of the State, including Montana State University (MSU) and the University of Montana (UM). These prior period adjustments for error corrections may be material to the component units or their component units themselves, but are immaterial to the State. The State still reports these immaterial error corrections as prior period adjustments for these component units in the State's ACFR. The details of the correction of errors for these component units can be found in their separately issued and audited financial reports, as mentioned in Note 1.

C. Change in Accounting Estimate

Effective starting in fiscal year 2025, the Montana Department of Revenue implemented an updated methodology to estimate future audit collections for individual income and withholding taxes. This is a change in accounting estimate. GASB Implementation Guide No. 2015-1, Question and Answer Z.33.9 indicates that income taxes to be recovered in tax audits should be recorded, if measurable, in the same period as the underlying exchange, regardless of when they will be collected (or as deferred inflows of resources in governmental funds if not available). Under the state accounting policy, revenues are considered measurable and realizable if the precise amount is known, either because the transaction is completed or there is sufficient information to provide a reasonable, although not necessarily precise, estimate of the net realizable revenue to be received. The Department records the estimated future audit collections for individual income and withholding taxes as accounts receivable and unavailable inflow of resources. The accounts receivable is reported as Receivables, Net for governmental activities on the Statement of Net Position, for the General Fund on the Governmental Fund Balance Sheet, and as Taxes Receivable on the Accounts Receivables disaggregation table in Note 4. The unavailable inflow of resources is reported as Deferred Inflows of Resources for the General Fund on the Governmental Fund Balance Sheet. The unavailable inflow of resources is converted and reported as Individual income tax general revenue for governmental activities on the Statement of Activities. State accounting policy also indicates that experience often provides a basis for determining a reasonable estimate. The old methodology, which used the 5-year statute of limitations for individual income and withholding taxes to estimate future audit collections, was incorrect for fiscal year 2024 and had not been updated to reflect statutory changes from the 2015 legislative session. As a result, the statute of limitations for individual Income and withholding taxes was limited to a 3-year model. This 3-year model is required by the state law and reflects the assumptions that suit the current business environment, which has become the preferred methodology.

Effective starting in fiscal year 2025, the Montana Department of Labor & Industry fully implemented a new system, which resulted in enhanced reporting abilities. DLI was able to create an aging receivable report to more accurately estimate accounts receivable for expense abatements for the Unemployment Insurance Fund. The previous system could not report on the age of each individual receivable accounts, so estimate calculations were based on historical trends. The new report provides more accurate and reliable information and is therefore preferred over the previous system. Since the report changed the inputs for the net receivable valuation, it is considered a change in accounting estimate. The short-term receivable and its corresponding allowance account are reported as Receivables, Net for business-type activities on the Statement of Net Position, for the Unemployment Insurance Fund on the Proprietary Fund Statement of Net Position, and as Reimbursements/overpayments Receivable and Allowance for doubtful accounts on the Accounts Receivables disaggregation table in Note 4. The long-term receivable and its corresponding allowance account are reported as Long-term loans/notes receivable for business-type activities on the Statement of Net Position, for the Unemployment Insurance Fund on the Proprietary Fund Statement of Net Position, and as Reimbursements/overpayments Receivable and Allowance for doubtful accounts on the Long-Term Loans/Notes/Leases Receivable disaggregation table in Note 4.

D. Correction of Errors in Required Supplementary Information (RSI)

Two corrections of errors are made in the RSI 2 Pension Plan Information for prior years' columns. They were identified and restated in the current year. The errors are due to wrong formulas used in the calculations. Further details related to the corrections of errors is provided in RSI 2, footnotes for the Game Warden's & Peace Officers' Retirement System plan and for the Sheriffs' Retirement System plan.

E. Reclassification in Required Supplementary Information (RSI) and Supplementary Information (SI) Resulting from an Error Correction

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, requires the restricted component of net position represent restricted assets reduced by liabilities, as well as deferred inflows of resources, related to those assets. The State reported the net position related to net pension assets as unrestricted net position from fiscal years 2015 to 2024. These were identified and restated for those prior years in fiscal year 2025. One correction of error is made in the Management's Discussion and Analysis (MD&A) on the restricted net position and unrestricted net position of the governmental activities for the prior year, fiscal year 2024. Nine corrections of errors are made in the Statistical Section Schedule A-1 Net Position on the restricted net position and unrestricted net position of the governmental activities and the primary government for the prior 9 years, fiscal years 2016 to 2024. The errors are due to the same reason as mentioned above for the net position related to net pension assets. Further details related to these corrections of errors are provided in Schedule A-1 footnote.

F. Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, a change in accounting principle due to the implementation of the new accounting standard and error corrections resulted in adjustments to and restatements of beginning net position, fund balance, and fund net position, as shown in the following table (amounts in thousands):

	Total net position or fund balance July 1 as previously reported	Change in accounting principle (A)	Error correction (B)	Total Adjustments	Total net position or fund balance July 1 as adjusted
Government-Wide					
Governmental Activities	$ 14,683,150	$ —	$ (30,139)	$ (30,139)	$ 14,653,011
Business-Type Activities	813,522	—	—	—	813,522
Total Primary Government	$ 15,496,672	$ —	$ (30,139)	$ (30,139)	$ 15,466,533
Governmental Funds					
Major Governmental Funds:					
General Fund	$ 2,508,298	$ —	$ (6,998)	$ (6,998)	$ 2,501,300
State Special Revenue Fund	2,493,743	—	—	—	2,493,743
Federal Special Revenue Fund	146,525	—	—	—	146,525
Coal Severance Tax Permanent Fund	1,342,998	—	—	—	1,342,998
Land Grant Permanent Fund	947,028	—	—	—	947,028
Nonmajor Governmental Funds	1,261,232	—	—	—	1,261,232
Total Governmental Funds	$ 8,699,824	$ —	$ (6,998)	$ (6,998)	$ 8,692,826
Proprietary Funds					
Major Enterprise Funds:					
Unemployment Insurance Enterprise Fund	$ 600,116	$ —	$ —	$ —	$ 600,116
Municipal Finance Programs Enterprise Fund	5,549	—	—	—	5,549
Nonmajor Enterprise Funds	207,857	—	—	—	207,857
Total Enterprise Funds	$ 813,522	$ —	$ —	$ —	$ 813,522
Internal Service Funds	$ 335,618	$ —	$ —	$ —	$ 335,618
Fiduciary Funds					
Pension (and Other Employee Benefit) Trust Funds	$ 16,258,193	$ —	$ 204	$ 204	$ 16,258,397
Private Purpose Trust Funds	252,895	—	—	—	252,895
Investment Trust Funds	1,861,227	—	—	—	1,861,227
Custodial Funds	10,943	—	—	—	10,943
Discretely Presented Component Units					
Montana Board of Housing	$ 169,440	$ —	$ —	—	169,440
Facility Finance Authority	9,782	—	—	—	9,782
Montana Reinsurance Association	(37,905)	—	—	—	(37,905)
Montana State Fund	564,078	(1,215)	—	(1,215)	562,863
Montana State University	1,215,041	—	1,677	1,677	1,216,718
University of Montana	868,458	—	205	205	868,663
Total Discretely Presented Component Units	$ 2,788,894	$ (1,215)	$ 1,882	$ 667	$ 2,789,561

NOTE 3. CASH/CASH EQUIVALENTS AND INVESTMENTS

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

Cash/cash equivalents	$	10,203,879
Equity in pooled investments		18,669,620
Investments		4,406,151

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

A. General

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

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

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

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

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

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

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

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

BOI's separately issued UIP financial statements include the activity for MSF within SMA on a June 30, 2025, basis. MSF, a discretely presented component unit of the State, by statute, prepares separately issued financial statements on a calendar year-end basis. Due to the difference in reporting periods, there will be a variance between the note disclosures and the financial statements for cash/cash equivalents and investments.

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

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

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

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

Level 1 – Quoted prices for identical assets or liabilities in active markets that BOI can access as of June 30, 2025.
Level 2 – Prices are determined using inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.
Level 3 – Prices are determined using unobservable inputs, which generally results in BOI using the best information available and may include BOI's own data.

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

During fiscal year 2025, the custodial bank loaned BOI's public securities and received as collateral the following instruments:

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

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

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

The cash collateral received for each loan was invested in a highly-liquid, separately managed portfolio. BOI and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. The portfolio had a weighted average duration of 21 days and a weighted average final maturity of 103 days.

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

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

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

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

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

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

Short Term Investment Pool (STIP)
The STIP IPS limits the concentration of credit risk exposure by limiting exposure to individual issuers by asset class as follows (as a percentage of STIP Units Value at purchase):

- 3% to any issuer for any permitted investments excluding U.S. Treasury and U.S. agency securities and repurchase agreements with a financial institution,
- 30% to any single issuer for U.S. agency securities,
- 5% to any single SEC registered 2a-7 fund for money market funds or FDIC-insured deposits,
- 5% to any single primary dealer or financial institution for repurchase agreements,
- 3% to any Montana domiciled bank for collateralized demand deposit accounts,
- 5% to the custodial bank for interest-bearing demand deposit accounts.

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

BOI maintains a reserve account that may be used to offset losses within the STIP portfolio. The STIP reserve for the year ended June 30, 2025, is detailed as follows:

STIP Reserve Activity
(in thousands)

Beginning STIP Reserve	$	86,425
Additions		
Investment Earnings:		
Net increase (decrease) on fair value of investments		4,159
Interest income		336
Other investment income		428
Transfer of STIP income		16,189
Total investment earnings		21,112
Total STIP Reserve activity		21,112
Ending STIP Reserve	$	107,537

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

Real Estate Investment Services (REIS)
REIS is created for the management of private real estate direct investment on behalf of the state. The pool is also allowed to hold STIP or fully collateralized demand deposit accounts at Montana domiciled banks and credit unions. There was only one participant in the pool on June 30, 2025.

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

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

As of June 30, 2025, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee's name for BOI and held in the possession of BOI's custodial bank. The equity index funds, securities and demand deposit accounts held at non-custodial banks, direct real estate, mortgage, and loan investments were purchased and recorded in BOI's name. Commingled fund investments are registered in the name of BOI. Therefore, BOI is not subject to custodial credit risk.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. Concentration of credit risk is addressed within all IPSs as set by BOI. A maximum of 4% of the net asset value of any internally managed core fixed income portfolio may be held in a single corporate parent issuer, foreign/quasi-governmental issuer, or securitized specific pool at any time. STIP has additional concentration of credit risk provisions by asset class.

Credit Risk

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

As of June 30, 2025, of the CAPP's cash equivalents position, $187.0 million was held in unrated money market funds.

As a matter of STIP investment policy, BOI can only purchase securities from a pre-approved “Approved Issuer” list. By STIP policy, permitted money market investments include only SEC registered 2a-7 Institutional Money Market Funds that are considered “U.S. Treasury” or “U.S. Government” money market mutual funds according to the SEC regulations or short-term investment vehicle available through the custodial bank. As of June 30, 2025, all the STIP money market investments were in U.S. Governmental money markets and $424.4 million was held on deposit in short-term investment vehicles.

Interest Rate Risk

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

CAPP, TFIP, and SMA investments at fair value are categorized to disclose credit and interest rate risk for fixed income securities. Credit risk is disclosed using the weighted credit quality rating by investment type. Interest rate risk is disclosed using the weighted effective duration.

According to the STIP investment policy, “The STIP portfolio will minimize interest rate risk by:

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

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

STIP investments at fair value are categorized to disclose credit risk and weighted average maturity (WAM) as of June 30, 2025. Credit risk reflects the weighted security quality rating by investment type as of the June 30th report date. Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP has $65.0 million in investments reported at cost that are not rated. STIP interest rate risk is determined using the WAM method. The WAM measure expresses investment time horizons (the time when investments are due or reset and payable in days, months, or years) weighted to reflect the dollar size of the individual investments within an investment type. Inclusive of cash and cash equivalents, the WAM averages 58 days for the portfolio.

Based on their short weighted average maturity and the relative immaterial difference from their cost to fair value as of June 30, 2025, BOI deemed the cash equivalents to have little discernible interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. BOI's foreign currency exposure by denomination and investment type are reported as of June 30th, in U.S. dollars, at fair value and is limited to CAPP.

Other Policy Considerations

For other risk, BOI approves both the IPS and benchmark used for each portfolio. Per the CAPP IPS, the internally managed Core Fixed average duration will be maintained in a range within 20.0% of the Bloomberg US Aggregate Bond Index duration. The externally managed Core Fixed Income PAC and Non-Core Fixed Income PAC average duration will be maintained in a range within 25.0% of the Bloomberg US Aggregate Bond Index duration and Bloomberg Barclays US High Yield 2.0% Issuer Cap Index duration, respectively. Per the TFIP IPS, the average duration for Investment Grade Fixed Income Asset Class will be maintained in a range within 20.0% of the Bloomberg US Aggregate Bond Index duration while the average duration of the Non-Core Fixed Income Asset Class will be maintained within 25.0% of the Bloomberg Barclays US High Yield 2.0% Issuer Cap Index duration. Interest rate risk for SMA is contemplated in each individual IPS and is managed by limiting the maturity of individual securities and/or matching liabilities to maturities per estimated cash flows.

Fair Value of Derivative Instruments

Within CAPP, the UIP invests in currency forward contracts, credit default swaps, interest rate swaps, index futures (long and short duration), rights, and warrants which are classified as investment derivative instruments. The investment derivative instruments increased in fair value for the fiscal year ended June 30, 2025, by $1.4 million. The derivative instruments had a fair value of $786.0 thousand as of June 30, 2025. The notional amount of the contracts was $116.1 million, as shown in the following table, which is presented in thousands.

Investment Derivative Instruments as of June 30, 2025
(in thousands)

Security Investment Type	Classification	Changes in Fair Value Included in Investment Income	Fair Value	Notional Amount
Fixed income futures long	Investment	$ 80	$ —	$ 1,500
Fixed income futures short	Investment	107	—	—
FX forwards	Investment	(414)	(9)	73,569
Index Futures Long	Investment	1,210	—	3
Pay fixed interest rate swaps	Investment	(34)	21	1,133
Receive fixed interest rate swaps	Investment	739	585	39,516
Rights	Investment	57	2	—
Warrants	Investment	(328)	187	411
Totals		$ 1,417	$ 786	$ 116,132

Credit Risk - Derivative Instruments

Credit risk is the risk that the counterparty will not fulfill its obligations. The maximum amount of loss to BOI in case of default of all counterparties as of June 30, 2025 was $1.0 million. The following table reflects BOI's applicable counterparty credit ratings and risk concentrations as of June 30, 2025.

Risk Concentrations - Credit Default Swaps as of June 30, 2025

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
UBS Securities LLC	45%	A+	A+	Aa2
Barclays Bank PLC Wholesale	23%	A+	A+	A1
BNP Paribas	21%	A+	A+	A1
HSBC Bank USA	10%	A+	AA-	Aa3
UBS LCH	1%	A+	A+	Aa2

Interest Rate Risk - Derivative Instruments

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

Interest Rate Risk as of June 30, 2025
(in thousands)

		Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10
Pay fixed interest rate swaps	$ 21	$ —	$ —	$ 21
Receive fixed interest rate swaps	585	10	608	(33)
Totals	$ 606	$ 10	$ 608	$ (12)

Foreign Exchange Risk - Derivative Instruments

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

Foreign Currency Risk as of June 30, 2025
(in thousands)

Currency Name	Options	Currency Forward Contracts		Swaps	Total Exposure
		Net Receivables	Net Payables		
Brazilian Real	$ —	$ 6	$ (128)	$ —	$ (122)
Chilean Peso	—	—	(3)	—	(3)
Yuan Renminbi Offshore	—	9	(5)	—	4
Yuan Renminbi	—	—	—	161	161
Colombian Peso	—	—	(11)	—	(11)
Czech Koruna	—	64	(41)	—	23
Euro Currency	—	41	(75)	21	(13)
Hungarian Forint	—	(2)	(5)	—	(7)
Indonesian Rupiah	—	(1)	(11)	—	(12)
Indian Rupee	—	—	—	(10)	(10)
South Korean Won	2	12	—	—	14
Kazakhstan Tenge	—	(6)	(22)	—	(28)
Mexican Peso	—	(4)	(14)	468	450
Malaysian Ringgit	—	134	—	—	134
Sol	—	63	(186)	—	(123)
Polish Zloty	—	109	(34)	—	75
Romanian Leu	—	18	—	—	18
Thailand Baht	—	72	7	—	79
Turkish Lira	—	5	—	—	5
South African Rand	—	25	(26)	—	(1)
Sub Total	2	545	(554)	640	633
U.S. Dollar	187	—	—	(34)	153
Totals	$ 189	$ 545	$ (554)	$ 606	$ 786

B. Cash/Cash Equivalents

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

Table 1 – Cash Deposit Amounts
(in thousands)

	Carrying Amount
Cash held by State/State's agent	$ 45,135
Uninsured and uncollateralized cash	2,596
Undeposited cash	569
Cash in U.S. Treasury	662,585
Cash in MSU component units	6,126
Cash in UM component units	22,631
Less: outstanding warrants	(54,955)
Total cash deposits	$ 684,687

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

Table 2 - Cash Equivalents
(in thousands)

	Fair Value
Treasuries [1]	$ 1,877,840
Corporate commercial paper [2]	401,605
Corporate notes [2]	882,990
Certificates of deposit [2]	1,159,893
Agency or government related [2]	350,679
Unrated INTERCAP bonds [2][3]	65,000
Money market fund unrated	430,654
STIP cash equivalents [2]	4,285,968
Treasurer's cash pool cash equivalents [2]	539,792
Less: STIP Adjustments [4]	(475,229)
Total cash equivalents	$ 9,519,192

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

As of June 30, 2025, local governments had invested $2.0 billion, and component units of the State of Montana had invested $492.3 million in STIP.

STIP Cash Equivalent Credit Quality Ratings as of

June 30, 2025

(in thousands)

	Total Cash Equivalents	Credit Quality Rating
Agency or government related	$ 61,708	A-1+
Asset backed commercial paper	2,949,872	A-1+
Corporate commercial paper	849,964	A-1+
Interest Bearing Demand Deposit Account (IBDDA)	424,424	A-1+
Total cash equivalents	$ 4,285,968	

STIP

Credit Quality Rating and Weighted Average of Maturity as of

June 30, 2025

(in thousands)

Security Investment Type	Total Fixed Income Investments at Fair Value	Credit Quality Rating	WAM (Days)
Treasuries	$ 1,877,840	A-1+	85
Agency or government related	350,679	A-1+	296
Corporate:			
Commercial paper	401,605	A-1+	186
Notes	882,990	A-1+	319
Certificates of deposit	1,159,893	A-1+	129
Total STIP fixed income investments at fair value	$ 4,673,007		

C. Equity in Pooled Investments

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

Table 3 – Equity in Pooled Investments
(in thousands)

	Fair Value [1]
CAPP:	
Consolidated asset pension pool	$ 15,710,539
TFIP:	
Trust funds investment pool	3,483,237
Treasurer's Cash Pool Investment in TFIP	(539,792)
REIS:	
Real Estate Investment Services Pool	12,786
Total pooled investments	18,666,770
Pool adjustments (net)	2,850
Total equity in pooled investments	$ 18,669,620

[1] Includes cash/cash equivalents and investments.

As of June 30, 2025, the fair value of the underlying securities on loan was $2.9 billion. Collateral provided for the securities on loan totaled $3.0 billion, consisting of $875.7 million in cash and $2.2 billion in securities.

As of June 30, 2025, local governments invested $11.7 million in TFIP.

State of Montana investments are categorized below to disclose credit and interest rate risk as of June 30, 2025, as required for applicable pools.

Credit Quality Rating and Effective Duration as of June 30, 2025
Fair Value (in thousands)

Security Investment Type	CAPP	TFIP	SMA	Total Fixed Income Investments at Fair Value	Credit Quality Ratings Range	Effective Duration (Years)
Treasuries	$ 683,848	$ 839,269	$ 302,081	$ 1,825,198	AA+	10.42-11.58
Agency or Government Related	401,838	213,299	98,931	714,068	AA+ to A-	3.6-6.27
Asset Backed Securities	78,916	75,716	57,853	212,485	AAA	1.27-1.54
Mortgage-Backed Securities:						
Noncommercial	435,694	484,792	251,350	1,171,836	AA+	4.87-5.48
Commercial	77,231	58,957	26,530	162,718	AAA to AA+	2.14-3.44
Corporate:						
Financial	476,032	292,751	235,601	1,004,384	A+ to BBB+	2.32-3.64
Industrial	865,384	618,558	286,113	1,770,055	A- to BB+	3.59-4.71
Utility	60,799	16,919	6,725	84,443	A+ to BBB-	3.63-5.98
Total fixed income investments at fair value	$ 3,079,742	$ 2,600,261	$ 1,265,184	$ 6,945,187		

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

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

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

Direct real estate classified in Level 3 of the fair value hierarchy are based on the latest appraised value. In years with no updated appraisal the Montana Department of Revenue calculated growth rate is used to determine the adjusted value.The BOI's internal procedures require a third-party appraisal on direct real estate every four years. The direct real estate was last appraised in fiscal year 2024.

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

Each of the investment pools and SMA has the following fair value measurements as of June 30, 2025:

Investments Measured at Fair Value
(in thousands)

		Fair Value Measurements Using		
	June 30, 2025	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Investments by fair value level				
Fixed income investments:				
Treasuries	$ 3,703,038	$ 3,703,038	$ —	$ —
Agency or Government Related	1,064,746	—	1,064,746	—
Asset Backed Securities	212,484	—	212,484	—
Mortgage Backed Securities:				
Noncommercial	1,171,836	—	1,171,836	—
Commercial	162,719	—	162,719	—
Corporate:				
Commercial Paper	401,605	—	401,605	—
Commercial Notes	882,990	—	882,990	—
Certificates of Deposit	1,159,893	—	1,159,893	—
Financial	1,004,384	—	1,004,384	—
Industrial	1,770,056	—	1,770,056	—
Utility	84,443	—	84,443	—
Domestic equity investments	6,408,334	6,408,334	—	—
International equity investments	978,215	978,215	—	—
Direct Real Estate	43,721	—	—	43,721
Residential Mortgages	458	—	—	458
Investment derivative instruments	786	—	786	—
Total investments by fair value level	19,049,708	11,089,587	7,915,942	44,179
Investments measured at the net asset value (NAV)				
Private Investments	2,721,461			
Core Real Estate	1,146,962			
Non-Core Real Estate	927,421			
Real Assets	897,124			
Real Estate High Income Fund	181,817			
Total investments measured at NAV	5,874,785			
Total investments measured at fair value	24,924,493			
Investments at cost				
Cash and cash equivalents held at custodial bank	4,484,955			
INTERCAP Bonds	65,000			
SMA Montana Loans and Bonds	128,426			
Total investments not categorized	4,678,381			
Total investments	$ 29,602,874			

The investments measured at NAV for the year ended June 30, 2025, are detailed below:

	Investments Measured at NAV (in thousands)			
	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Investments	$ 2,721,461	$ 1,615,743		
Core Real Estate	1,146,962	242,914	Monthly, Quarterly	45-90 days
Non-Core Real Estate	927,421	292,253		
Real Assets	897,124	450,976		
Real Estate High Income Fund	181,817	139,528	Daily	1-3 days
Total investments measured at the NAV	$ 5,874,785	$ 2,741,414		

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

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

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

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

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

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

investments of this type have been determined using the NAV per share (or its equivalent) of the investments.

As of June 30, 2025, the exchange date, BOI's foreign currency exposure by denomination and investment type are reported, in U.S. dollars, at fair value and is limited to CAPP. The following table excludes the foreign investments denominated in U.S. dollars for the American Depository Receipts (ADRs), sovereign debt, and commingled index funds.

Foreign Currency Exposure by Country

Investment Type in U.S. Dollar Equivalent

(in thousands)

Foreign Currency Denomination	Currency	Fixed Income	International Equities	Private Investments	Real Estate	Real Assets
Argentine Peso	$ —	$ 708	$ —	$ —	$ —	$ —
Australian Dollar	—	—	30,433	—	—	—
Brazilian Real	76	18,473	21,048	—	—	—
Canadian Dollar	293	—	76,176	—	—	—
Chilean Peso	33	2,115	338	—	—	—
Chinese Yuan	238	161	33,149	—	—	—
Columbian Peso	66	783	—	—	—	—
Czech Koruna	—	3,488	4,142	—	—	—
Danish Krone	—	—	16,809	—	—	—
Dominican Peso	—	226	—	—	—	—
Egyptian Pound	17	3,402	230	—	—	—
EMU – Euro	370	4,794	322,879	5,440	123	120,056
Hong Kong Dollar	219	—	97,664	—	—	—
Hungarian Forint	—	2,963	177	—	—	—
Indian Rupee	—	5,659	—	—	—	—
Indonesian Rupiah	194	8,799	8,151	—	—	—
Japanese Yen	668	—	184,153	—	—	—
Kazakhstan Tenge	—	514	—	—	—	—
Kuwaiti Dinar	94	—	7,435	—	—	—
Malaysian Ringgit	154	3,825	2,931	—	—	—
Mexican Peso	(403)	10,788	16,158	—	—	—
New Israeli Sheqel	6	—	5,559	—	—	—
New Taiwan Dollar	266	—	97,467	—	—	—
Norwegian Krone	575	—	8,879	—	—	—
Paraguay Guarani	—	471	—	—	—	—
Peruvian Sol	1	10,013	31	—	—	—
Philippine Peso	23	—	319	—	—	—
Polish Zloty	15	2,953	16,040	—	—	—
Pound Sterling	173	—	119,692	39,266	—	—
Romanian Leu	35	1,494	—	—	—	—
Russian Ruble	19	—	—	—	—	—
Singapore Dollar	2	—	23,872	—	—	—
South African Rand	11	7,549	2,852	—	—	—
South Korean Won	27	—	46,004	—	—	—
Swedish Krona	17	—	46,080	—	—	—
Swiss Franc	54	—	61,581	—	—	—
Thailand Baht	71	3,361	11,762	—	—	—
Turkish Lira	1	2,233	1,468	—	—	—
UAE Dirham	227	—	20,179	—	—	—
Ukranian Hryvnia	—	362	—	—	—	—
Uruguayan Peso	—	1,158	—	—	—	—
Total cash and securities	$ 3,542	$ 96,292	$ 1,283,658	$ 44,706	$ 123	$ 120,056

Investments in alternative financial assets are usually made via limited partnership agreements that involve many limited partners and a general partner who is responsible for all investment decisions. The limited partners make an original commitment, after which capital is called as needed by the general partner to make investments. These agreements will usually last several years. The following table shows the BOI's remaining commitments as of June 30, 2025 to active alternative investment funds with approximately $2.5 billion related to CAPP, $192.8 million related to TFIP, and $36.4 million related to SMA.

Commitments to Fund Managers
(in thousands)

Pension Asset Class	Commitment Remaining
Private Investments	$ 1,615,743
Real Assets	450,976
Real Estate	674,695
Total	$ 2,741,414

D. Investments

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

Long-term Investments

Department	Percent Administered
Board of Investments	38.88 %
Universities	24.41
MPERA (Montana Public Employee Retirement Administration)	28.74
College Savings Plan	5.33
Montana Board of Housing	1.85
Other [1]	0.79
Total	100.00 %

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

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

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

Table 4 – Investments (in thousands)

	Fair Value June 30, 2025	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government				
Investments by fair value level				
Agency/Government Related [1]	$ 19,451	$ —	$ 19,451	$ —
Financial-Corporate [1]	88,821	—	88,821	—
Stocks	9,538	9,538	—	—
Other	388	—	388	—
Total investments at fair value	118,198	9,538	108,660	—
Investments at cost				
Montana Loans and Bonds	126,416			
Total investments at cost	126,416			
Total primary government	244,614			
Component units/fiduciary funds				
Investments by fair value level				
Treasuries [1]	302,081	302,081	—	—
Agency/Government Related [1]	79,480	—	79,480	—
Asset-Backed Securities [1]	57,853	—	57,853	—
Mortgage-Backed Securities [1]	251,350	—	251,350	—
Commercial Mortgage-Backed Securities [1]	26,530	—	26,530	—
Financial-Corporate [1]	146,779	—	146,779	—
Industrial-Corporate [1]	286,113	—	286,113	—
Utility-Corporate [1]	6,724	—	6,724	—
Equity Investments	208,192	208,192	—	—
529 College Savings Plan	234,934	—	234,934	—
VEBA	14,983	14,983	—	—
State Auditor	9,692	3,741	5,951	—
MSU Component Unit Investments [2]	223,916	206,295	9,048	8,573
UM Component Unit Investments [2]	149,855	61,521	72,246	16,088
Board of Housing [2]	81,472	4,798	76,674	—
Total investments at fair value	2,079,954	801,611	1,253,682	24,661
Investments at net asset value (NAV)				
Core Real Estate	85,176			
Private Investments	28,134			
Deferred Compensation [2]	691,199			
Defined Contribution [2]	575,216			
MSU Component Unit Investments [2]	261,859			
UM Other Investments [2]	291			
UM Component Unit Investments [2]	398,604			
UM Interest in Split Interest [2]	5,579			
Total investments at NAV	2,046,058			
Investments at cost				
MSU Component Unit Investments [2]	35,525			
Total Investments at Cost	35,525			
Total component unit/fiduciary investments	4,161,537			
Total investments	$ 4,406,151			
Securities lending investment pool	$ 38,949			

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

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

As of June 30, 2025, the fair value of the investments on loan was $336.5 million. Collateral provided for the investments on loan totaled $357.2 million consisting of $39.0 million in cash and $318.2 million in securities.

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

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

Accounts receivable, long-term loans/notes/leases receivable, accounts payable, deferred outflows of resources, and deferred inflows of resources on the Statement of Net Position as of June 30, 2025, consisted of the following (in thousands):

A. Accounts Receivables

	Governmental Activities							
	Coal Severance Tax	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	Nonmajor Governmental Funds	State Special Revenue	Total
Charges for services/fines/forfeitures	$ —	$ 6,132	$ 3,281	$ 750	$ —	$ —	$ 22,599	$ 32,762
Contributions/Premiums	—	—	—	13,382	—	—	2,179	15,561
Grants/Contracts/Donations	—	—	—	—	—	—	1,872	1,872
Lease Receivables	—	—	—	—	5,927	—	4	5,931
License and Permits	—	—	—	—	—	—	1,882	1,882
Loan/Investment Income	4,632	1,155	17,310	882	3,555	7,093	23,028	57,655
Medicaid Drug Rebate Program	—	104,615	32,561	—	—	—	615	137,791
Other Receivable	—	—	101	2,479	—	24	440	3,044
Reimbursements/Overpayments	—	1,694	9,563	—	—	—	15,837	27,094
Taxes Receivable	9,491	—	481,967	—	—	3,074	130,524	625,056
Settlement	—	—	—	—	—	—	17,632	17,632
Total receivables	14,123	113,596	544,783	17,493	9,482	10,191	216,612	926,280
Less: allowance for doubtful accounts	(831)	(2,415)	(128,492)	(2,477)	—	(237)	(20,706)	(155,158)
Receivables, net	$ 13,292	$ 111,181	$ 416,291	$ 15,016	$ 9,482	$ 9,954	$ 195,906	$ 771,122

	Business-type Activities			
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance	Total
Charges for services	$ —	$ 38,753	$ —	$ 38,753
Contributions/premiums	—	3,618	862	4,480
Loans/investment income	9,280	504	—	9,784
Other receivables	—	9	—	9
Reimbursements/overpayments	—	127	2,500	2,627
Total receivables	9,280	43,011	3,362	55,653
Less: allowance for doubtful accounts	—	(719)	(613)	(1,332)
Receivables, net	$ 9,280	$ 42,292	$ 2,749	$ 54,321

B. Long-Term Loans/Notes/Leases Receivable

	Governmental Activities					
	Federal Special Revenue	General Fund	Land Grant	Nonmajor Governmental Funds	State Special Revenue	Total
Loans/investment income	$ 178,039	$ 80,353	$ —	$ 17,952	$ 524,119	$ 800,463
Lease receivables[1]	—	—	364,967	—	218	365,185
Pledges receivable	—	—	—	845	3,428	4,273
Total receivables	178,039	80,353	364,967	18,797	527,765	1,169,921
Less: allowance for loan forgiveness	(27,591)	—	—	—	—	(27,591)
Less: allowance for doubtful accounts	—	—	—	—	(131)	(131)
Long-term loans/notes/leases receivable	$ 150,448	$ 80,353	$ 364,967	$ 18,797	$ 527,634	$ 1,142,199

[1] Further detail regarding lease receivables is provided in Note 10.

	Business-type Activities			
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance	Total
Loans/investment income	$ 42,995	$ 26	$ —	$ 43,021
Reimbursements/overpayments	—	—	56,224	56,224
Total receivables	42,995	26	56,224	99,245
Less: allowance for doubtful accounts	—	—	(51,850)	(51,850)
Long-term loans/notes/leases receivable	$ 42,995	$ 26	$ 4,374	$ 47,395

C. Deferred Outflows of Resources

	Governmental Activities			
	General Fund	Internal Service Funds	State Special Revenue	Total
OPEB deferred outflows [1]	$ 84,320	$ 6,060	$ —	$ 90,380
Pension deferred outflows [2]	392,244	9,007	38	401,289
Total deferred outflows	$ 476,564	$ 15,067	$ 38	$ 491,669

	Business-type Activities		
	Municipal Finance Programs	Nonmajor Enterprise Funds	Total
OPEB deferred outflows [1]	$ 25	$ 1,622	$ 1,647
Pension deferred outflows [2]	45	2,371	2,416
Total deferred outflows	$ 70	$ 3,993	$ 4,063

[1] Further detail regarding OPEB related deferred outflows of resources is provided in Note 7.

[2] Further detail regarding pension related deferred outflows of resources is provided in Note 6.

D. Accounts Payables

	Governmental Activities						
	Federal Special Revenue	General Fund	Internal Service Funds	Land Grant	Nonmajor Governmental Funds	State Special Revenue	Total
Accrued interest	$ 5	$ 383	$ 17	$ —	$ —	$ 40	$ 445
Payroll	9,729	24,362	4,264	—	13	20,592	58,960
Tax refunds	—	234,960	—	—	—	—	234,960
Vendors/individuals	316,432	178,029	16,234	13	25,869	144,979	681,556
Payables, net	$ 326,166	$ 437,734	$ 20,515	$ 13	$ 25,882	$ 165,611	$ 975,921

	Business-type Activities			
	Municipal Finance Programs	Nonmajor Enterprise Funds	Unemployment Insurance	Total
Accrued interest	$ 1,015	$ 1	$ —	$ 1,016
Payroll	22	1,021	—	1,043
Vendors/individuals	—	19,480	4,647	24,127
Payables, net	$ 1,037	$ 20,502	$ 4,647	$ 26,186

E. Deferred Inflows of Resources

	Governmental Activities				
	General Fund	Internal Service Funds	Land Grant	State Special Revenue	Total
Leases deferred inflows [3]	$ —	$ —	$ 370,894	$ 222	$ 371,116
OPEB deferred inflows [1]	119,184	8,565	—	—	127,749
Pension deferred inflows [2]	202,091	2,020	—	10	204,121
Total deferred inflows	$ 321,275	$ 10,585	$ 370,894	$ 232	$ 702,986

	Business-type Activities		
	Municipal Finance Programs	Nonmajor Enterprise Funds	Total
OPEB deferred inflows [1]	$ 36	$ 2,274	$ 2,310
Pension deferred inflows [2]	13	828	841
Total deferred inflows	$ 49	$ 3,102	$ 3,151

(1) Further detail regarding OPEB related deferred inflows of resources is provided in Note 7.

(2) Further detail regarding pension related deferred inflows of resources is provided in Note 6.

(3) Further detail regarding lease related deferred inflows is provided in Note 10.

NOTE 5. CAPITAL ASSETS

Changes in capital asset balances for the fiscal year ended June 30, 2025, are reflected in the following table (in thousands):

Governmental Activities	Beginning Balance	Increases [1]	Decreases [1]	Ending Balance
Capital assets not being depreciated:				
Land	$ 827,872	$ 9,648	$ (113)	$ 837,407
Construction work in progress	1,631,819	932,188	(544,926)	2,019,081
Easements	279,337	22,890	—	302,227
Museum and art	86,774	427	(26)	87,175
Other	30,757	9	(427)	30,339
Total capital assets not being depreciated	2,856,559	965,162	(545,492)	3,276,229
Capital assets being depreciated:				
Infrastructure	6,381,507	396,547	(262,224)	6,515,830
Land improvements	85,883	1,787	(344)	87,326
Buildings/improvements	735,389	89,606	(11,739)	813,256
Equipment	526,957	40,897	(20,865)	546,989
Easements - amortized	1,008	—	(73)	935
Right to use lease land	1,609	—	—	1,609
Right to use lease buildings	191,757	14,900	(11,455)	195,202
Right to use lease equipment	726	224	(101)	849
Right to use subscription	70,920	6,115	(28,202)	48,833
Other	6,626	114	(16)	6,724
Total capital assets being depreciated	8,002,382	550,190	(335,019)	8,217,553
Less accumulated depreciation and amortization for:				
Infrastructure	(1,748,321)	(456,567)	318,988	(1,885,900)
Land improvements	(50,522)	(3,335)	58	(53,799)
Buildings/improvements	(505,222)	(30,222)	3,576	(531,868)
Equipment	(348,370)	(29,979)	15,871	(362,478)
Right to use lease land	(257)	(91)	—	(348)
Right to use lease buildings	(57,353)	(24,115)	8,278	(73,190)
Right to use lease equipment	(362)	(193)	101	(454)
Right to use subscription	(25,970)	(18,886)	20,305	(24,551)
Other	(5,695)	(252)	—	(5,947)
Total accumulated depreciation and amortization	(2,742,072)	(563,640)	367,177	(2,938,535)
Total capital assets being depreciated, net	5,260,310	(13,450)	32,158	5,279,018
Intangible assets	77,213	26,143	(39,796)	63,560
Governmental activities capital assets, net	$ 8,194,082	$ 977,855	$ (553,130)	$ 8,618,807

[1] The increases and decreases noted above include adjustments related to prior periods and correction of errors.

Business-type Activities	Beginning Balance	Increases [1]	Decreases [1]	Ending Balance
Capital assets not being depreciated:				
Land	$ 800	$ —	$ —	$ 800
Construction work in progress	33,268	13,711	(450)	46,529
Other	4,974	946	—	5,920
Total capital assets not being depreciated	39,042	14,657	(450)	53,249
Capital assets being depreciated:				
Infrastructure	1,175	—	—	1,175
Land improvements	3,830	—	—	3,830
Buildings/improvements	16,445	—	—	16,445
Equipment	10,986	886	(501)	11,371
Right to use lease buildings	3,734	661	(45)	4,350
Right to use lease equipment	12	—	—	12
Right to use subscription	2,454	—	—	2,454
Total capital assets being depreciated	38,636	1,547	(546)	39,637
Less accumulated depreciation and amortization for:				
Infrastructure	(839)	(19)	—	(858)
Land improvements	(2,812)	(140)	—	(2,952)
Buildings/improvements	(9,445)	(574)	—	(10,019)
Equipment	(8,446)	(445)	197	(8,694)
Right to use lease buildings	(1,132)	(418)	45	(1,505)
Right to use lease equipment	(4)	(4)	—	(8)
Right to use subscription	(976)	(700)	—	(1,676)
Total accumulated depreciation and amortization	(23,654)	(2,300)	242	(25,712)
Total capital assets being depreciated, net	14,982	(753)	(304)	13,925
Intangible assets	3,978	41	(352)	3,667
Business-type activities capital assets, net	$ 58,002	$ 13,945	$ (1,106)	$ 70,841

[1] The increases and decreases noted above include adjustments related to prior periods and corrections of errors.

Total right to use assets (in thousands):

	Right to Use Lease Capital Assets	Right to Use Lease Accumulated Amortization	Right to Use Subscription	Right to Use Subscription Amortization	Right to Use Assets, Net
Governmental activities	$ 197,660	$ (73,992)	$ 48,833	$ (24,551)	$ 147,950
Business-type activities	4,362	(1,513)	2,454	(1,676)	3,627
Total	$ 202,022	$ (75,505)	$ 51,287	$ (26,227)	$ 151,577

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

	Depreciation [1]	Right to Use Lease Asset Amortization	Right to Use Subscription Amortization	Total
General government	$ 13,628	$ 3,376	$ 3,923	$ 20,927
Public safety	11,252	8,018	819	20,089
Transportation, including depreciation of the highway system maintained by the State	458,533	306	980	459,819
Health and human services	7,090	8,881	3,452	19,423
Education	459	490	1,366	2,315
Natural resources, including depreciation of the state's dams	13,125	1,919	—	15,044
Depreciation and amortization on capital assets held by the internal service funds	16,268	1,409	8,346	26,023
Total – Governmental Activities	$ 520,355	$ 24,399	$ 18,886	$ 563,640

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

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

	Depreciation [1]	Right to Use Lease Asset Amortization	Right to Use Subscription Amortization	Total
HUD Section 8	$ —	$ 95	$ —	$ 95
Liquor Stores	73	56	—	129
State Lottery	42	207	—	249
Local Government Audits	—	—	254	254
Prison Funds	471	—	—	471
MUS Group Insurance	—	36	—	36
MUS Workers Compensation	—	5	—	5
West Yellowstone Airport	534	—	—	534
Other Service	58	23	446	527
Total – Business-type Activities	$ 1,178	$ 422	$ 700	$ 2,300

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

NOTE 6. RETIREMENT PLANS

A. General

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

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

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

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

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

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

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

A summary of the number of participating employer and nonemployer contributing entities as of June 30, 2025, follows:

Classification of Participant	GWPORS	PERS-DBRP	PERS-DCRP	SRS	MPORS	FURS	VFCA	TRS
Employer	7	557	364	57	36	30	229	365
Nonemployer contributing entity	—	1	—	—	1	1	1	1
Total Participants	7	558	364	57	37	31	230	366

There are 660 State employees who are eligible to participate in defined benefit pension plans, other than the plans listed above.

B. Summary of Significant Accounting Policies

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

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

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

C. Summary of All Public Employee Retirement Plans

A summary of classes of members in JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, VFCA, TRS, and PERS-DCRP, covered by benefit terms at June 30, 2025, follows:

Type of Plan for Reporting Purposes	Single-Employer Defined Benefit			Multi-Employer Defined Benefit						Multi-Employer Defined Contribution
Plan Designation	**JRS**	**HPORS (1)**	**GWPORS**	**PERS-DBRP(2)**	**SRS**	**MPORS (1)**	**FURS**	**VFCA (3)**	**TRS**	**PERS-DCRP**
Classification of Member										
Active	61	222	1,061	30,811	1,566	914	944	2,936	20,151	3,651
Inactive entitled to, but not yet receiving, benefits or a refund:										
Vested	1	27	193	5,222	249	135	63	830	2,395	1,093
Non-vested	2	49	778	27,916	1,221	296	136	8,571	6,490	1,459
Inactive members and beneficiaries currently receiving benefits:										
Service retirements	78	371	547	25,596	906	964	710	1,539	15,963	246
Disability retirements	—	5	2	64	32	26	12	1	163	6
Survivor benefits	4	9	13	573	22	27	14	2	2,176	2
Total membership	146	683	2,594	90,182	3,996	2,362	1,879	13,879	47,338	6,457

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

(2) The PERS-DBRP inactive non-vested count includes dormant accounts that were previously not counted until fiscal year 2017.

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

The following table represents the aggregate proportional share of the pension amounts for all defined benefit plans from the perspective of the State as the employer and/or nonemployer contributing entity for primary government, discretely presented component units, and fiduciary component units reported as of June 30, 2025, based on the actuarial valuation as of June 30, 2024 (amounts presented in thousands):

Aggregate Pension Amounts - All Defined Benefit Plans

	Primary Government			Discretely Presented Component Units (1)	Fiduciary Component Units	TOTAL
	State as Employer	State as Nonemployer Contributing Entity	Total Primary Government			
Net Pension Liabilities	$ 1,110,277	$ 1,184,360	$ 2,294,637	$ 235,035	$ 2,026	$ 2,531,698
(Net Pension Assets)	(62,316)	(2,910)	(65,226)	—	—	(65,226)
Pension Deferred Outflows of Resources	201,443	202,262	403,705	83,229	284	487,218
Pension Deferred Inflows of Resources	95,682	109,280	204,962	9,585	45	214,592
Pension Expense or Nonemployer Contributing Entity Grant Expense	13,356	72,470	85,826	34,297	167	120,290

(1) MSF pension deferred outflows of resources difference of $960.4 thousand is due to MSF reporting on a calendar year-end basis on financial statements with a 6-month subsequent contribution while a 12-month subsequent contribution is disclosed in Note 6.

D. Defined Benefit Retirement Plans

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

(1) Plan Descriptions and Funding Policies

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

Summary of Benefits

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

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

Vesting
5 years of membership service.

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

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

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

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

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

Employer contributions to the system – During the 2021 Legislative Session, Senate Bill 175 was passed suspending the employer contributions beginning the first full pay period occurring in July 2021 through the last full pay period occurring in June 2023. The

contributions suspended for the period July 1, 2022 through June 30, 2023, impacts the net pension liability of the JRS at measurement date June 30, 2023, for employer reporting date June 30, 2024.

During the 2025 Legislative session House Bill (HB) 85 repealed the modified layered amortization policy put in place for the JRS, HPORS, SRS, and GWPORS systems under HB 569 passed during the 2023 legislative session. It restores the employer contribution rates upon passage and approval in each system to the fiscal year 2023 employer rates that existed before HB 569 was passed. The 2023 employer contribution rates were 0% for JRS.

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

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

Deferred Retirement Option Plan (DROP)

Beginning October 1, 2015, eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, Chapter 6, Part 10, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the HPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory employer contributions continue to the retirement system; mandatory employee contributions are deposited to the member's DROP account. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the Internal Revenue Service (IRS). If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2025, the balance held by MPERA for HPORS DROP participants was approximately $1.4 million.

Summary of Benefits

Member's highest average compensation (HAC)

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

Eligibility for benefit

Hired prior to July 1, 2023, 20 years of membership service, regardless of age.
Hired on or after July 1, 2023, at least 50 years of age with 20 years of membership service

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

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

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

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

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

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

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

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

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

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

current benefit and may not exceed 60.0% of the current base salary of a probationary officer.

Contributions to the Plan

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

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

Employer contributions to the system – For July 1, 2024 and after, contribution rates are actuarially determined. Employer contributions and state contributions (if any) must be paid on all working retirees.

During the 2025 Legislative session House Bill (HB) 85 repealed the modified layered amortization policy put in place for the JRS, HPORS, SRS, and GWPORS systems under HB 569 passed during the 2023 legislative session. It restores the employer contribution rates upon passage and approval in each system to the fiscal year 2023 employer rates that existed before HB 569 was passed. The 2023 employer contribution rates were 38.33% for HPORS.

For fiscal year 2025, HB 569 also provides a one-time appropriation from the General Fund to the HPORS of $27.6 million. This contribution is from the State as a non-contributing entity and not in a special funding situation.

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

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

Summary of Benefits

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

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

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

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

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

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

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

Vesting
5 years of membership service.

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

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

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

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

Member contributions to the system – Contributions are deducted from each member's salary and remitted by participating employers. Plan members are required to contribute

10.56% of member's compensation. Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

Employer contributions to the system – For July 1, 2024 and after, contribution rates are actuarially determined. Employer contributions and state contributions (if any) must be paid on all working retirees.

During the 2025 Legislative session House Bill (HB) 85 repealed the modified layered amortization policy put in place for the JRS, HPORS, SRS, and GWPORS systems under HB 569 passed during the 2023 legislative session. It restores the employer contribution rates upon passage and approval in each system to the fiscal year 2023 employer rates that existed before HB 569 was passed. The 2023 employer contribution rates were 10.56% for GWPORS.

For fiscal year 2025, HB 569 also provides a one-time appropriation from the General Fund to GWPORS of $41.2 million. This contribution is from the State as a non-contributing entity and not in a special funding situation.

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

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

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

Summary of Benefits

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

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

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

Early retirement, actuarially reduced:
Hired prior to July 1, 2011 –
Age 50, 5 years of membership service; or
Any age under age 60, 25 years of membership service.

Hired on or after July 1, 2011 – Age 55, 5 years of membership service.

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

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

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

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

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

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

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

Vesting

5 years of membership service

Monthly benefit formula

Members hired prior to July 1, 2011 –

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

Members hired on or after July 1, 2011 –

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

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

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007, and June 30, 2013
- Members hired on or after July 1, 2013
    - 1.5% for each year PERS is funded at or above 90%;
    - 1.5% reduced by 0.1% for each 2.0% PERS is funded below 90%; and,
    - 0% whenever the amortization period for PERS is 40 years or more.

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

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

Employer contributions to the system
State and University System employers are required to contribute 9.17% of member compensation.
Local government entities are required to contribution 9.07% of member compensation.
School district employers contributed 8.80% of member compensation.

Per the 2013 Legislative Session's House Bill 454, section 4, effective July 1, 2013, PERS employer contributions temporarily increased 1%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The Employer additional contributions, including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates. As of January 1, 2026, the additional contributions will not be terminated.

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

Non-Employer Entity Contributions
Special Funding

The State contributes 0.1% of member compensation on behalf of local government entities.

The State contributes 0.37% of member compensation on behalf of school district entities.

The State contributes a statutory appropriation from the General Fund. Funding provided for the plan's fiscal year ended June 30, 2024, totaled $35.3 million.

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

Summary of Benefits

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

Eligibility for benefit
Hired prior to July 1, 2023, 20 years of membership service, regardless of age.
Hired on or after July 1, 2023, at least 50 years of age with 20 years of membership service
Early Retirement: Age 50, 5 years of membership service, actuarially reduced.

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

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

Vesting
5 years of membership service

Monthly benefit formula
2.5% of HAC per year of service

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

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

Contributions to the Plan

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

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

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

During the 2025 Legislative session House Bill (HB) 85 repealed the modified layered amortization policy put in place for the JRS, HPORS, SRS, and GWPORS systems under HB 569 passed during the 2023 legislative session. It restores the employer contribution rates upon passage and approval in each system to the fiscal year 2023 employer rates that existed before HB 569 was passed. The 2023 employer contribution rates were 13.115% for SRS.

For fiscal year 2025, HB 569 also provides a one-time appropriation from the General Fund to the SRS of $26.8 million. This contribution is from the State as a non-contributing entity and not in a special funding situation. Because the State, as an employer participating in this plan, and the State, as a non-contributing entity, are both in the same primary government reporting entity, this one-time contribution allocated to the State as an employer of $1.3 million is recorded as the employer contribution, not recognized as pension revenue.

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

Deferred Retirement Option Plan (DROP)

Beginning July 2002, eligible members of the MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, Chapter 9, Part 10, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may only participate in the DROP once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2025, the balance held by MPERA for MPORS DROP participants was approximately $8.1 million.

The State is not an employer participant in the MPORS plan. However, because the PERB is a fiduciary component unit of the State, this ACFR presents certain information to help ensure compliance with

GASB 67. In addition, the State provides nonemployer entity contributions classified as special funding in accordance with GASB 68. Disclosures made in this financial report for MPORS are meant to reflect the aforementioned relationships.

Summary of Benefits

Member's final average compensation (FAC)
Hired prior to July 1, 1977 – average monthly compensation of final year of service.
Hired on or after July 1, 1977 – final average compensation for last consecutive 36 months.
Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's FAC.

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

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

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

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

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

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

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

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

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

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

Member contributions – Contribution rates are dependent upon the date of hire as a police officer. Contributions are deducted from each member's salary and remitted by the participating Employer.
- If hired prior to July 1, 1975, member contributions as a percentage of salary are 5.80%;
- If hired after June 30, 1975, and prior to July 1, 1979, member contributions as a percentage of salary are 7.00%;
- If hired after June 30, 1979, and prior to July 1, 1997, member contributions as a percentage of salary are 8.50%; and,
- If hired on or after July 1, 1997, and for members electing GABA, member contributions as a percentage of salary are 9.00%.
- Employee contributions must be paid on working retirees who return to covered employment for 480 or more hours in a calendar year.

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

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

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

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

Eligibility for benefit
If hired on or after July 1, 1981, 20 years of membership service, regardless of age.
If hired prior to July 1, 1981 and not electing GABA, no years of membership service requirement
Early Retirement: Age 50, 5 years of membership service.

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

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

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

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

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

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

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

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

Minimum Benefit Adjustment (non-GABA)

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

Contributions to the Plan

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

Member contributions to the system – Contributions are deducted from each member's salary and remitted by the participating employer. For members:

Hired prior to July 1, 1997, and not electing GABA, member contributions as a percentage of salary are 9.50%;

Hired on or after July 1, 1997, and electing GABA, member contributions as a percentage of salary are 10.70%.

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

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

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

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

Summary of Benefits

Eligibility for benefit

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

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

Vesting

10 years of credited service.

Monthly benefit formula (effective January 1, 2016)

$8.75 per year of credited service up to 20 years;
$7.50 per year of credited service after 20 years.

Contributions to the Plan

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

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

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

Summary of Benefits

Benefits are established by state law and can only be amended by the Legislature.

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

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

Contributions to the System

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

All State and University employers are required to contribute 11.85% of compensation provided to an active, non-reemployed member. All school districts and other employers are required to contribute 9.47% of an active, non-reemployed, member's compensation to the System.

Section 19-20-605 (4), MCA, requires each employer to contribute 9.85% of total compensation paid to all reemployed TRS retirees employed in a TRS reportable position. Pursuant to Section 19-20-609, MCA, the percentage of compensation to be contributed shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024. After June 30, 2024, the rate remains the same as the effective rate at July 1 ,2023

The TRS receives a portion of the total required statutory contributions directly from the State for all employers. The employers are considered to be in a special funding situation, and the State is treated as a nonemployer contributing entity in the TRS. The System receives 0.11% of earned compensation from the General Fund for all TRS members. The TRS also receives 2.38% of earned compensation from the General Fund for TRS members employed at school districts, community colleges, educational cooperatives, and counties in Montana. Finally, the State is also required to contribute $25.0 million from the General Fund in perpetuity payable July 1 of each year per Section 19-20-607, MCA. The Legislature has the authority to establish and amend contribution rates to the plan.

(2) Actuarial Assumptions

For all plans administered by MPERA, the total pension liability used to calculate the net pension liability/ (asset) as of June 30, 2024 for each plan was determined by an actuarial valuation as of June 30, 2024, applied to all periods included in the measurement. For the TRS plan, the total pension liability used to calculate the net pension liability as of June 30, 2024, is based on the results of an actuarial valuation as of July 1, 2024. No update procedures were used for MPERA or TRS to roll forward the total pension liability to the measurement date. The significant assumptions and other inputs used to measure the total pension liability were the following:

Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Administrator	MPERA								TRS
Valuation Date	6/30/2024								July 1, 2024
Actuarial Experience Study	May 2022								
Inflation	2.75%								
Total Wage Increases, including inflation	3.50%	4.54% to 10.12%	4.54% to 10.12%	3.50% to 8.47%	4.54% to 10.12%	4.54% to 10.12%	4.54% to 10.12%	N/A	3.50% to 9.00% for non-university members 4.25% for university members
General Wage Growth	3.50%							N/A	3.50 %
Merit Increase	None	1.00% to 6.40%	1.00% to 6.40%	0 to 4.80%	1.00% to 6.40%	1.00% to 6.40%	1.00% to 6.40%	N/A	0 to 5.50% for non-university members 0.75% for university members
Investment Return	7.30%								
Administrative Expense	$54.6 thousand	$85.4 thousand	$210.6 thousand	$5.5 million	$304.5 thousand	$197.7 thousand	$160.6 thousand	$394.3 thousand	$3.7 million
Post-retirement Benefit Increases and GABA	7/1/1997 or elected GABA – 3.0%	7/1/1997 or elected GABA - 3.0% 7/1/2013 - 1.5%	Pre-7/1/2007 - 3.0% 7/1/2007 - 1.5%	Pre-7/1/2007 - 3.0% 7/1/2007 through 6/30/2013 - 1.5% 7/1/2013 - (a) 1.5% for each year if PERS is funded at or above 90%, subject to 0.1% reduction for each 2% PERS is funded below 90%; or (b) 0% whenever the amortization period is 40 years or more	Pre-7/1/2007 - 3.0% 7/1/2007 - 1.5%	7/1/1997 or elected GABA - 3.0%	7/1/1997 or elected GABA - 3.0%	N/A	Tier One members - 1.5% Tier Two members - equal to or greater than 0.5% but no more than 1.5%-
Post-retirement Benefit Increases - Waiting Period	1 year	Pre-7/1/2013 - 1 year 7/1/2013 - 3 years	1 year	1 year	1 year	1 year	1 year	N/A	3 years

Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Post-retirement Benefit Increases - Minimum Benefit Adjustment	Pre-7/1/1997 and did not elect GABA: benefits increase same as salary of sitting judge.	Pre-7/1/1997 and did not elect GABA: 2% x service credits x base salary of probationary officer. Limited to 5.0% over current benefit and may not exceed 60% of base salary of probationary officer.	N/A	N/A	N/A	Pre-7/1/1997 and did not elect GABA - 1/2 of monthly salary of new officer	Pre-7/1/1997 and did not elect GABA - 1/2 of monthly salary of new firefighter	N/A	N/A
Mortality - Active Participant	**For JRS and PERS Plans:** PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021. **For other Plans:** PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.								PUBT-2010 General Employee Mortality Table projected to 2021. Projected generationally using MP-2021.
Mortality - Healthy Retiree	**For JRS and PERS Plans:** PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021. **For other Plans:** PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.								PUBT-2010 Retiree Mortality Table projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
Mortality - Disabled Retiree	**For JRS and PERS Plans:** PUB-2010 General Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for both males and females. **For other Plans:** PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.								PUBT-2010 Non-Safety Disabled Retiree Mortality Table projected to 2021.
Mortality - Contingent Survivor	**For JRS and PERS Plans:** PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for both males and females. Projected generationally using MP-2021. **For other Plans:** PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.								PUBT-2010 Contingent Survivor Mortality Table projected to 2021. Projected generationally using MP-2021.

Changes in actuarial assumptions and methods:
There were no changes in assumption or other inputs that affected the measurement of the total pension liability.

Changes in benefit terms: For HPORS and GWPORS, beginning July 1, 2024, the employer contribution rates are actuarially determined based on the funding valuation one year prior. These changes have no impact on the total pension liability. For SRS, the employer contribution rate as of July 1, 2024, was planned to be actuarially determined based on the funding valuation one year prior but restored to the fiscal year 2024 employer rate during the 2025 Legislative session. So, the employer contribution rate for SRS actually was not changed. The detail was discussed in previous D(1) section. There have been no changes in benefit terms since the previous measurement date, for JRS, PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS.

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

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

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

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

(3) Discount Rate

The discount rate used to measure the total pension liability was 7.30% for JRS and HPORS. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members and employers would be made based on the PERB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, each pension plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2106 for JRS, 2129 for HPORS. 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 for JRS and HPORS.

The discount rate used to measure the total pension liability for GWPORS, PERS-DBRP, SRS, MPORS, and FURS was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entity would be made based on the PERB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, each pension plan's fiduciary net position was projected to be adequate to

make all the projected future benefit payments of current plan members through the year 2124 for GWPORS, 2128 for PERS-DBRP, 2127 for SRS, 2133 for MPORS, and 2133 for FURS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A municipal bond rate was not incorporated in the discount rate for GWPORS, PERS-DBRP, SRS, MPORS, or FURS.

The discount rate used for VFCA to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from the nonemployer contributing entity would be made based on the PERB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, the VFCA's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2123. A municipal bond rate was not incorporated in the discount rate for VFCA.

The discount rate used to measure the total pension liability for TRS was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entity would be made based on the TRB's funding policy, which established the contractually required rates under MCA. Based on those assumptions, the TRS's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2134. 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 for TRS.

(4) Target Allocations

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience studies prepared for the JRS, HPORS, GWPORS, PERS-DBRP, SRS, MPORS, FURS, and VFCA plans administered by MPERA. The most recent analysis of each plan, performed for the five-year period ended June 30, 2021, is outlined in a report dated May 2, 2022, without consideration for the administrative expense analysis shown. The report can be found on the MPERA website.

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience studies prepared for the TRS. The most recent analysis performed for the five-year period ended June 30, 2021, is outlined in a report dated May 3, 2022, without consideration for the administrative expense analysis shown. The report can be found on the TRS website.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years. All the plans administered by MPERA and TRS have the same target allocation and long-term expected real rate of return. The target allocation and best estimates of the arithmetic real rates of return for each major asset class as of the most recent experience studies for the plans' measurement date as of June 30, 2024, are summarized in the table below:

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

(5) Change in Net Pension Liability (Asset)

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

	JRS		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balances at 6/30/2023	$ 73,135	$ 130,857	$ (57,722)
Service costs	2,063	—	2,063
Interest	5,174	—	5,174
Difference between expected and actual experience	387	—	387
Contributions – member	—	630	(630)
Net investment income	—	11,643	(11,643)
Benefit payments	(4,522)	(4,522)	—
Plan administrative expense	—	(55)	55
Net changes	3,102	7,696	(4,594)
Balances at 6/30/2024	$ 76,237	$ 138,553	$ (62,316)

	HPORS		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2023	$ 283,435	$ 186,589	$ 96,846
Service costs	4,287	—	4,287
Interest	20,025	—	20,025
Difference expected and actual experience	2,558	—	2,558
Contributions – employer	—	6,791	(6,791)
Contributions – non-employer (State)	—	28,313	(28,313)
Contributions – member	—	2,408	(2,408)
Net investment income	—	19,083	(19,083)
Refund of contributions	(2,785)	(2,785)	—
Benefit payments	(15,438)	(15,438)	—
Plan administrative expense	—	(85)	85
Net changes	8,647	38,287	(29,640)
Balances at 6/30/2024	$ 292,082	$ 224,876	$ 67,206

	GWPORS								
	State as Primary Government Employer			State's Discretely Presented Component Units			Total State (Plan)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2023	$ 328,517	$ 265,113	$ 63,404	$ 19,787	$ 15,968	$ 3,819	$ 348,304	$ 281,081	$ 67,223
Service costs	9,793	—	9,793	553	—	553	10,346	—	10,346
Interest	23,568	—	23,568	1,332	—	1,332	24,900	—	24,900
Difference between expected and actual experience	7,528	—	7,528	425	—	425	7,953	—	7,953
Contributions – employer	—	6,676	(6,676)	—	377	(377)	—	7,053	(7,053)
Contributions – State	—	38,996	(38,996)	—	2,204	(2,204)	—	41,200	(41,200)
Contributions – member	—	6,863	(6,863)	—	388	(388)	—	7,251	(7,251)
Net investment income	—	27,895	(27,895)	—	1,576	(1,576)	—	29,471	(29,471)
Refunds of contributions	(1,185)	(1,185)	—	(67)	(67)	—	(1,252)	(1,252)	—
Benefit payments	(12,456)	(12,456)	—	(704)	(704)	—	(13,160)	(13,160)	—
Plan administrative expense	—	(200)	200	—	(11)	11	—	(211)	211
Other changes [1]	1,156	932	224	(1,156)	(933)	(223)	—	(1)	1
Net changes	28,404	67,521	(39,117)	383	2,830	(2,447)	28,787	70,351	(41,564)
Balances at 6/30/2024	$ 356,921	$ 332,634	$ 24,287	$ 20,170	$ 18,798	$ 1,372	$ 377,091	$ 351,432	$ 25,659

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

(6) Sensitivity Analysis

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

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

		Plan	JRS	HPORS	GWPORS	PERS-DBRP	SRS	MPORS	FURS	VFCA	TRS
Primary Government	State as Employer	1.0% Decrease	$ (55,106)	$ 107,855	$ 77,722	$ 1,441,502	$ 10,985	$ —	$ 6,668	$ —	$ 29,412
		Current	(62,316)	67,206	24,287	988,831	6,114	—	3,375	—	20,464
		1.0% Increase	(68,546)	34,525	(19,265)	609,245	2,149	—	745	—	12,988
	State as NER	1.0% Decrease	—	—	—	443,199	—	238,677	181,154	2,646	918,068
		Current	—	—	—	304,023	—	149,888	91,681	(2,910)	638,768
		1.0% Increase	—	—	—	187,316	—	79,363	20,257	(7,587)	405,411
Discretely Presented Component Units		1.0% Decrease	—	—	4,392	309,368	—	—	—	—	30,822
		Current	—	—	1,372	212,218	—	—	—	—	21,445
		1.0% Increase	—	—	(1,089)	130,753	—	—	—	—	13,611
Fiduciary Component Units		1.0% Decrease	—	—	—	2,953	—	—	—	—	—
		Current	—	—	—	2,026	—	—	—	—	—
		1.0% Increase	—	—	—	1,248	—	—	—	—	—
Total		1.0% Decrease	(55,106)	107,855	82,114	2,197,022	10,985	238,677	187,822	2,646	978,302
		Current	(62,316)	67,206	25,659	1,507,098	6,114	149,888	95,056	(2,910)	680,677
		1.0% Increase	$ (68,546)	$ 34,525	$ (20,354)	$ 928,562	$ 2,149	$ 79,363	$ 21,002	$ (7,587)	$ 432,010

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

In accordance with GASB 68, the employer is required to recognize and report certain amounts associated with its participation in the JRS, HPORS, and GWPORS, the plans the State participates in as a single-employer. GASB 68 became effective June 30, 2015, and includes requirements for participant to record and report its net pension liability (NPL) or net pension asset (NPA), pension expense, deferred inflows of resources, and deferred outflows of resources associated with pensions.

In accordance with GASB 68, employers and the nonemployer contributing entities are required to recognize and report certain amounts associated with their participation in the PERS-DBRP, SRS, MPORS, FURS, VFCA, and TRS. GASB 68 became effective June 30, 2015, and includes requirements for participants to record and report their proportionate share of the collective net pension liability (asset), pension expense, deferred inflows of resources, and deferred outflows of resources associated with pensions. The proportionate shares were determined based on contributions made to the plan by employers and the nonemployer contributing entity in a special funding situation, when a plan has the nonemployer contributing entity, during the measurement period July 1, 2023, through June 30, 2024, relative to the total contributions received from all participating employers and the nonemployer contributing entity. Due to the existence of the special funding situation in the PERS-DBRP, FURS, MPORS, VFCA, and TRS, the State is required to report a proportionate share of the collective net pension liability (asset) that is associated with the non-State employers in these plans, respectively.

Net Pension Liability (Asset): The following presents the state's net pension liability (asset) as of June 30, 2025 (amounts presented in thousands):

Plan as of Measurement Date		Net Pension Liability (Asset) as of 6/30/2023	Net Pension Liability (Asset) as of 6/30/2024	Percent of NPL/NPA as of 6/30/2023	Percent of NPL/NPA as of 6/30/2024	Change in Percent of NPL/NPA
JRS	Primary government	$ (57,722)	$ (62,316)	100.00 %	100.00 %	— %
HPORS	Primary government	96,846	67,206	100.00 %	100.00 %	— %
GWPORS	*Primary government*	*63,404*	*24,287*	*94.32 %*	*94.65 %*	*0.33 %*
	Discretely presented component units	*3,819*	*1,372*	*5.68 %*	*5.35 %*	*(0.33)%*
	State of Montana totals	67,223	25,659	100.00 %	100.00 %	— %

Collective Net Pension Liability (Asset): The following presents the state's proportionate share of the collective net pension liability as of June 30, 2025 (amounts presented in thousands).

Plan as of Measurement Date		Net Pension Liability (Asset) as of 6/30/2023	Net Pension Liability (Asset) as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Change in Percent of Collective NPL
PERS-DBRP	*Primary government*	*$ 976,218*	*$ 988,831*	*40.00 %*	*40.43 %*	*0.43 %*
	Discretely presented component units	*202,004*	*212,218*	*8.28 %*	*12.43 %*	*4.15 %*
	Fiduciary component units	*2,006*	*2,026*	*0.08 %*	*0.08 %*	*— %*
	Nonemployer contributing entity	*320,610*	*304,023*	*13.14 %*	*8.68 %*	*(4.46)%*
	State of Montana totals	1,500,838	1,507,098	61.50 %	61.62 %	0.12 %
SRS	Primary government	7,457	6,114	5.07 %	4.98 %	(0.09)%
MPORS	Nonemployer contributing entity	155,026	149,888	66.87 %	67.04 %	0.17 %
FURS	*Primary government*	*3,959*	*3,375*	*2.62 %*	*2.49 %*	*(0.13)%*
	Nonemployer contributing entity	*102,055*	*91,681*	*67.60 %*	*67.68 %*	*0.08 %*
	State of Montana totals	106,014	95,056	70.22 %	70.17 %	(0.05)%
VFCA	Nonemployer contributing entity	1,590	(2,910)	100.00 %	100.00 %	— %
TRS	*Primary government*	*18,687*	*20,464*	*0.96 %*	*1.09 %*	*0.13 %*
	Discretely presented component units	*22,298*	*21,445*	*1.15 %*	*1.14 %*	*(0.01)%*
	Nonemployer contributing entity	*669,315*	*638,768*	*34.55 %*	*34.09 %*	*(0.46)%*
	State of Montana totals	710,300	680,677	36.66 %	36.32 %	(0.34)%

Pension Expense

The State recognized the following pension expenses for the State as employer for the primary government, the State's discretely presented component units, and the State's fiduciary component units, and pension grant expenses for the State as nonemployer contributing entity, for the year ended June 30, 2025 (amounts presented in thousands):

Plan	Primary Government				
	State as Employer	State as Nonemployer Contributing Entity	Discretely Presented Component Units	Fiduciary Component Units	Total
JRS	$ (4,807)	$ —	$ —	$ —	$ (4,807)
HPORS	(25,803)	—	—	—	(25,803)
GWPORS	4,808	—	328	—	5,136
PERS-DBRP [1]	35,440	10,075	21,777	167	67,459
SRS	1,587	—	—	—	1,587
MPORS [2]	—	21,409	—	—	21,409
FURS [3]	853	22,710	—	—	23,563
VFCA [4]	—	(259)	—	—	(259)
TRS [5]	1,278	18,535	12,192	—	32,005
Totals	$ 13,356	$ 72,470	$ 34,297	$ 167	$ 120,290

[1] Of the total pension expense for the State as a nonemployer contributing entity, $1.4 million is the grant expense for special funding support provided by the General Fund to local government and school district participants, $35.3 million is the grant expense for special funding support provided by the General Fund as a statutory appropriation for all participating employers; $(26.6) million is the pension expense that is actuarially allocated to the State as a nonemployer contributing entity.

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

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

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

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

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

As of the fiscal year ended June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts presented in thousands):

JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 290	$ 1,980
Changes of assumptions	—	367
Net difference between projected and actual earnings on pension plan investments	—	968
Totals	$ 290	$ 3,315

HPORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,474	$ 622
Changes of assumptions	—	687
Net difference between projected and actual earnings on pension plan investments	—	1,887
Contributions subsequent to the measurement date	6,677	—
Totals	$ 9,151	$ 3,196

GWPORS	Primary Government		Discretely Presented Component Units		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,071	$ 303	$ 626	$ 17	$ 11,697	$ 320
Changes in assumptions	21,084	47,278	1,192	2,672	22,276	49,950
Net difference between projected and actual earnings on pension plan investments	—	2,715	—	154	—	2,869
Changes in proportion and differences between employer contributions and proportionate share of contributions	980	1,091	115	4	1,095	1,095
Contributions subsequent to the measurement date	6,627	—	393	—	7,020	—
Totals	$ 39,762	$ 51,387	$ 2,326	$ 2,847	$ 42,088	$ 54,234

PERS-DBRP	Primary Government				Discretely Presented Component Units		Fiduciary Component Units	
	State as Employer		State as Nonemployer Contributing Entity					
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 49,970	$ —	$ 15,364	$ —	$ 10,724	$ —	$ 102	$ —
Net difference between projected and actual earnings on pension plan investments	—	21,989	—	6,761	—	4,719	—	45
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,275	13,266	1,846	18,816	11,453	863	31	—
Contributions subsequent to the measurement date	76,703	—	22,907	—	16,691	—	151	—
Totals	$ 142,948	$ 35,255	$ 40,117	$ 25,577	$ 38,868	$ 5,582	$ 284	$ 45

SRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,062	$ —
Changes of assumptions	198	55
Net difference between projected and actual earnings on pension plan investments	—	218
Changes in proportion and differences between employer contributions and proportionate share of contributions	14	—
Contributions subsequent to the measurement date	718	—
Totals	$ 1,992	$ 273

MPORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,234	$ —
Change of assumptions	—	1,013
Net difference between projected and actual earnings on pension plan investments	—	2,053
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,841	2,724
Contributions subsequent to the measurement date	22,028	—
Totals	$ 28,103	$ 5,790

FURS	Primary Government			
	State as Employer		State as Nonemployer Contributing Entity	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 372	$ —	$ 10,104	$ —
Change of assumptions	580	—	15,763	—
Net difference between projected and actual earnings on pension plan investments	—	81	—	2,209
Changes in proportion and differences between employer contributions and proportionate share of contributions	489	385	2,176	2,575
Contributions subsequent to the measurement date	927	—	26,544	$ —
Totals	$ 2,368	$ 466	$ 54,587	$ 4,784

VFCA	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ —	$ 194
Contributions subsequent to the measurement date	3,899	—
Totals	$ 3,899	$ 194

TRS	Primary Government				Discretely Presented Component Units	
	State as Employer		State as Nonemployer Contributing Entity			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 518	$ —	$ 16,161	$ —	$ 543	$ —
Change of assumptions	—	680	—	21,232	—	713
Net difference between projected and actual earnings on pension plan investments	—	395	—	12,327	—	414
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,670	715	10,112	39,376	23,740	29
Contributions subsequent to the measurement date	1,744	—	49,283	—	17,752	—
Totals	$ 4,932	$ 1,790	$ 75,556	$ 72,935	$ 42,035	$ 1,156

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from the contributions made subsequent to the June 30, 2024, measurement date will be recognized as a reduction of the net pension liability (asset) in the fiscal year ended June 30, 2026.

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

Year ended June 30:	JRS	HPORS	SRS	MPORS	VFCA
2026	$ (3,648)	$ (3,110)	$ 627	$ (4,905)	$ (683)
2027	1,699	4,277	613	7,759	863
2028	(629)	(1,138)	(146)	(1,249)	(227)
2029	(447)	(751)	(93)	(1,320)	(147)
2030	—	—	—	—	—
Thereafter	—	—	—	—	—

Year ended June 30:	GWPORS		
	Primary Government	Discretely Presented Component Units	Total
2026	$ (2,469)	$ 17	$ (2,452)
2027	(14,914)	(804)	(15,718)
2028	258	(62)	196
2029	(1,127)	(65)	(1,192)
2030	—	—	—
Thereafter	—	—	—

Year ended June 30:	PERS-DBRP			
	Primary Government		Discretely Presented Component Units	Fiduciary Component Units
	State as Employer	State as Nonemployer Contributing Entity		
2026	$ (12,596)	$ (14,999)	$ 4,742	$ —
2027	68,515	14,296	17,203	139
2028	(15,458)	(4,753)	(3,317)	(32)
2029	(9,471)	(2,911)	(2,033)	(19)
2030	—	—	—	—
Thereafter	—	—	—	—

Year ended June 30:	FURS	
	Primary Government	
	State as Employer	State as Nonemployer Contributing Entity
2026	$ 185	$ 3,097
2027	655	15,877
2028	157	3,889
2029	(22)	(203)
2030	—	599
Thereafter	—	—

Year ended June 30:	TRS		
	Primary Government		Discretely Presented Component Units
	State as Employer	State as Nonemployer Contributing Entity	
2026	$ (1,128)	$ (53,703)	$ 7,905
2027	1,782	24,916	7,822
2028	533	(11,515)	5,440
2029	211	(6,360)	1,960
2030	—	—	—
Thereafter	—	—	—

E. Legal Actuarial Status of Plans

The Montana Constitution, Article VIII, Section 15, and Section 19-2-409, MCA state that public retirement systems shall be funded on an actuarially sound basis. To maintain a fund on an actuarially sound basis, the rate of contributions should fund the normal cost, in addition to amortizing the unfunded liability over a period not to exceed 30 years, with Judges' Retirement System(JRS) and Voluntary Firefighters Compensation Act(VFCA) being fully funded. During the 2025 Legislative Session, House Bill 85 repealed the modified layered amortization policy put in place for JRS, HPORS, SRS, and GWPORS systems HB 569 passed during the 2023 legislative session and restored the employer contribution rates in each system to the fiscal year 2024 employer rates that existed before HB 569 was passed. The fiscal year 2024 employer contribution rates were 0% for JRS, 38.33% for HPORS, 13.115% for SRS, and 10.56% for GWPORS. This change is effective retroactively beginning July 1, 2023 going forward. The unfunded liability contribution rate, which is entirely funded by a portion of the required contributions to the

retirement plan, must be calculated as the level percentage of current future defined benefit plan members' salaries that will amortize the unfunded actuarial liabilities of the retirement plan over a reasonable period of time, not to exceed 30 years, as determined by the board.

A traditional funding actuarial valuation of each of the defined benefit plans is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress and to determine the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ended June 30, 2025. The statutory funding rate is tested in the valuation of each public retirement plan to determine if it is sufficient to cover the normal cost rate plus an amortization payment of the unfunded actuarial liability, if any, within 30 years. As of June 30, 2025, all the public retirement systems were in compliance with the state law.

F. Public Employee Defined Contribution Retirement Plans

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

Member and employer contribution rates are established by state law and may be amended only by the Legislature. Employees contribute at a rate of 7.90% of their compensation. Contributions made to the plan by an employee remain 100% vested in their interest. Members who achieve 5 years of employment are vested in the plan. Should they terminate prior to this 5-year period, all employer contributions are forfeited to the plan. Amounts forfeited are held in a separate plan forfeiture account and can only be used to pay the administrative expenses, including startup costs, of the plan. Total pension expense for the State as a PERS-DCRP employer for the year ended June 30, 2025, is $13.2 million and, contribution forfeitures were $1.1 million.

Local government entities contribute 9.07% of member compensation. School district employers contributed 8.80% of member compensation. The State contributes 0.10% of member compensation on behalf of local government entities and 0.37% of member compensation on behalf of school district entities. Each State agency and University employer contributed 9.17% of member compensation.

The total contribution rate of 9.17%, referenced in the preceding paragraph, is allocated as follows: 8.83% to the member's retirement account; 0.04% to the defined contribution education fund; and 0.30% to the defined contribution Other Post Employment Benefit (OPEB) disability plan.

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

G. Montana University System Retirement Program

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

plan are 17.07% less 0.04% for educational program paid to Montana Public Employee Retirement Administration (MPERA) per Section 19-3-316, MCA and Section 19-3-315, MCA.

The benefits at retirement depend upon the amount of contributions, amount of investment gains and losses, and investment allocations by the participant. Individuals are immediately vested for both employee and employer contributions. The Montana University System records employee and employer contributions, and remits monies to TIAA. Total contributions made to the plan by the employer were $25.6 million, and the total employee contributions were $22.4 million for the fiscal year ended June 30, 2025.

H. 457(b)-Deferred Compensation Plan

The 457(b)-Deferred Compensation Plan (457(b) Plan) is an Other Employee Benefit Plan established in 1974. The Deferred Compensation Plan is governed by Title 19, Chapter 50, MCA, in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all employees of the State, Montana University System, and contracting political subdivisions. The State and 75 non-state entity employers participate in the 457(b)-Plan.

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

I. Method Used to Value Investments

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

J. Long-term Contracts for Contributions

Per Section 19-2-706, MCA, the Montana Legislature enacted a provision of the Employee Protection Act (EPA) allowing state and university system employees who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. In fiscal year 2025, 310 employees participated in the program.

The Employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by MPERA on the unpaid balance. Total contributions received (including interest) during fiscal year 2025 totaled $62.7 thousand. There is no outstanding balance at June 30, 2025.

K. Litigation

Consolidated MPERB v. Lewis and Clark County and Montana Association of Counties (MACo), Lewis and Clark County, and Cascade County V. MPERB and MPERA. On May 1, 2020, the MPERB filed a Complaint for Declaratory Relief in the First Judicial District against Lewis and Clark County. This

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

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

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

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

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

As of June 30, 2025, TRS has no pending litigation that would significantly affect the information presented in this financial report.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information Non-trust Plans

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

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

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

B. Plan Descriptions

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

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

As of December 31, 2024, the administratively established retiree medical premiums for the State OPEB plan vary between $504.00 and $2,456.00 per month, depending on the selected medical plan, family coverage, and Medicare eligibility. Administratively established dental premiums vary between $42.37 and $71.27 per month and vision hardware premiums vary between $7.64 and $22.26 per month, depending

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

As of June 30, 2025, the MUS OPEB plan's administratively established retiree medical premiums range from $368.00 and $2,452.00 per month. Retiree dental premiums vary between $59.00 and $177.00 per month, while vision premiums vary from $10.70 to $31.18, depending on the types and number of dependents enrolled and which medical Third Party Administrator (TPA) was selected. The plan provides different coinsurance amounts and deductibles depending on whether members use in-network or out-of-network providers. The plan automatically reduces claim reimbursement for members who are eligible for Medicare, even if the member is not yet enrolled in Medicare. The premium changes were based on actual claims experience and actuarial projections based on the experience and trends.

C. Basis of Accounting

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

Both OPEB plans state, that an employee enrolled in the OPEB plan, who (a) at least meets the early retirement criteria defined by Montana Public Employees' Retirement Administration (MPERA); and (b) makes arrangements with their respective benefit office, within 60 days of the date active employee coverage ends, to continue post-retirement coverage, may continue with the OPEB plan on a self-pay basis, retroactive back to the date active employee coverage was lost, and adhere to these provisions. Therefore, each plan does not include terminated employees who have accumulated benefits but are not yet receiving them. As of June 30, 2025 there have been no significant changes in the number covered individuals or the type of coverage.

The number of State Plan participants as of December 31, 2024, follows:

	State Plan Participants						
Enrollment	State [1]	Facility Finance Authority [2]	Montana Board of Housing [2]	Public Employee Retirement Board [3]	Montana State Fund [2]	Teachers Retirement System [3]	Total
Active employees	12,461	2	35	48	271	23	12,840
Retired employees, spouses, and surviving spouses	1,618	2	2	—	18	—	1,640
Total	14,079	4	37	48	289	23	14,480

The number of MUS Plan participants as of December 31, 2024, follows:

	MUS Plan Participants									
Enrollment	MSU-GFC [2]	UM-HC [2]	MSU-Billings [2]	MSU-Bozeman [2]	MSU-Northern [2]	OCHE [1]	UM-Missoula [2]	UM-MT Tech [2]	UM-Western [2]	Total
Active employees	104	80	428	3,192	169	51	2,113	395	181	6,713
Retired employees, spouses, and surviving spouses	14	12	94	418	30	13	427	77	42	1,127
Total	118	92	522	3,610	199	64	2,540	472	223	7,840

[1] Primary Government
[2] Discretely Presented Component Units of Primary Government
[3] Fiduciary Component Units of Primary Government

D. Schedule of Changes in Total OPEB Liability

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

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

	State Plan			MUS Plan		
	Primary Government Total OPEB Liability	Discrete Component Unit and Fiduciary Component Unit Total OPEB Liability	Total State Plan	Primary Government Total OPEB Liability	Discrete Component Unit Total OPEB Liability	Total MUS Plan
Balances at 6/30/2024	$ 30,535	$ 1,093	$ 31,628	$ 403	$ 38,491	$ 38,894
Changes for the year:						
Service cost	726	25	751	16	1,839	1,855
Interest	1,282	46	1,328	17	1,663	1,680
Difference between expected and actual experience	4,118	(16)	4,102	(105)	(13,263)	(13,368)
Changes of assumptions or other inputs	8,912	254	9,166	107	13,013	13,120
Benefit payments	(279)	(8)	(287)	1	81	82
Other Charges	—	—	—	—	—	—
Net changes	14,759	301	15,060	36	3,333	3,369
Balances at 6/30/2025 [1]	$ 45,294	$ 1,394	$ 46,688	$ 439	$ 41,824	$ 42,263

[1] State, fiduciary component units, and discretely presented component units proportion of the collective total OPEB liability as of the measurement date for fiscal years 2024 and 2025 for the State Plan was 100% both years, and for the MUS Plan it was 95.45% and 95.21%, respectively.

E. Actuarial Methods and Assumptions

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

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

The State's OPEB Plan TOL on December 31, 2024, rolled forward to March 31, 2025. Actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Other Postemployment Benefits
State Single Employer Plan

	Retiree/Surviving Spouse	Spouse
Contributions (weighted average):		
Before Medicare eligibility	$ 16,620	$ 7,610
After Medicare eligibility	6,048	5,379
Actuarial valuation date	December 31, 2024	
Experience study period	January 1, 2024, through December 31, 2024	
Actuarial measurement date	March 31, 2025	
Actuarial cost method	Entry age normal funding method	
Amortization method	Level percent of payroll, open basis	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial assumptions:		
Discount rate	4.57%	
Projected payroll increases	3.50%	
Participation:		
Future retirees	40.00%	
Future eligible spouses	70.00%	
Marital status at retirement	70.00%	

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

Mortality - Retired: For TRS retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102.00% for males and 103.00% for females, projected generationally using MP-2021. For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward one year and adjusted 104.00% for males, or adjusted 103.00% for females, projected generationally using MP-2021. For safety MPERA retirees, mortality follows the Pub-2010 Safety Retiree table set forward one year and adjusted 105.00% for males, or adjusted 100.00% for females, projected generationally using MP-2021.

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

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

Changes in actuarial assumptions and methods since last measurement date: The discount rate increased from 4.12% to 4.57%. Projected Payroll increase based on 2024 TRS and MPERA pension report assumptions. Decrement tables updated per the October 2024 TRS and MPERA actuarial reports. Updated trend projections based short-term on industry expectations and long-term on the 2025 Getzen model. Due to Inflation Reduction Act, applied separate healthcare and contribution trend rates for Medical, Pre-65 Med/Rx, and Post-65 Med/Rx.

Changes in benefit terms since last measurement date: None

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

Other Postemployment Benefits
MUS Single Employer Plan

	Retiree/Surviving Spouse	Spouse
Contributions (in thousands):		
Before Medicare eligibility	$ 11,772	$ 10,011
After Medicare eligibility	4,416	4,886
Actuarial valuation date	December 31, 2024	
Actuarial measurement date	March 31, 2025	
Experience study period	January 1, 2024, through December 31, 2024	
Actuarial cost method	Entry age normal funding method	
Amortization method	Level percent of payroll, open basis	
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial assumptions:		
Discount rate	4.57%	
Projected payroll increases	3.50%	
Participation:		
Future retirees	40.00%	
Future eligible spouses	70.00%	
Marital status at retirement	70.00%	

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

Mortality - Retired: For TRS and MUS-RP retirees, mortality follows the Pub-2010 Retired Teacher table adjusted 102.00% for males and 103.00% for females, projected generationally using MP-2021. For general MPERA retirees, mortality follows the Pub-2010 General Retiree table set forward one year and adjusted 104.00% for males, or adjusted 103.00% for females, projected generationally using MP-2021. For GWPORS retirees, mortality follows the Pub-2010 Safety Retiree table set forward one year and adjusted 105.00% for males, or adjusted 100.00% for females, projected generationally using MP-2021.

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

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

Changes in actuarial assumptions and methods since last measurement date: The discount rate increased from 4.12% to 4.57%. Projected Payroll increase based on 2024 TRS and MPERA pension report assumptions. Decrement tables per the October 2024 TRS and MPERA actuarial reports have been updated accordingly. Updated trend projections based on short-term industry expectations and long-term on the 2025 Getzen model. Due to the Inflation Reduction Act, separate healthcare and contribution trend rates were applied for Medical, Pre-65 Med/Rx, and Post-65 Med/Rx.

Changes in benefit terms since last measurement date: None

Sensitivity of the TOL to changes in the discount rate

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

	State OPEB plan (in thousands)		
	1.0% Decrease (3.57%)	Current Discount Rate (4.57%)	1.0% Increase (5.57%)
Primary Government	$ 62,565	$ 45,294	$ 32,938
Discrete Component Units and Fiduciary Component Units	2,002	1,394	957
Total OPEB liability	$ 64,567	$ 46,688	$ 33,895

	MUS OPEB plan (in thousands)		
	1.0% Decrease (3.57%)	Current Discount Rate (4.57%)	1.0% Increase (5.57%)
Primary Government	$ 576	$ 439	$ 340
Discrete Component Units	52,889	41,824	33,449
Total OPEB liability	$ 53,465	$ 42,263	$ 33,789

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

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

	State Plan (in thousands)		
	1.0% Decrease (6.6%/8.6%)	Current Healthcare Cost Trend Rate (7.6%/9.6%)	1.0% Increase (8.6%/10.6%)
Primary Government	$ 33,244	$ 45,294	$ 62,465
Discrete Component Unit and Fiduciary Component Units	966	1,394	2,003
Total OPEB liability	$ 34,210	$ 46,688	$ 64,468

	MUS Plan (in thousands)		
	1.0% Decrease (6.6%/8.6%)	Current Healthcare Cost Trend Rate (7.6%/9.6%)	1.0% Increase (8.6%/10.6%)
Primary Government	$ 340	$ 439	$ 578
Discrete Component Unit	33,437	41,824	53,183
Total OPEB liability	$ 33,777	$ 42,263	$ 53,761

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the State OPEB plan's negative OPEB expense is $1.5 million, and the MUS OPEB plan's OPEB expense is $1.6 million.

At June 30, 2025, the State OPEB plan deferred outflows and inflows of resources are from the following sources:

	State Plan (in thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Difference between expected and actual experience	$ 3,836	$ 53,254
Changes of assumptions or other inputs	87,576	76,045
Total	$ 91,412	$ 129,299
Discrete Component Units and Fiduciary Component Units		
Difference between expected and actual experience	$ 245	$ 1,219
Changes of assumptions or other inputs	2,366	2,238
Amounts associated with transactions subsequent to the measurement date of the total OPEB liability	2	—
Total	$ 2,613	$ 3,457

At June 30, 2025, the MUS OPEB plan deferred outflows and inflows of resources are from the following sources:

	MUS Plan (in thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Difference between expected and actual experience	$ 146	$ 312
Changes of assumptions or other inputs	472	454
Total	$ 618	$ 766
Discrete Component Units		
Difference between expected and actual experience	$ 16,326	$ 30,975
Changes of assumptions or other inputs	49,479	51,347
Total	$ 65,805	$ 82,322

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

	Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense		
	State Plan (in thousands)		
Year ended June 30	Primary Government	Discrete Component Units and Fiduciary Component Units	State Plan Total
2026	$ (3,492)	$ (60)	$ (3,552)
2027	(3,492)	(60)	(3,552)
2028	(3,492)	(60)	(3,552)
2029	(3,492)	(60)	(3,552)
2030	(3,276)	(52)	(3,328)
Thereafter	(20,643)	(554)	(21,197)

	Amount recognized in OPEB expense as an increase or (decrease) to OPEB expense		
	MUS Plan (in thousands)		
Year ended June 30	Primary Government	Discrete Component Units	MUS Plan Total
2026	$ (18)	$ (1,945)	$ (1,963)
2027	(18)	(1,945)	(1,963)
2028	(18)	(1,945)	(1,963)
2029	(18)	(1,942)	(1,960)
2030	(18)	(1,896)	(1,914)
Thereafter	(58)	(6,844)	(6,902)

F. General Information Trust Plan

General Information

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

Plan Description

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

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

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

G. Termination Benefits

During the year ended June 30, 2025, the State made the following termination benefit arrangements: one-time lump-sum incentive payments for 16 employees, and paid administrative leave to 48 employees.

During the year ended June 30, 2025, component units of the State made the following voluntary and involuntary termination benefit arrangements: continued coverage of health insurance benefits and/or one-time incentive payments for 8 employees.

During the year ended June 30, 2025, the cost of termination benefits for the fiscal year was $268.6 thousand and $320.1 thousand for the State and its component units, respectively.

NOTE 8. RISK MANAGEMENT

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

A. Public Entity Risk Pools

(1) Hail Insurance – Any Montana producer engaged in growing crops subject to destruction or damage by hail may participate in the Hail Insurance program. The Hail Insurance program issued 228 policies during the 2025 growing season. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs, and claims paid for hail damage. Depending upon the reserve fund's actuarial soundness and the damage in a season, producers may receive a premium refund. Anticipated investment income is considered in computing a premium deficiency, of which there is none.

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

To reduce its exposure to large losses, the fund purchased Crop Hail Quota Share Reinsurance for the 2025 growing season, with a 50.0% share of premiums and losses allotted to the Reinsurer and a 50.0% share of each allotted to the State Hail Insurance. The fund recorded a liability of $8.9 thousand, which is 50.0% of the estimated claims ($16.8 thousand) plus adjustment expenses through June 30, 2025. The amount deducted from the estimated claims as of June 30, 2025, for reinsurance was $8.4 thousand (50.0% of estimated claims). The premiums ceded to the Reinsurer through June 30, 2025, were $968.2 thousand, which was 50.0% of total premiums of $1.9 million.

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

(2) Montana University System (MUS) Group Insurance Plan – This plan is authorized by the Board of Regents and in Section 20-25-13, MCA. The plan's purpose is to provide medical, dental, prescription drug, and related group benefits coverage to employees of the Montana University System and affiliates, and their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured, except for life insurance, long-term disability, and accidental death and dismemberment insurance. Delta Dental administers the dental plan, Blue Cross and Blue Shield of Montana administers the vision plan, and Navitus is the administrator for the prescription drug program. Blue Cross and Blue Shield of Montana is the third-party claims administrators for the self-insured managed care plan and also has a contract for utilization management. The utilization management program consists of hospital pre-authorization and medical necessity review, as well as large case management. Premiums are collected from employees through payroll deductions and recorded in the MUS Group Insurance enterprise fund. The claims liability is calculated by Actuaries Northwest and estimated to be $12.0 million as of June 30,

2025, based on prior year experience. A liability is reported in the accompanying financial statements for these estimated claims.

(3) Montana University System (MUS) Workers' Compensation Program – This plan was formed to provide self-insured workers compensation coverage for MUS employees. The MUS Board of Regents provides workers' compensation coverage under Compensation Plan Number One (Section 39-7-2101, MCA). The program is self-insured for workers' compensation claims with losses in excess of $750.0 thousand per occurrence ($500.0 thousand for claims occurring prior to July 1, 2013) and $1.0 million per aircraft occurrence covered by reinsurance with a commercial carrier. Employer's liability claims are covered to a maximum of $1.0 million above the self-insured amount of $750.0 thousand ($500.0 thousand for claims occurring prior to July 1, 2013). During fiscal year 2025, the program ceded $480.0 thousand in premiums to reinsurers.

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

The fund recorded a liability of $4.3 million for estimated claims at June 30, 2025. The liability is based on the estimated ultimate cost of settling the reported and unreported claims, claims reserve development, including the effects of inflation, and other societal and economic factors. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Estimated claims liabilities are recomputed periodically based on a current review of claims information, experience with similar claims, and other factors. Adjustments to estimated claims liabilities are recorded as an increase or decrease in claims expense in the period the adjustments are made.

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

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

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

An estimated liability is recorded based on a projected cost analysis and total population of registered SIF participants. As of June 30, 2025, this liability amount was estimated to be $2.1 million.

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

	Hail Insurance		MUS Group Insurance Plan		MUS Workers Compensation	
	2025	2024	2025	2024	2025	2024
Unpaid claims and claim adjustment expenses at beginning of year	$ 48	$ 44	$ 9,692	$ 9,606	$ 3,905	$ 3,832
Incurred claims and claim adjustment expenses: provision for insured events of the current year	1,081	1,115	140,721	116,731	2,036	2,062
Increase (decrease) in provision for insured events of prior years	(149)	(26)	—	—	(89)	(77)
Total incurred claims and claim adjustment expenses	932	1,089	140,721	116,731	1,947	1,985
Payments: Claims and claim adjustment expenses attributable to insured events of the current year	(1,072)	(1,067)	(138,406)	(116,645)	(559)	(526)
Claims and claim adjustment expenses attributable to insured events of prior years	101	(18)	—	—	(1,042)	(1,386)
Total payments	(971)	(1,085)	(138,406)	(116,645)	(1,601)	(1,912)
Total unpaid claims and claim adjustment expenses at end of year	$ 9	$ 48	$ 12,007	$ 9,692	$ 4,251	$ 3,905

B. Entities Other Than Pools

(1) Administration Insurance Plans – This self-insurance plan provides coverage for general liability, automobile liability, automobile physical damage, foster care liability, and State-administered foreclosure of housing units. The State self-insures the $2.0 million deductible per occurrence for most property insurance, as well as various deductible amounts for other State property. The State also self-insures against property losses below $2.0 million of value, with State agencies paying the first $1.0 thousand. Commercial property insurance protects approximately $7.8 billion of State-owned buildings and contents. The State's property insurance includes separate earthquake and flood protection coverage, with deductibles of $2.0 million for earthquake and $2.0 million for flood per occurrence. Premiums are collected from all state agencies, including component units, and recorded as revenue in the Administration Insurance Fund.

An annual actuarial study prepared by Willis Towers Watson (WTW) Company, and issued for the accident period July 1, 2011, through June 30, 2025, is the basis for estimating the liability for unpaid claims and is supported by historical loss data. As of June 30, 2025, the estimated claims liability was $29.7 million.

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

program. VSP Vision Care is the administrator for the vision plan. Contributions are collected through payroll deductions, deductions through the Montana Public Employee Retirement Administration, the Legislative Branch, and self-payments. The contributions are recorded as revenue in the Employee Group Benefits internal service fund. As of June 30, 2025, estimates for claims liabilities, which include both incurred but not reported claims and grandfathered claims resulting from a 1998 change in period for which the benefit coverage is available, as well as other actuarially determined liabilities, were $22.4 million as provided by Actuaries Northwest, a consulting actuarial firm. In fiscal year 2026, $21.0 million of these claims liabilities are estimated to be paid.

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

An actuarial study prepared by WTW, as of June 30, 2025, estimated the cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. At June 30, 2025, $35.1 million of unpaid claims and claim adjustment expenses were reported at face value.

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

	Administration Insurance Plans		Employers Group Benefits Plan		State of Montana Old Fund	
	2025	2024	2025	2024	2025	2024
Amount of claims liabilities at the beginning of each fiscal year	$ 28,017	$ 23,075	$ 20,463	$ 18,507	$ 37,896	$ 39,656
Incurred claims:						
Provision for insured events of the current year	10,625	11,258	246,483	216,594	—	—
Increase (decrease) in provision for insured events of prior years	5,010	1,530	71	(4,157)	657	2,131
Total incurred claims	15,635	12,788	246,554	212,437	657	2,131
Payments:						
Claims attributable to insured events of the current year	(3,358)	(3,431)	(224,404)	(196,146)	—	—
Claims attributable to insured events of prior years	(10,579)	(4,415)	(20,236)	(14,335)	(3,421)	(3,891)
Total payments	(13,937)	(7,846)	(244,640)	(210,481)	(3,421)	(3,891)
Total claims liability at end of each fiscal year	$ 29,715	$ 28,017	$ 22,377	$ 20,463	$ 35,132	$ 37,896

NOTE 9. COMMITMENTS

A. Highway Construction

At June 30, 2025, the Department of Transportation had contractual commitments of approximately $439.2 million for construction of various highway projects. Funding for these highway projects is to be provided by federal grants and matched with state special revenue funds.

B. Capital Assets and/or Other Construction

At June 30, 2025, the Department of Administration, Architecture & Engineering Division (A&E) had contractual commitments of approximately $327.7 million for planning and construction of capital projects for the renovation, deferred maintenance, and new construction of state-owned facilities. These projects will be funded with $200.8 million in capital project funds, $40 million in federal special revenue funds (including $27.2 million in ARPA federal funds), $4.7 million in state special revenue funds, $8.5 million from the general fund, $11.8 million in private donations, and $0.4 million in proprietary funds. The Montana University System will fund $61.5 million in university plant funds. A&E also had $5.5 million contractual commitments for the planning and implementation of the division's new Broadband Program and $190.6 million in grant awards. The Broadband Program commitments will be funded with ARPA & Infrastructure Investment and Jobs Act federal grants.

At June 30, 2025, the Department of Fish, Wildlife, and Parks had contractual commitments of approximately $4.8 million for engineering and construction of various capital projects, which will be provided by federal grants and state special revenue funds.

At June 30, 2025, the Department of Justice, Division of Motor Vehicles had commitments of $12.9 million for the CARS project, a software project in which the agency will own the licenses. The funding for this will be provided by the General Fund and state special revenue funds.

At June 30, 2025, the Department of Labor and Industry had $6.0 million contractual commitments for Montana State AmeriCorps Programs and $17.0 million for information technology contracts of which $620.0 thousand is for a subscription-based information technology arrangement. The funding for these programs will be provided by federal grants and state special revenue funds.

At June 30, 2025, the Department of Transportation had contractual commitments of approximately $195.5 million for engineering and construction of various infrastructure projects and approximately $16.7 million for buses and transit facilities for various local governments and transit authorities. The funding for both of these commitments will be provided by federal funds.

At June 30, 2025, the Department of Military Affairs had contractual commitments in place for upgrades, expansions, and construction of various capital projects for approximately $3.2 million, which will be provided by federal funds.

At June 30, 2025, the Department of Corrections had $14.8 million in contractual commitments for camera and taser equipment. The funding for these commitments will be provided by General Fund.

At June 30, 2025, the Department of Environmental Quality had contractual commitments of $4.4 million to address contaminated water sources in Kalispell, $5.2 million for water treatment, $1.7 million for asbestos resource program, $4.4 million for construction projects, $1.3 million for coal permitting system, $1.0 million for mine-EIS amendment, and $1.0 million for open-cut permitting system, a subscription-based information technology arrangement. The funding for these commitments will be provided by federal grants, state special revenue funds, and the General Fund.

C. Loan and Mortgage Commitments

The Montana Board of Investments (BOI) makes firm commitments to fund commercial loans and residential mortgages from the Coal Severance Tax Permanent Trust Fund. These commitments have expiration dates and may be extended according to BOI policies. As of June 30, 2025, BOI had committed, but not yet purchased, $4.1 million in loans from Montana lenders. Additionally, lenders had reserved $11.8 million for loans as of June 30, 2025.

BOI makes reservations to fund residential mortgages from the State's pension funds. As of June 30, 2025, there were no mortgage reservations. All BOI residential mortgage purchases are processed by the Montana Board of Housing (MBOH). MBOH does not differentiate between a mortgage reservation and a funding commitment.

BOI makes firm commitments to fund loans from the INTERCAP loan program. BOI's outstanding commitments to eligible Montana governments, as of June 30, 2025, totaled $33.5 million.

D. Bond Commitments

At June 30, 2025, the outstanding tax-exempt bonds distributed by the Facility Finance Authority were issued in the amount of $2.1 million of which $970.0 thousand in principal payments are scheduled to be paid by June 30, 2026. These bonds have been issued to operating treatment facilities and prerelease centers. The Department of Corrections agrees to provide payment on behalf of the contractors for the total principal and interest due regarding these outstanding bonds. These costs are then recovered through the center's monthly billing for inmate room and board.

E. Proprietary Fund Commitments

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

Enterprise Funds	Amount
Liquor Warehouse	$ 281
Subtotal - Enterprise funds	$ 281

Internal Service Funds	Amount
Labor Central Services	$ 3,682
FWP Equipment	506
Print and Mail	314
Prison Industries	818
Building and Grounds	167
Subtotal - Internal Service funds	$ 5,487

F. Encumbrances

As of June 30, 2025, the State of Montana encumbered expenditures as presented in the table below (in thousands):

	Federal Special Revenue Fund	General Fund	Nonmajor Governmental Funds	State Special Revenue Fund	Total
Encumbrances	$ 51,757	$ 45,246	$ 15,155	$ 207,509	$ 319,667

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

A. Right-to-Use/Financed Purchase Payables

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

Principal and interest requirements to maturity for leases, SBITAs, and financed purchases at June 30, 2025, were as follows (in thousands):

	Governmental Activities					
Fiscal Year Ended June 30:	Lease Principal	Lease Interest	SBITA Principal	SBITA Interest	Financed Purchase Principal	Financed Purchase Interest
2026	$ 19,619	$ 3,607	$ 9,708	$ 1,027	$ 3,027	$ 372
2027	17,897	3,042	6,843	525	2,956	267
2028	15,145	2,554	6,131	192	2,625	166
2029	13,289	2,150	233	11	2,125	65
2030	11,216	1,823	74	1	31	2
2031 - 2035	36,759	5,473	—	—	32	1
2036 - 2040	14,371	1,660	—	—	—	—
2041 - 2045	2,055	230	—	—	—	—
2046 - 2050	37	10	—	—	—	—
2051 - 2055	47	6	—	—	—	—
2056 - 2060	46	2	—	—	—	—
Total	$ 130,481	$ 20,557	$ 22,989	$ 1,756	$ 10,796	$ 873

	Business-Type Activities			
Fiscal Year Ended June 30:	Lease Principal	Lease Interest	SBITA Principal	SBITA Interest
2026	$ 381	$ 79	$ 272	$ 11
2027	282	72	239	6
2028	172	67	—	—
2029	171	63	—	—
2030	175	58	—	—
2031 - 2035	905	216	—	—
2036 - 2040	903	70	—	—
Total	$ 2,989	$ 625	$ 511	$ 17

B. Lease Receivables

The State's lease receivables are primarily associated with the leasing of lands granted to the State to support public schools and state institutions. For the fiscal year ended June 30, 2025, the State's total lease revenue was $6.0 million, and the related interest revenue was $3.2 million.

C. Lease-Leaseback Transaction

The State's lease payable and lease receivable balances exclude $613.6 thousand related to an arrangement where the State is leasing a building that was constructed on land that is being leased from the State. GASB Statement No. 87 requires such arrangements to be accounted for as a net transaction.

D. Intra-Entity Leases of Investment Properties

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

Total lease principal and interest requirements payable to the primary government at June 30, 2025, were as follows (in thousands):

	Discretely Presented Component Units		Fiduciary Component Units	
Fiscal Year Ended June 30:	Lease Principal	Lease Interest	Lease Principal	Lease Interest
2026	$ 24	$ 3	$ 431	$ 98
2027	26	2	454	91
2028	27	2	478	84
2029	28	2	503	76
2030	29	1	529	67
2031 - 2035	63	1	3,065	193
2036 - 2040	—	—	682	18
Total	$ 197	$ 11	$ 6,142	$ 627

E. Variable Payments

Variable lease or SBITA payments, other than those variable payments that depend on an index or a rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease liability or SBITA liability. For the fiscal year ended June 30, 2025, the State recognized $810.1 thousand as expenses from the variable payments for SBITA.

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

A. General Information

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

B. Short-term Debt

On November 30, 2021, the Board of Investments adopted Resolution 249, which allowed for the redemption of all outstanding bonds of the INTERCAP program and the issuance of a new bond to the Board of Investments Unified Investment Program. The bond may be extended annually each February, with no limit on the number of extensions. The INTERCAP program lends money to state agencies and local governments for capital projects and improvements. The following schedule summarizes the activity for the year ended June 30, 2025 (in thousands):

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance
INTERCAP Bonds	$ 75,207	$ 71,793	$ 82,000	$ 65,000

C. Long-term Debt

The full faith, credit, and taxing powers of the State are pledged for the payment of all general obligation debt. Revenue and mortgage bonds are secured by a pledge from the facilities they relate to and by certain other revenues, fees, and assets of the State and the various colleges and universities. Primary government notes outstanding on June 30, 2025, were as follows (in thousands):

			Principal Payments		
Governmental Activities	Amount Issued	Interest Range (%) [1]	Fiscal Year 2026	In Year of Maturity [2]	Balance June 30, 2025
Notes Payable					
Middle Creek Dam Project [3]	$ 3,272	8.125	$ 118	231 (2034)	$ 1,337
Total notes payable	3,272		118		1,337
Subtotal before unamortized balances	3,272		118		1,337
Total governmental activities	$ 3,272		$ 118		$ 1,337

(1) The interest range is over the life of the obligation.
(2) Year of maturity refers to the fiscal year.
(3) U.S. Bureau of Reclamation loan to the Department of Natural Resources & Conservation.

D. Debt Service Requirements

Primary government debt service requirements on June 30, 2025, were as follows (in thousands):

	Governmental Activities	
	Notes Payable	
Fiscal Year Ended June 30:	Principal	Interest
2026	$ 118	$ 7
2027	123	7
2028	129	7
2029	135	7
2030	141	7
2031 - 2035	691	29
Total	$ 1,337	$ 64

E. Summary of Changes in Long-term Liabilities

Primary government long-term liability activities for the year ended June 30, 2025, were as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due In More Than One Year
Governmental activities						
Bonds/notes payable						
Notes payable	$ 1,449	$ —	$ 112	$ 1,337	$ 118	$ 1,219
Total bonds/notes payable	1,449	—	112	1,337	118	1,219
Other liabilities						
Right to use lease payable	140,937	17,271	27,727	130,481	19,619	110,862
Right to use SBITA payable	39,990	5,467	22,468	22,989	9,708	13,281
Financed purchase payable	12,753	1,216	3,173	10,796	3,027	7,769
Compensated absences payable, net	129,410	3,986	—	133,396	73,404	59,992
Estimated insurance claims [2]	86,375	262,846	261,998	87,223	34,936	52,287
Pollution remediation	161,083	5,048	3,977	162,154	14,233	147,921
CSKT Water Compact payable[1]	23,141	—	8	23,133	13,180	9,953
Net pension liability [2]	2,401,283	24,980	145,742	2,280,521	—	2,280,521
Total OPEB liability [2]	30,349	14,542	—	44,891	—	44,891
Total other liabilities	3,025,321	335,356	465,093	2,895,584	168,107	2,727,477
Total governmental activities long-term liabilities	$ 3,026,770	$ 335,356	$ 465,205	$ 2,896,921	$ 168,225	$ 2,728,696
Business-type activities						
Right to use lease payable	$ 2,712	$ 661	$ 384	$ 2,989	$ 381	$ 2,608
Right to use SBITA payable	1,003	—	492	511	272	239
Compensated absences payable, net	2,688	144	—	2,832	1,282	1,550
Estimated insurance claims [2]	15,803	143,600	141,052	18,351	15,085	3,266
Net pension liability [2]	13,884	946	714	14,116	—	14,116
Total OPEB liability [2]	589	253	—	842	—	842
Total business-type activities long-term liabilities	$ 36,679	$ 145,604	$ 142,642	$ 39,641	$ 17,020	$ 22,621

(1) The Confederated Salish and Kootenai Tribes (CSKT) Water Compact beginning balance has been restated for a correction of an error (see Note 2).

(2) The Net pension liability and Total OPEB liability attributable to the governmental activities will be liquidated by several governmental and internal service funds. The Employee Group Benefits and Administration Insurance internal service funds will liquidate the estimated insurance claims liability.

F. Refunded and Early Retired Debt

Defeased Debt

During the 2023 Legislative session, House Bill 251 was approved. This bill established a Debt and Liability Free account to utilize excess General Fund balances to pay off outstanding bonds, notes, and other obligations. As a result, several bonds were defeased with either cash-funded defeasance or escrow-funded defeasance during fiscal year 2023. As of June 30, 2025, the bonds listed below (in thousands) were legally defeased, are no longer outstanding under State law, and are no longer reflected as liabilities.

DEFEASED TO ESCROW

Bond or Note Issue	Principal Amount Outstanding	Cash Required for Escrow
Series 2020H, General Obligation Long-Range Building Program Bonds, amount issued $5,900	$ 5,030	$ 5,490
Series 2020I, General Obligation Trust Lands Refunding Bonds (Taxable), amount issued $12,510	7,535	7,073
Series 2020G, General Obligation Bonds, amount issued $32,505	21,410	24,646
Series 2020C, General Obligation Bonds, amount issued $28,900	15,765	17,428
Total defeased debt	**$ 49,740**	**$ 54,637**

G. Conduit Debt Obligations

Information is presented below for financing authorities participating in debt issues. The related debt issued does not constitute a debt, liability, obligation, or pledge of faith and credit of the State. Accordingly, these bonds and notes are not reflected in the accompanying financial statements.

Montana Board of Investments (BOI) is authorized to issue Qualified Zone Academy Bonds (QZAB) under the Municipal Finance Consolidation Act as conduit (no-commitment) debt. The revenues, and in some cases, the taxing power of the borrower, are pledged to repay the bonds. At June 30, 2025, QZAB debt outstanding aggregated $3.6 million.

BOI is also authorized to issue Qualified School Construction Bonds (QSCB) under the Municipal Finance Consolidation Act as conduit (no-commitment) debt. The revenues of the borrower are pledged to repay the bonds. At June 30, 2025, QSCB debt outstanding aggregated $398.0 thousand.

H. Estimated Pollution Remediation Obligation

Estimated pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The estimates are derived using the expected cash flow method and technical estimates from record of decisions, consent decrees, and/or settlement agreements. There may be factors influencing the estimates that are not known at this time. Prospective recoveries from other responsible parties may reduce the State's obligation.

The State's estimated pollution remediation liability as of June 30, 2025, was $162.2 million. Of this liability, $2.1 million resulted in settlement agreements to restore natural resources, water supplies, and natural resource-based recreational opportunities up to the settlement amount; $160.1 million is based on decrees or settlements for remediation activities. Other estimated liabilities have been recorded for soil and polychlorinated biphenyls (PCB) contamination and asbestos contamination removal. The estimated pollution remediation liability was recorded in compliance with accounting and reporting standards and does not constitute the State's total acceptance of the liability or responsibility for these matters.

I. Non-Exchange Financial Guarantee

BOI provides loan guarantees from STIP, TFIP, and the Coal Severance Tax Fund to the Facility Finance Authority (FFA). BOI exposure to bond issues, surety bonds, and designated loans of FFA totaled $96.5 million as of June 30, 2025. FFA is a discretely presented component unit of the State of Montana. FFA guarantee requests are submitted to BOI for review and approval. BOI's participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into FFA's statutorily allowed capital reserve account is explicitly limited by statute, which requires BOI to act prudently. The guarantee requests from FFA pertain to bonds issued by FFA with a term of up to 40 years. BOI receives a credit enhancement fee at FFA bond closing based on the term of the financing, the type of bond, the rating of the borrower, and the type of reserve fund. BOI and FFA have entered into an agreement detailing repayment to BOI. No credit enhancement fees were generated during the fiscal year. BOI has not had to perform on any loan guarantee in the past.

The following schedule summarizes the activity related to the non-exchange financial guarantee during the year ended June 30, 2025 (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 103,963	$ —	$ 7,460	$ 96,503

J. Other Liabilities

Confederated Salish and Kootenai Tribes Water Compact

In 2015 the State ratified the water rights compact between the State, the Confederated Salish and Kootenai Tribes (CSKT), and the United States of America, which is set forth in Section MCA, 85-20-1901. The agreement was ratified by the federal government in 2021. Detailed information about the CSKT Water Compact can be found at: https://dnrc.mt.gov/Water-Resources/Compacts/Flathead-Compact.

A summary of the allotments, contributions to date, and the remaining liability follows (expressed in thousands):

State Contribution to Settlement	Allotments	Contributions to Date	Balance, June 30, 2025
Water measurement activities	$ 4,000	$ 1,843	$ 2,157
On-farm efficiencies	4,000	24	3,976
Stock water mitigation	4,000	—	4,000
Aquatic and terrestrial habitat	13,000	—	13,000
Total	$ 25,000	$ 1,867	$ 23,133

Under Article VI.A.1.d of the water compact an additional $30.0 million contribution is allotted to offset pumping costs associated with compact implementation and related projects. Subsequent to June 30, 2025, an additional agreement was negotiated to create a permanent fund to invest the $30.0 million. Income generated by this fund may be distributed to support the compact, and will be administered by the Department of Natural Resources and Conservation.

NOTE 12. INTERFUND BALANCES AND TRANSFERS

A. Balances Due From/To Other Funds

Balances due from/to other funds arise when there is a timing difference between the dates that reimbursable expenditures and interfund services provided/used are recorded in the accounting system and the dates on which payments are made. Balances also arise when there is a timing difference between the dates transfers between funds are recorded and the dates on which payments are made. Balances due from/to other funds also include the current portion of balances related to amounts loaned by the Municipal Finance Programs to other funds, under the Board of Investments' INTERCAP loan program. Balances due from/to other funds are expected to be repaid within one year from origination.

Balances due from/to other funds at June 30, 2025, consisted of the following (in thousands):

	Due to Other Funds						
	Federal Special Revenue	General Fund	Internal Service Funds	Nonmajor Enterprise Funds [2]	Nonmajor Governmental Funds	State Special Revenue	Total
Due from Other Funds							
Federal Special Revenue	$ —	$ 21	$ —	$ —	$ —	$ 326	$ 347
General Fund	3,914	—	—	18,443	—	26,665	49,022
Internal Service Funds	5	2	—	—	—	12	19
Municipal Finance Programs	—	—	2,818	200	48	—	3,066
Nonmajor Enterprise Funds	—	1	—	—	—	—	1
Nonmajor Governmental Funds	7,611	9,062	—	—	—	6,309	22,982
State Special Revenue [1]	105	1,194	—	563	976	—	2,838
Total	$ 11,635	$ 10,280	$ 2,818	$ 19,206	$ 1,024	$ 33,312	$ 78,275

[1] Due to differences in the basis of accounting for fund financial statements versus government wide statements, the total due from other funds to the state special revenue fund on the fund financial statement is reported as $10.4 million. The difference of $7.5 million between the amount reported above and the amount reported on the fund financial statement relates to long-term receivables created by the State Building Energy Conservation Program (SBECP) loans, which is not included in the above balances for due from/to other funds. The receivables are reported in the state special revenue fund.

[2] Due to differences in the basis of accounting for fund financial statements versus government wide statements, the total due to other funds from the nonmajor enterprise funds on the fund financial statement is reported as $19.3 million. The difference of $117.0 thousand between the amount reported above and the amount reported on the fund financial statement relates to loans payable created by the SBECP loans, which is not included in the above balances due from/to other funds.

B. Interfund Loans Receivable/Payable

Montana statutes include a provision for interfund loans when the expenditure of an appropriation is necessary, and the cash balance in the fund from which the appropriation was made is insufficient to pay the expenditure. Interfund loans receivable/payable are expected to be repaid within one year from the date of origination.

Interfund loans receivable/payable at June 30, 2025, consisted of the following (in thousands):

	Interfund Loans Payable							
	Coal Severance Tax	Federal Special Revenue	Internal Service Funds	Land Grant	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	State Special Revenue	Total
Interfund Loans Receivable								
General Fund	$ 1,603	$ 42,973	$ 275	$ —	$ 358	$ —	$ 46,556	$ 91,765
Nonmajor Enterprise Funds	—	34	—	—	—	—	—	34
State Special Revenue	—	94,316	267	153	21	215	—	94,972
Total	$ 1,603	$ 137,323	$ 542	$ 153	$ 379	$ 215	$ 46,556	$ 186,771

C. Advances To/From Other Funds

Advances to/from other funds represent the portion of interfund loans that are not expected to be repaid within one year from the date of origination. Advances to/from other funds also include the noncurrent portion of balances related to amounts loaned by the Municipal Finance Programs to other funds, under the Board of Investments' INTERCAP loan program. For more information on the INTERCAP loan program, refer to Note 11.

Advances to/from other funds at June 30, 2025, consisted of the following (in thousands):

	Advances from Other Funds				
	Internal Service Funds	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	State Special Revenue	Total
Advances to Other Funds					
General Fund	$ —	$ —	$ 1,740	$ —	$ 1,740
Municipal Finance Program	8,528	580	759	—	9,867
Nonmajor Governmental Funds	—	—	—	22,400	22,400
State Special Revenue	—	292	—	—	292
Total	$ 8,528	$ 872	$ 2,499	$ 22,400	$ 34,299

Additional detail for certain advance balances at June 30, 2025, follows (in thousands):

Advances from the Municipal Finance Programs under the INTERCAP Loan Program

Departmental Function	Balance
Natural Resources and Conservation	$ 2,057
Public Safety	2,806
Transportation	5,004
Total	$ 9,867

D. Interfund Transfers

Routine transfers between funds are recorded to (1) transfer revenues from the fund legally required to receive the revenue to the fund authorized to expend the revenue, (2) transfer resources from the General Fund and special revenue funds to debt service funds to support principal and interest payments, (3) transfer resources from enterprise funds to the General Fund to finance general government expenditures, and (4) provide operating subsidies.

Interfund transfers for the year ended June 30, 2025, consisted of the following (in thousands):

	Transfers Out								
	Coal Severance Tax	Federal Special Revenue	General Fund [1]	Internal Service Funds	Land Grant	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	State Special Revenue	Total
Transfers In									
Coal Severance Tax	$ —	$ —	$ 82,690	$ —	$ —	$ —	$ —	$ —	$ 82,690
Federal Special Revenue	—	—	2,341	—	—	—	—	2,529	4,870
General Fund [1]	103,028	2,771	—	—	10	71,155	—	45,576	222,540
Internal Service Funds	—	425	1,663	—	—	—	—	1,325	3,413
Land Grant	—	—	56	—	—	—	—	197	253
Nonmajor Enterprise Funds	—	264	—	220	—	—	—	176	660
Nonmajor Governmental Funds	—	90,326	240,128	68	2,290	—	7,241	76,897	416,950
State Special Revenue	30,280	30,249	97,064	250	103,356	12,790	43,945	—	317,934
Unemployment Insurance	—	—	335	—	—	—	—	—	335
Total	$ 133,308	$124,035	$ 424,277	$ 538	$105,656	$ 83,945	$ 51,186	$126,700	$1,049,645

[1] Several State Special Revenue and Permanent funds are combined with the General Fund for reporting purposes (discussed further in Note 1). As a result, several transfers are not accounted for in the above table, as both the transfer-ins and respective transfer-outs have been eliminated as required for proper financial reporting. Transfers from the General Fund to the following funds were eliminated (in millions):

Description	Amount
Better Local Bridges	$ 10,000
Budget Stabilization Reserve	75,855
Community Reinvestment	6,000
Early Childhood Account	10,000
Fire Suppression Fund	49,368
Growth and Opportunity Distribution Trust	224,000
Growth and Opportunity Housing Trust	32,310
Growth and Opportunity Pension Account	250,000
State Property Tax Assistance Account	20,000
Water Development Account	10,000
Total	$ 687,533

NOTE 13. FUND EQUITY DEFICITS

The following funds have a deficit net position remaining at June 30, 2025, as follows (in thousands):

Fund Type/Fund	Deficit
Internal Service Funds [1]	
Information Tech Services	$ (15,052)
Building and Grounds	(1,263)
Admin Central Services	(784)
Labor Central Services	(6,106)
Commerce Central Services	(1,656)
OPI Central Services	(1,506)
DEQ Indirect Cost Pool	(1,382)
Payroll Processing	(1,285)
Warrant Processing	(460)
Investment Division	(3,180)
Justice Legal Services	(399)
Debt Collection	(9)
Other Internal Services	(296)
SABHRS Finance & Budget Bureau	(387)
Enterprise Fund [1]	
State Lottery	(2,391)

[1] The allocation of net pension liability and total OPEB liability is a significant factor in creating these deficits. For more detail related to these liabilities, see Notes 6 and Note 7, respectively.

NOTE 14. MAJOR PURPOSE PRESENTATION

Special Revenue and Fund Balances Classifications by Purpose – In the governmental fund financial statements, classifications of special revenue fund revenues and fund balances are presented in the aggregate. The tables presented below further display the special revenue fund revenues and fund balances by major purpose for the year ending June 30, 2025.

State Special Revenue By Source (in thousands)

	General Government	Public Safety	Transportation	Health and Human Services	Education	Natural Resources	Total
Licenses/permits	$ 149,328	$ 73,711	$ 26,904	$ 1,563	$ 421	$ 109,159	$ 361,086
Taxes	781,944	6,644	283,772	—	—	18,476	1,090,836
Charges for services	34,590	21,198	10,907	29,507	3,671	16,381	116,254
Investment earnings (losses)	11,139	10,517	4,057	1,993	2,918	38,446	69,070
Securities lending income	—	272	—	4	44	500	820
Sale of documents/ merchandise/property	1,711	3,891	155	36	4	1,995	7,792
Rentals/leases/royalties	324	63	802	62	1	271	1,523
Contributions/premiums	35,380	—	—	7	—	535	35,922
Grants/contracts/donations	6,057	116	1,074	9,137	14,193	2,832	33,409
Federal	7,193	16	2	1,348	—	—	8,559
Federal indirect cost recoveries	—	85	63,650	251	—	7,060	71,046
Other revenues	2,765	730	380	189	541	747	5,352
Transfers in	113,417	4,937	—	13,615	11,499	174,466	317,934
Total State Special Revenue	$ 1,143,848	$ 122,180	$ 391,703	$ 57,712	$ 33,292	$ 370,868	$ 2,119,603

Federal Special Revenue By Source (in thousands)

	General Government	Public Safety	Transportation	Health and Human Services	Education	Natural Resources	Total
Charges for services	$ 866	$ 1	$ —	$ 8,342	$ 1	$ —	$ 9,210
Investment earnings (losses)	25,289	82	—	10	65	447	25,893
Rentals/leases/royalties	24	—	—	—	—	—	24
Grants/contracts/donations	333	—	—	—	—	—	333
Federal	482,506	15,959	722,395	2,526,731	347,621	213,927	4,309,139
Federal indirect cost recoveries	1	—	—	106,083	93	368	106,545
Other revenues	1	—	—	1,615	—	—	1,616
Transfers in	2,040	2,265	—	562	3	—	4,870
Total Federal Special Revenue	$ 511,060	$ 18,307	$ 722,395	$ 2,643,343	$ 347,783	$ 214,742	$ 4,457,630

Governmental Fund Balance By Function, (in thousands)

June 30, 2025

		Special Revenue		Permanent			
	General	State	Federal	Coal Severance Tax	Land Grant	Nonmajor	Total
Fund balances:							
Nonspendable							
Inventory	$ 5,135	$ 26,410	$ —	$ —	$ —	$ —	$ 31,545
Permanent fund principal	—	500	—	1,324,574	1,004,107	436,027	2,765,208
Long-term notes/receivables	1,740	—	—	—	—	—	1,740
Prepaid expenditure	3,447	590	342	1	—	—	4,380
Total nonspendable	10,322	27,500	342	1,324,575	1,004,107	436,027	2,802,873
Restricted							
General government	—	10,796	136,305	—	—	13,663	160,764
Public safety	—	154,659	—	—	—	1	154,660
Transportation	—	115,771	27	—	—	—	115,798
Health and human services	—	37,976	8,364	—	—	600	46,940
Education	—	70,995	11,644	—	—	133	82,772
Natural resources	—	918,770	—	—	—	35,041	953,811
Total restricted	—	1,308,967	156,340	—	—	49,438	1,514,745
Committed							
General government	1,576,119	412,053	—	76,972	—	907,303	2,972,447
Public safety	—	136,093	—	—	—	12,183	148,276
Transportation	154,246	44,900	—	—	—	—	199,146
Health and human services	205,843	90,607	—	—	—	—	296,450
Education	—	72,078	—	—	—	—	72,078
Natural resources	53,829	502,794	—	—	—	37,089	593,712
Total committed	1,990,037	1,258,525	—	76,972	—	956,575	4,282,109
Assigned							
General government	—	871	—	—	—	15,445	16,316
Public safety	—	11	—	—	—	660	671
Health and human service	—	4,623	—	—	—	—	4,623
Education	—	327	—	—	—	—	327
Natural resources	1,269	87	—	—	—	—	1,356
General govt. (Encumbrance)	45,246	—	—	—	—	—	45,246
Total assigned	46,515	5,919	—	—	—	16,105	68,539
Unassigned	773,134	—	—	—	—	—	773,134
Total fund balance	$ 2,820,008	$ 2,600,911	$ 156,682	$ 1,401,547	$ 1,004,107	$ 1,458,145	$ 9,441,400

NOTE 15. RELATED PARTY TRANSACTIONS

There are campus-affiliated foundations within the Montana University System (MUS) identified in the Montana Board of Regents of Higher Education Policy 901.9 – Campus-Affiliated Foundations; Montana University System Foundation. The private foundations affiliated with campuses of the MUS provide support to their respective campuses, consistent with the mission and priorities of such campuses. Transactions occur between the Commissioner of Higher Education and said foundations as reimbursements for hosting MUS constituents and other related events and gatherings. Amounts differ each year based on the number of activities and events hosted in each fiscal year. For fiscal year 2025, transactions totaled $15.6 thousand.

The MUS Group Insurance program offers insurance coverage and collects insurance premiums from the community colleges as a related party. The premium revenue collected was $5.0 million for the fiscal year ended June 30, 2025.

All lotteries that offer multi-state games transact with the Multi-State Lottery Association (MUSL), which requires the lottery directors from each of the states to be on the MUSL board of directors. The Director of the Montana Lottery is on the MUSL board along with other directors of other states. The Director of the Montana Lottery is in a position to vote and have influence for both MUSL and the Montana Lottery who have significant transactions between each other. The Montana Lottery has prize reserves with MUSL in the amounts of $1.6 million for the fiscal year ended June 30, 2025. The prize reserve monies are assets to the Montana Lottery and would be transferred over if the Montana Lottery were to quit any of the multi-state games. Weekly, MUSL collects each state's share of prize expenses to go towards respective jackpots. If a state has a large enough prize amount or number of winners for any particular draw, MUSL would then reimburse any state for the excess amount of prizes paid out. The Montana Lottery paid MUSL $7.6 million for its share of prizes and received reimbursements for prizes in the amount of $804.0 thousand for the fiscal year ended June 30, 2025.

The Governor is a trustee for the Gianforte Family Foundation and the Gianforte Family Charitable Trust. The Foundation has pledged to donate up to $50.0 million in construction costs towards the MSU Computing Building, a part of the Montana University System. During fiscal year 2025, $17.5 million of the pledge was received based on the reimbursement requests submitted to the Trust.

The Department of Corrections has a contract with Alternatives Inc. for prerelease centers in Billings, MT. One of the active board members is an employee of the department. The contract expired as of June 30, 2025. During the fiscal year 2025, $13.1 million was paid to Alternatives Inc.

The Department of Corrections received federal grant funding from the Board of Crime Control. One of the board members is an employee. The total amount received from the Project Safe Neighborhood Grant for fiscal year 2025 was $3.0 thousand.

The Judicial Branch has an employee whose spouse is a board member of a non-profit corporation. The branch has a contract with this corporation, which existed before the hiring of the employee, they have paid $7.2 thousand for fiscal year 2025.

The Judicial Branch has an employee who is a board member of a school district. The branch has a vendor relationship with this school district and paid $60.8 thousand for fiscal year 2025.

The Department of Public Health and Human Services has an employee who is a voting board member of Big Sky Care Connect. During the fiscal year 2025, $5.0 million was paid to Big Sky Care Connect.

NOTE 16. CONTINGENCIES

Litigation

The State is party to legal proceedings, which normally occur in government operations. In the opinion of the State's legal counsel and the Department of Administration, the likelihood the legal proceedings will have a material adverse impact on the State's financial position is remote, except where listed below.

PPL v. Montana, known as State of Montana v. Talen Montana, LLC et al. (Cause No CV 16-35-H-DLCJCL). This case involves ownership of sections of riverbed on the Missouri, Clark Fork, and Madison rivers. The case originated in 2003, when a group of parents of school-age children sued Petitioner PPL Montana, LLC (PPL), in Federal Court, alleging that the company must pay rent for the use of state-owned riverbeds to generate hydroelectric power. After the Federal Court dismissed the case for lack of jurisdiction, PPL filed an action in the state district court seeking a declaration that the state could not charge them rent for the use of the riverbeds at issue. The State intervened in the case and counterclaimed for a declaration that PPL and its co-plaintiffs unlawfully occupied state lands and must compensate the State Land Trust on behalf of its public beneficiaries for the use of those lands. The legal test for ownership of the riverbeds is whether the rivers at issue were navigable at the time of statehood. Based upon the historical record, the District Court granted the State summary judgment on the question of navigability, and the case proceeded to trial on the issue of compensation for the use of trust lands. In June of 2008, the Court issued its ruling and ordered that PPL owed the State almost $41.0 million for past use of the riverbeds.

PPL appealed the decision to the Montana Supreme Court. The case was briefed and argued before the Court. In March 2010, the Montana Supreme Court issued a decision upholding the district court's finding of navigability and determination of compensation.

PPL appealed the case to the United States Supreme Court. The case was briefed and argued, and in February 2012, the Court reversed the Montana Supreme Court's decision. The United States Supreme Court concluded that the Montana courts had applied an incorrect legal standard for determining a river's navigability. The Court clarified that navigability had to be determined on a segment-by-segment basis. The Court remanded the case for further proceedings, and the case currently is pending in the Montana First Judicial District, Lewis and Clark County, Judge Michael McMahon presiding. The cause number is CDV 2004-846. Additional detail is provided below as the case has been remanded to the United States District Court, District of Montana, Helena Division.

The most obvious impact of the Supreme Court's decision is that the State is no longer entitled to the $41.0 million judgment. The monetary amount that the State may be entitled to depends on the navigability of the rivers, which will have to be determined under the Supreme Court's segment-by-segment approach. Going forward, the litigation will focus on applying the Supreme Court's segmentation approach to determine the navigable reaches of the Madison, Clark Fork, and Missouri Rivers. At this stage, it is difficult to predict an outcome of this litigation.

A less obvious financial impact is the bill of costs that PPL submitted to the district court following the remand. PPL requested that the district court tax the State of Montana with $1.2 million for PPL's costs relating to the appellate proceedings. All, but approximately $31.0 thousand, relate to premiums that PPL paid for a supersede as bond in support of staying the $41.0 million judgment. In May 2012, the State filed its response to PPL's bill of costs and agreed to costs of $31.3 thousand. However, the State moved the court to deny PPL's request for costs related to the supersede as bond. The parties stipulated to hold this issue in abeyance until the court rules on all remaining matters in the case. Counsel for the State has agreed to release the supersede as bond. In the opinion of counsel, there are good legal arguments that support the State's position that it should not be required to pay the supersede as bond premiums; however, legal and procedural uncertainties exist that make an adverse determination reasonably possible.

This case is now known as State of Montana v. Talen Montana, LLC et al. (Cause No. CV 16-35-H-DLC-JCL). A bench trial occurred on January 3 through January 19, 2022. No decision was made by the Judge. The parties were required to submit amended proposed findings of fact and conclusions of law. The State of Montana submitted its proposed findings and conclusions on April 29, 2022, and an amended proposed findings and conclusions on May 13, 2022. Talen filed notice of suggestion of bankruptcy on May 10, 2022. The Court entered an automatic stay of proceedings because of the bankruptcy filing on June 23, 2022. The Court lifted the stay on September 16, 2022, and ordered Talen to respond to Montana's amended proposed findings of fact and conclusions of law by October 6, 2022, which Talen complied with on October 6, 2022. The Court has not rendered a decision on parties' proposed findings of fact and conclusions of law. The State's claims against the utilities remained unchanged throughout trial, and the State still holds the opinion that no further potential liability to the State is expected relative to this action.

The Court entered its Findings of Fact and Conclusions of Law on August 25, 2023, quieting title in favor of Montana on certain segments, in favor of the United States in all other disputed reaches, and in favor of Talen and NorthWestern for the riverbed lying between the ordinary low water marks of certain disputed reaches. The Court certified its liability findings as final for purposes of appeal to the Ninth Circuit, staying its determination of damages pending the Ninth Circuit's resolution of the appeal. Montana appealed, and Talen and NorthWestern cross-appealed. The parties completed their written briefing on appeal before the Ninth Circuit, and counsel presented oral arguments in San Francisco on January 15, 2025.

On March 4, 2025, the Ninth Circuit issued its decision. The district court's judgment in Phase I was affirmed. The case was remanded to district court to proceed with Phase II and determine damages as to the Sun River to Black Eagle Falls Segment with each party to bear their own appeal costs. In the United States District Court matter (CV-16-35), the parties stipulated to scheduling deadlines and are progressing toward a bench trial presently set for September 21, 2026.

Diaz et al. v. Blue Cross and Blue Shield of Montana et al. (Diaz) was a lawsuit filed in the Montana First Judicial District Court, Lewis and Clark County, Cause No. BVD-2008-956, in October 2008, by plaintiffs Jeanette Diaz, Leah Hoffman-Bernhardt, and Rachel Laudon, individually, and on behalf of others similarly situated, naming Blue Cross and Blue Shield of Montana (BCBS), New West Health Services (New West), Montana Comprehensive Health Association, and the State of Montana (State) as defendants. The complaint alleges that the defendants have violated the made-whole laws of Montana and illegally given themselves subrogation rights.

On June 12, 2009, the Plaintiffs filed with the District Court a motion for class certification. The District Court Judge denied the Plaintiffs' motion for class certification on December 16, 2009. The Plaintiffs appealed this decision to the Montana Supreme Court. As part of the review of the underlying decision denying class certification, the Montana Supreme Court remanded the case to the District Court to determine the question of whether the made-whole laws, codified in Section 2-18-902 and Section 33-30-1102, MCA, apply to the various types of third-party administrators (TPAs) at issue in Diaz. The District Court held that these laws do not apply to TPAs. The Plaintiffs appealed this decision.

On December 21, 2011, the Supreme Court issued its decision, holding that the District Court abused its discretion in denying a class action and that BCBS and New West, as TPAs of the State's health plan, are not subject to the made-whole laws as "insurers" under Section 2-18-901 and Section 2-18-902, MCA, or under a third-party beneficiary theory.

On June 20, 2012, the District Court ruled on the State's summary judgment motion seeking an order from the court that the State has not violated the made-whole laws in the administration of its health plan. The court denied the State's motion, ruling that the State is an insurer for the purposes of the made-whole laws and that it must conduct a made-whole analysis before exercising and subrogation/coordination of benefits rights. The State filed with the District Court a motion requesting that the court certify its decision to the Montana Supreme Court. The District Court granted the motion, and the Montana Supreme Court, over the Plaintiffs' objection, ultimately agreed in a November 27, 2012, Order to hear this issue. The Plaintiffs also appealed to the Montana Supreme Court, the District Court's definition of the class action.

On August 6, 2013, the Montana Supreme Court issued its opinion, affirming the Montana First Judicial District Court's decision defining the class action to include only those State benefit plan members who had timely filed claims for covered benefits for services that took place no earlier than eight years before the filing of the Plaintiffs' complaint, which was October 23, 2008.

On November 6, 2013, the Montana Supreme Court issued its opinion, affirming the District Court's June 20, 2012, decision that the applicable made-whole laws apply to the State benefit plan.

On September 8, 2014, the District Court issued an order ruling on several motions that the parties had filed. The principal rulings were: (i) the Court authorized Plaintiffs to proceed with additional discovery to determine if the class definition should be altered or amended; (ii) given its order to allow additional discovery, the Court held in abeyance its decision on the State's Motion for Summary Judgment requesting that the class be limited to those who timely filed claims within the one-year filing restriction contained in the State's policy; (iii) the Court granted the Plaintiffs' motions asking the Court to require the State to conform its health plans, procedures, notices, and practices to comply with the Montana Supreme Court's rulings in this case and to pay covered medical expenses, await the resolution of claims against liability carriers, and then conduct a made-whole determination before it can exercise subrogation or accept reimbursements from its members or providers; and (iv) the Court ordered the parties to develop a class notice to be sent to past and current plan members dated back to eight years before this suit was filed. The State and Plaintiffs' counsel developed the notice that has been sent to class members.

On April 13, 2015, the District Court issued an Order on Interest to Be Paid, requiring the State to include in the payments ultimately made to class members' interest at the rate of 10.0% per annum. For claims arising before December 24, 2009, interest would begin 30 days following the Montana Supreme Court's decision in Blue Cross and Blue Shield of Montana, Inc. v. Montana State Auditor. For any claims arising after December 24, 2009, interest would begin starting on the day the underlying medical expenses were incurred.

On October 5, 2015, the Plaintiffs filed with the District Court a motion directing the State to pay attorney fees arising from the class action suit. On November 9, 2015, the District Court issued an order denying Plaintiffs' motion for attorney fees.

On December 14, 2015, the District Court issued an order certifying that its orders concerning interest and attorney fees were final for purposes of an appeal to the Montana Supreme Court. On January 12, 2016, the Plaintiffs filed a Notice of Appeal with the Montana Supreme Court, appealing the interest and attorney fee orders.

Pursuant to the Montana Supreme Court's mandatory mediation process, the parties reached a settlement on attorney fee payments; however, the parties did not reach an agreement on the interest issue. On October 25, 2016, the Montana Supreme Court issued its ruling on the interest issue, finding that November 14, 2009, is the date that interest commences; and, for claims arising after November 14, 2009, interest will begin starting on the day the underlying medical expenses were incurred.

On April 28, 2017, the District Court appointed a Special Master to consider and resolve issues regarding expanding the class to persons with unsubmitted claims; whether to include claims after 2009; whether the State must identify members from third-party administrators other than Blue Cross/Blue Shield; whether, if at all, the State must reform its systematic practices; supervising the payment and notice process; which party or parties should pay the Special Master for her time and expenses; whether the District Court should approve a partial payment of attorney fees; setting a time frame for making claims; setting a time for ending the class action; determining payment of residual funds; and any other issues as necessary to facilitate the swift and equitable resolution of the case.

As of June 30, 2017, the State paid Plaintiffs $1.4 million in based payments plus interest.

On June 21, 2017, the Special Master issued a report and recommended order regarding the partial payment of the Plaintiffs' counsels' attorney fees. This recommendation was based on a stipulation the State and the Plaintiffs' counsel had reached, agreeing that the State would pay counsel $400.8 thousand for claims made by individuals that could be documented. The State has paid this amount to class counsel.

The Special Master issued a second report and recommended an order expanding the class on August 8, 2018. The principal findings of this recommendation were to expand the class definition to include those individuals who did not submit claims to the State for processing; to expand the class to end June 30, 2016; and to redefine the class as (a) employees, employee dependents, retirees, and retiree dependents who participate or participated in the State of Montana's health benefit plan(s), administered or operated by the State and/or the third party administrators whose claims for covered benefits took place no earlier than eight years prior to the filing of the complaint in this action, which was October 23, 2008; (b) who were injured through the legal fault of persons who have legal obligations to compensate them for all damages sustained; and (c) who have not been made whole for their damages (or for whom the State and TPAs conducted no made-whole analysis) because the State and the third party administrators programmatically failed to pay benefits for their covered medical costs. On October 29, 2018, the District Court Judge issued an Order Adopting the Special Master's Report Expanding the Class.

As of June 30, 2018, the State paid Plaintiffs $1.7 million in based payments plus interest.

On April 23, 2019, the District Court Judge approved the parties' motion for a process to identify and distribute residual funds for known class members on the master list for Blue Cross Blue Shield of Montana claims. On May 2, 2019, the State issued payment of $122.0 thousand to the Hunt Law Firm for the residual funds and interest thereon.

On May 1, 2019, the parties filed the Notice to Special Master of Agreement on Notice Procedure. Pursuant to that notice, the State distributed notices to all former and current State employees enrolled in the State health plan between January 1, 2010, through June 30, 2016. Notice was distributed through email and first-class mail. The initial distribution of notices was May 23, 2019. The deadline for a claimant to return a claim to the State was November 30, 2019.

As of June 30, 2019, the State paid Plaintiffs $2.0 million, including the payment for residual funds and interest.

As of June 30, 2020, the State paid Plaintiffs $2.9 million for claim payments, interest, and attorney fees for Plaintiffs' counsel.

As of February 28, 2021, the state paid Plaintiffs a cumulative $3.0 million for claim payments, interest, and Plaintiffs' attorney fees.

On March 23, 2021, Plaintiffs filed a motion to enforce an October 29, 2018 Order to address first party medical payments coverage in casualty insurance policies (the "Med-pay Claims"). Plaintiffs contend that the Med-pay Claims should be paid. On July 23, 2021, Special Master held a hearing on Plaintiffs' motion.

As of June 30, 2024, the amount paid by State for claim payments, interest, and attorney fees for Plaintiffs' counsel has not changed from February 28, 2021.

In January of 2025, the state agreed to pay additional interest for certain claim payments initially processed after August 26, 2019, with interest of prime plus 3%. 25-9-205(1), MCA. Payments of additional interest and fees for class counsel resulted in a cumulative total of $3,3 million. Since the case is ongoing, the state does not have sufficient information to determine the ultimate cost to the state.

Vincent, Benner, and Hoch v. DPHHS, No. CDV-19-0314 (Mont. Eighth Jud. Dist. Cascade County) was filed on May 17, 2019, by Montana Optometric Association members seeking class certification of all licensed Montana optometrists who are participating providers in Montana Medicaid. The named Plaintiffs claim the department's Medicaid rate structure discriminates against them because they are paid less than physicians (doctors of medicine or doctors of osteopathy) for performing the same services. They cite Section 37-10-104, MCA, as the basis of the discrimination claim. They seek declaratory relief and permanent injunctive relief in their claims of discrimination, violations of MAPA, and breach of contract and implied covenant of good faith. They request damages, interests, costs, and attorney fees, which would amount to more than $1.0 million. Plaintiffs' motion for class certification has been granted. DPHHS understands that Plaintiffs' counsel has served required notices to class members, the contents of which DPHHS's counsel approved in February, 2024. DPHHS received a Class Notice Report from Plaintiffs' counsel in June 2024, and has not received any further communication from Plaintiffs' counsel since then. It is likely the case will be resolved by means of a judicial interpretation of provisions of Montana laws dealing with health care practitioners and with Medicaid reimbursement. Neither Plaintiffs' counsel nor DPHHS has yet filed a motion asking for the court to do so.

Blixseth v. Montana Department of Revenue (MDOR), (BK Case No. 11-15010) Mr. Blixseth filed a Complaint in US Bankruptcy Court, District of Nevada, on December 23, 2021, against MDOR seeking costs, attorneys fees, and proximate and punitive damages. On January 25, 2022, the Department filed a Motion to Dismiss the adversary proceeding asserting Eleventh Amendment sovereign immunity. On July 27, 2022, the Bankruptcy Court granted the Department's Motion to Dismiss as to the punitive damages. However, the Bankruptcy Court denied the Department's Motion as to costs, attorneys fees, and proximate damages. The Department filed a Notice of Appeal to the 9th Circuit Bankruptcy Appellate Panel on August 10, 2022. Mr. Blixseth filed a Motion for Summary Disposition and an opposing motion to the Department's Notice of Appeal before the 9th Circuit on December 16, 2022. On that same day, Mr. Blixseth filed a Motion for Sanctions. The Department's opening brief was due to be filed on December 23, 2022. The Department filed an extension motion on the opening brief, but the 9th Circuit denied the motion, stating that the briefing schedule is stayed until resolution of Mr. Blixseth's Motion for Summary Disposition. On December 22, 2022, the Department filed a response to Mr. Blixseth's Motion for Summary Disposition and he replied on December 28, 2022. The matter remains pending before the 9th Circuit. At this time, the litigation is still dealing with the threshold jurisdictional question and no discovery has been conducted. Without answers to the jurisdictional question and the without discovery, the "degree of probability of an unfavorable outcome and any associated loss" cannot be reasonably estimated. On March 31, 2023, the Department filed its opening Appellate Brief and on May 31, 2023, Mr. Blixseth filed his answering brief. The Ninth Circuit heard oral argument on the appeal on January 10, 2024, in Pasadena, CA. Mr. Blixseth petitioned the Ninth Circuit for a rehearing en banc (before the whole court), which the Circuit Court denied on September 30, 2024. On February 26, 2025, Mr. Blixseth filed a Petition for Writ of Certiorari with the United States Supreme Court (SCOTUS) and on May 2, 2025, the department filed its Brief in Opposition to the Petition for Writ of Certiorari. On June 6, 2025, SCOTUS denied the petition.

Thomas Strobhar v. State, et al. In 2019, the Legislature passed HB 694, which set licensing fees for securities salespersons and investment advisor representatives at $50 for residents and $100 for nonresidents. On January 12, 2024, Thomas Strobhar, on behalf of himself and all others similarly situated, filed a class action against the State of Montana, Montana Department of Revenue, Brendan Beatty, in his official capacity as Director of the Department of Revenue; and Troy Downing, in his official capacity as State Auditor of Montana (Cause No. DDV-2024-27), in First Judicial District Court, Lewis and Clark County. Since then, DOR was dismissed from the case and Misty Ann Giles, in her official capacity as Director of the Department of Administration ("DOA"), was added as a defendant. Both the State and DOA are represented by their own counsel. The lawsuit alleges that charging out of state licensees more than in state licensees is unconstitutional under both the U.S. and Montana Constitutions, and seeks declaratory and injunctive relief, as well as money damages.

On December 6, 2024, the District Court heard oral argument regarding Plaintiffs' petition for class certification at which defendants argued that the class should be limited based on statutes of limitation. The District Court requested additional briefing on the statute of limitations issue, which is not yet complete but indicated during the hearing that he was leaning toward certifying the class.

The State, DOA and State Auditor filed motions to dismiss in summer of 2025. Claims against the State Auditor were dismissed, and the State Auditor is out of the case. A hearing is set for February 24, 2026, on the State and DOA's motions to dismiss additional claims. While at this time it is not possible to reasonably estimate the amount of loss if the State's defense were unsuccessful, based on Plaintiff's request for damages any such loss could exceed $1 million.

Held v. State, No. CDV-2020-307 (Mont. 1st Jud. Dist. Ct. Aug. 14, 2023): The district court ruled that MEPA provisions 75-1-201(2)(a), MCA and 75-1-201(6)(a)(ii), MCA were facially unconstitutional. The State (through the AG's office) and the Executive Branch agencies filed separate Notices of Appeal with the Montana Supreme Court.

The Montana Supreme Court affirmed the District Court's decision on December 18, 2024. Held v. State, 2024 MT 312. In September 2025, a district court ordered the State to pay $3.0 million in attorney fees, The ruling is being appealed and the State of Montana expects to file its opening brief the beginning of 2026.

Public Employee Retirement Board (PERB) – Refer to Note 6, section K, for contingency disclosure information.

Montana State Fund – Refer to Note 18, Section N, for contingency disclosure information.

Federal Contingencies

Federal Grants – The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs (which are not included in the basic financial statements). Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to either the Federal Single Audit Act or financial and compliance audits by the granter agencies of the Federal government or their designees. Disallowances and sanctions as a result of these audits may become liabilities of the State. The State's management believes ultimate disallowances and sanctions, if any, will not have a material effect on the basic financial statements.

Food Distribution Program – The amount reported for Food Distribution programs (Assistance Listing Number (ALN) #10.555, #10.565, #10.567, #10.569, and #93.053) represents the dollar value of food commodities distributed to eligible recipients during the year. The U.S. Department of Agriculture provides the current value of the commodities used by the State to compute the amount reported. The amount of funds received to administer the program is also included in the reported amount. The State also distributes food commodities to other states in the western region of the United States, the value of which is excluded from the reported amounts. During fiscal year 2025, the State distributed $871.1 thousand of food commodities under ALN #10.567 to other states.

The State distributed $15.6 million in commodities in fiscal year 2025. The value at June 30, 2025, of commodities stored at the State's warehouse, is $2.4 million, for which the State is liable in the event of loss. The State has insurance to cover this liability.

Miscellaneous Contingencies

Loss Contingencies – Certain corporations have requested refunds that are not reported on the State's financial statements as of June 30, 2025. These corporations have appealed the Department of Revenue's decision to deny or adjust the refund. As of June 30, 2025, there is a $1.5 million general fund corporation tax refund pending audit completion.

NOTE 17. SUBSEQUENT EVENTS

Investment Related Issues
Since June 30, 2025, the Board of Investments (BOI) has:

1. Made additional commitments to fund loans from the INTERCAP loan program of $7.1 million. In addition, BOI requested an advance of bonds of $2.0 million in December 2025.

2. On December 15, 2025, the Great Falls Schools' Qualified School Construction Bonds (QSCB) reached maturity and were redeemed (Conduit Debt Obligation).

3. Committed an additional $265.0 million within Real Estate, $100.0 million within Real Assets, and $321.0 million within Private Investments, of which $571.0 million is related to CAPP, $100.0 million to TFIP, and $15.0 million to SMA.

4. Funded an additional $1.9 million to Montana lenders from the Coal Severance Tax Permanent Fund's In-State Loan Program. BOI has also extended loan guarantees for an additional FFA loan for $15.0 million.

Montana University System Workers' Compensation Program
On January 14, 2026, the Montana Board of Regents voted unanimously to authorize the Montana University System (MUS) to transition the workers' compensation coverage for units of the MUS from a self-funded program to the Montana State Fund program. An outside consultant performed an evaluation of the program and it was determined that changing the workers' compensation program would reduce costs and the University System's risk exposure.

Montana State Prison Water Emergency
In October 2025, the Montana State Prison (MSP) experienced an emergency water issue due to failing components within the water system. Costs incurred to date approximate $1.7 million. The full restoration of water to all buildings and units occurred two weeks after MSP lost water in the secure facility compound which affected showers, toilets, and sinks. In response, the Department of Corrections (DOC) and other agencies immediately mobilized to deliver water bottles, portable toilets, portable showers, dry shower kits, and hand-washing stations. Water leak detection and mitigation services were utilized to identify multiple leaks in the system. Those leaks were repaired, and valves replaced on all damaged bathroom facilities.

On October 15, 2025, DOC began developing a plan to install new, modern, and permanent water infrastructure to serve MSP. DOC received $21.0 million in long-range building funds through House Bill (HB) 5 to repair the sewer and water system at MSP. The failing components have been stabilized, and long-term repairs will be made using the HB 5 funds.

Flood Disaster Emergency
Beginning December 8, 2025, northwest Montana experienced a flood disaster caused by rainfall and warm temperatures. On December 16, 2025, the Governor submitted a request for a federal emergency declaration to request federal funding to support emergency response costs. This request was approved on December 19, 2025. Damage to state assets included the failure of several roads and bridges. The Montana Department of Transportation (MDT) and Disaster and Emergency Services (DES) have estimated the total costs of clean up and repairs to state assets to be $5.5 million. To assist with the payment of costs related to damages, DES anticipates receiving FEMA funding and MDT anticipates receiving Emergency Relief federal funding.

NOTE 18. COMPONENT UNITS

A. Condensed Financial Statements

Below are the condensed financial statements of the component units for the State of Montana as of June 30, 2025 (in thousands):

Condensed Statement of Net Position

	Component Units						
	Montana Board of Housing	Facility Finance Authority	Montana Reinsurance Association [1]	Montana State Fund [1]	Montana State University	University of Montana	Total Component Units
Assets:							
Cash, investments and other assets	$ 883,509	$ 10,636	$ 12	$ 1,647,953	$ 1,166,404	$ 933,658	$ 4,642,172
Due from primary government	—	—	—	—	317	1,492	1,809
Due from component units	—	—	—	—	—	657	657
Capital assets (net) (Note 18C)	2,500	185	—	50,248	790,344	530,786	1,374,063
Total assets	886,009	10,821	12	1,698,201	1,957,065	1,466,593	6,018,701
Deferred Outflows of Resources	531	111	—	4,123	86,852	63,716	155,333
Liabilities:							
Accounts payable and other liabilities	14,624	234	3,518	135,034	105,428	92,403	351,241
Due to primary government [2] [3]	—	—	—	—	1,258	9	1,267
Due to component units	—	—	—	—	657	—	657
Advances from primary government [2] [3]	—	—	—	—	4,233	757	4,990
Long-term liabilities (Note 18I)	695,586	649	58,350	975,270	457,519	448,882	2,636,256
Total liabilities	710,210	883	61,868	1,110,304	569,095	542,051	2,994,411
Deferred Inflows of Resources	388	61	—	3,903	56,087	47,783	108,222
Net Position:							
Net investment in capital assets	(76)	(11)	—	50,248	564,047	319,291	933,499
Restricted	176,018	—	—	—	619,737	565,783	1,361,538
Unrestricted	—	9,999	(61,856)	537,869	234,951	55,401	776,364
Total net position	$ 175,942	$ 9,988	$ (61,856)	$ 588,117	$ 1,418,735	$ 940,475	$ 3,071,401

(1) Montana Reinsurance Association and Montana State Fund report their financial statements on a calendar-year basis. The information provided is for the year ended December 31, 2024.

(2) Loans from the Board of Investment's INTERCAP program make up $4.3 million of the balance for Montana State University.

(3) Loans from the Department of Environmental Quality's energy conversation loan programs make up $1.0 million and $757.0 thousand of these balances for Montana State University and University of Montana, respectively.

Condensed Statement of Activities

	Component Units						
	Montana Board of Housing	Facility Finance Authority	Montana Reinsurance Association [1]	Montana State Fund [1]	Montana State University	University of Montana	Total Component Units
Expenses	$ 32,961	$ 833	$ 59,358	$ 205,784	$ 826,917	$ 603,550	$ 1,729,403
Program Revenues:							
Charges for services	31,931	798	—	177,342	345,911	231,212	787,194
Operating grants and contributions	7,532	241	27,903	352	411,689	228,995	676,712
Capital grants and contributions	—	—	—	—	69,125	5,157	74,282
Total program revenues	39,463	1,039	27,903	177,694	826,725	465,364	1,538,188
Net (expense) program revenues	6,502	206	(31,455)	(28,090)	(192)	(138,186)	(191,215)
General Revenues:							
Unrestricted investment earnings (losses)	—	—	—	52,854	27,426	17,033	97,313
Payment from primary government [2][3]	—	—	7,504	—	174,671	129,939	312,114
Gain on sale of capital assets	—	—	—	—	104	128	232
Miscellaneous	—	—	—	490	—	2	492
Contributions to term and permanent endowments	—	—	—	—	8	62,896	62,904
Total general revenues and contributions	—	—	7,504	53,344	202,209	209,998	473,055
Change in net position	6,502	206	(23,951)	25,254	202,017	71,812	281,840
Total net position – July 1 – as previously reported	169,440	9,782	(37,905)	564,078	1,215,041	868,458	2,788,894
Adjustments to beginning net position (Note 2)	—	—	—	(1,215)	1,677	205	667
Total net position – July 1 – as adjusted	169,440	9,782	(37,905)	562,863	1,216,718	868,663	2,789,561
Total net position – June 30	$ 175,942	$ 9,988	$ (61,856)	$ 588,117	$ 1,418,735	$ 940,475	$ 3,071,401

(1) Montana Reinsurance Association and Montana State Fund report their financial statements on a calendar-year basis. The information provided is for the year ended December 31, 2024.

(2) Payments to both Montana State University and the University of Montana are appropriated by the State legislature to assist with higher education related costs.

(3) Payments to Montana Reinsurance Association is the association member assessments collected by Montana Commissioner of Securities and Insurance.

B. Cash/Cash Equivalents and Investments

Due to the integration of funds and combined financial information, component unit cash and cash equivalents, equity in pooled investments, and investments are included with the primary government in Note 3. For more detail on investments held outside of the Montana Board of Investments, refer to the entity's respective separately issued financial statements.

C. Capital Assets

The following table summarizes net capital assets reported by the discretely presented component units (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

	Montana State University	University of Montana	Other	Total
Capital assets not being depreciated:				
Land	$ 8,300	$ 8,344	$ 1,139	$ 17,783
Construction work in progress	125,586	43,436	—	169,022
Capitalized collections	10,297	28,783	—	39,080
Livestock for educational purposes	4,593	—	—	4,593
Total capital assets not being depreciated	148,776	80,563	1,139	230,478
Capital assets being depreciated:				
Infrastructure	45,122	12,936	—	58,058
Land improvements	61,085	21,183	—	82,268
Buildings/Improvements	979,151	812,351	27,941	1,819,443
Equipment	210,614	155,762	7,312	373,688
Livestock	—	245	—	245
Library books	68,664	61,246	—	129,910
Leasehold improvements	8,095	—	—	8,095
Right to use lease buildings	40,735	—	8,893	49,628
Right to use lease equipment	493	1,016	—	1,509
Right to use subscriptions	11,989	24,064	19,568	55,621
Total capital assets being depreciated	1,425,948	1,088,803	63,714	2,578,465
Total accumulated depreciation	(806,409)	(645,067)	(48,532)	(1,500,008)
Total capital assets being depreciated, net	619,539	443,736	15,182	1,078,457
Intangible assets	24	1,838	36,612	38,474
MSU Component Unit capital assets not being depreciated	6,859	—	—	6,859
MSU Component Unit capital assets being depreciated, net	15,146	—	—	15,146
UM Component Unit capital assets not being depreciated	—	44	—	44
UM Component Unit capital assets being depreciated, net	—	4,605	—	4,605
Discretely Presented Component Units capital assets, net	$ 790,344	$ 530,786	$ 52,933	$ 1,374,063

Total right to use lease capital assets (in thousands):

	Right to Use Lease Capital Assets	Right to Use Lease Accumulated Amortization	Right to Use Subscription	Right to Use Subscription Amortization	Right to Use Assets, Net
Montana State University	$ 41,228	$ (19,374)	$ 11,989	$ (7,069)	$ 26,774
University of Montana	1,016	(634)	24,064	(13,407)	11,039
Other	8,893	(2,036)	19,568	(1,036)	25,389
Total	$ 51,137	$ (22,044)	$ 55,621	$ (21,512)	$ 63,202

D. Other Postemployment Benefits (OPEB)

Non-university component units are included in the State of Montana benefit plan, whereas the Office of the Commissioner of Higher Education (included in the primary government otherwise) is included in the Montana University System benefit plan. For these reasons, component unit OPEB information is included in Note 7.

E. Risk Management

(1) Montana State Fund or New Fund (MSF) – MSF estimates unpaid claims and claim adjustment expenses based on the ultimate cost of settling the claims, including the effects of inflation and other societal/economic factors. There are no significant reductions in insurance coverage from the prior year, nor any insurance settlements exceeding insurance coverage for the last three years for MSF. This fund uses the accrual basis of accounting. Montana State Fund investments are recorded at fair value, and the premiums and discounts are amortized using the scientific interest method over the life of the securities.

This fund provides liability coverage to employers for injured employees who are insured under the Workers' Compensation and Occupational Disease Acts of Montana and workers' compensation claims occurring on or after July 1, 1990. MSF is a self-supporting, competitive State fund, and functions as the guaranteed market. At December 31, 2024, approximately 22,600 employers were insured with MSF. Anticipated investment income is considered for computing a premium deficiency, and employers must pay premiums to MSF within specified time frames.

An actuarial study prepared by WTW, as of December 31, 2024, estimated the cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. Due to the fact that actual claim costs depend on complex factors such as inflation and changes in the law, claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, and other economic and societal factors.

A provision for inflation is implicit in the calculation of estimated future claim costs because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. As of December 31, 2024, $883.0 million of unpaid claims and claim adjustment expenses were presented at face value.

Section 39-71-2311, MCA, requires MSF to set premiums, at least annually, at a level sufficient to ensure adequate funding of the insurance program during the period the rates will be in effect. It also requires MSF to establish a minimum surplus above risk-based capital requirements to support MSF against risks inherent in the business of insurance.

For the year ended December 31, 2024, MSF ceded premiums to other reinsurance companies to limit the exposure arising from large losses. This arrangement, an excess of loss contract, provides coverage for occurrences up to $100.0 million; however, MSF retains the first $20.0 million of coverage. The excess of loss protection applies to an individual occurrence with a maximum of $10.0 million on any one life.

In the event reinsurers are unable to meet their obligations, MSF would remain liable for all losses, as the reinsurance agreements do not discharge MSF from its primary liability to the policyholders.

Premium revenue was reduced by premiums paid for reinsurance coverage of $1.6 million during the year ended December 31, 2024.

Estimated claim reserves were reduced by $529.0 thousand as of December 31, 2024, for the amount of reinsurance estimated to be ultimately recoverable on incurred losses.

(2) Montana Reinsurance Association (MRA) – MRA estimates its liability for claims that were incurred before year-end, but for which payment will not be made until after year-end. The estimate is based on information concerning incurred but not reported claims provided by MRA members that are currently participating in the Montana individual marketplace. The MRA's Board monitors the estimates with assistance from actuarial consultants, and the necessary adjustments are reflected in current operations. As of December 31, 2024, $58.4 million of the provision for unreported and unpaid claims were presented at face value. Differences between actual and estimated claims are charged to operations in the year that the differences, if any, become known.

The provision for incurred losses and loss adjustments increased during the year ended December 31, 2024. The change is primarily due to unanticipated developments during the year on losses incurred from previous years, and the corresponding change in the actuarial estimates of ultimate liabilities for incurred claims from those years.

(3) Changes in Claims Liabilities for the Past Two Years – As indicated above, the funds establish liabilities for both reported and unreported insured events, including estimates of future payments of losses and related claim adjustment expenses. The following table presents changes (in thousands) in the aggregate liabilities for Montana State Fund net of estimated reinsurance recoverable, and the liabilities for Montana Reinsurance Association. The information presented is at face value and has not been discounted.

	Montana State Fund		Montana Reinsurance Association	
Year Ended December 31,	**2024**	**2023**	**2024**	**2023**
Unpaid claims and claim adjustments expenses at beginning of year	$ 902,422	$ 924,392	$ 37,898	$ 44,266
Incurred claims and claim adjustment expenses:				
Provision for insured event of the current year	149,570	138,319	58,350	37,897
Increase (decrease) in provision for insured events of prior years	(58,533)	(25,386)	592	1,503
Total incurred claims and claim adjustment expenses	91,037	112,933	58,942	39,400
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(27,693)	(29,953)	—	—
Claims and claim adjustment expenses attributable to insured events of prior years	(82,735)	(104,950)	(38,490)	(45,768)
Total payments	(110,428)	(134,903)	(38,490)	(45,768)
Total unpaid claims and claim adjustment expenses at end of year	$ 883,031	$ 902,422	$ 58,350	$ 37,898

F. Lease Payables and SBITA Payables

Discretely presented component units reported lease payables primarily related to the use of buildings and equipment. The discretely presented component units' SBITA payables are associated with the subscriptions of underlying IT assets provided by the SBITA vendors. Information regarding the right to use assets associated with leases and SBITAs can be found in Section C of Note 18.

Principal and interest requirements to maturity for leases at June 30, 2025, were as follows (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

Fiscal Year	Montana State University		University of Montana		Other		Total	
Ended June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 9,995	$ 579	$ 183	$ 10	$ 421	$ 116	$ 10,599	$ 705
2027	3,785	443	59	6	435	109	4,279	558
2028	3,546	369	34	4	443	102	4,023	475
2029	3,004	305	35	3	451	95	3,490	403
2030	1,882	249	37	2	459	87	2,378	338
2031 - 2035	3,835	857	29	—	2,397	320	6,261	1,177
2036 - 2040	2,231	253	—	—	2,512	116	4,743	369
2041 - 2045	90	2	—	—	—	—	90	2
Total	$ 28,368	$ 3,057	$ 377	$ 25	$ 7,118	$ 945	$ 35,863	$ 4,027

Principal and interest requirements to maturity for SBITAs at June 30, 2025, were as follows (in thousands). All component units, other than higher education units, are included under the "Other" caption for this schedule:

Fiscal Year	Montana State University		University of Montana		Other		Total	
Ended June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 2,196	$ 192	$ 4,206	$ 227	$ 1,549	$ 955	$ 7,951	$ 1,374
2027	1,965	87	3,013	114	1,545	869	6,523	1,070
2028	791	29	1,580	52	1,549	781	3,920	862
2029	385	2	570	21	1,706	693	2,661	716
2030	—	—	274	7	1,722	596	1,996	603
2031 - 2035	—	—	170	8	8,676	1,296	8,846	1,304
Total	$ 5,337	$ 310	$ 9,813	$ 429	$ 16,747	$ 5,190	$ 31,897	$ 5,929

G. Lease Receivables

The lease receivables reported by Montana State University (MSU) and the University of Montana (UM) were associated with the leasing of building space. For the fiscal year ended June 30, 2025, MSU reported total lease revenue of $556.9 thousand and related interest revenue of $234.1 thousand while UM reported total lease revenue of $281.6 thousand and related interest revenue of $115.1 thousand.

H. Debt Service Requirements

Debt service requirements of discretely presented component units at June 30, 2025, were as follows (in thousands):

Fiscal Year Ended	Montana Board of Housing		Montana State University		Montana State University Direct Placement		University of Montana	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 23,140	$ 27,291	$ 8,920	$ 5,702	$ 8,685	$ 2,099	$ 3,515	$ 11,667
2027	22,550	26,205	8,195	5,449	9,060	1,739	3,670	11,181
2028	23,410	25,563	8,505	5,185	9,440	1,364	3,845	11,005
2029	23,325	24,877	6,960	4,916	9,845	970	5,220	10,791
2030	23,790	24,139	7,165	4,678	10,275	560	5,475	10,536
2031 - 2035	117,035	108,405	39,915	19,325	4,245	1,398	31,365	48,672
2036 - 2040	111,996	86,893	34,180	12,477	5,040	611	37,785	42,275
2041 - 2045	112,680	64,526	36,180	5,858	1,170	34	45,305	34,729
2046 - 2050	124,005	38,999	12,845	626	—	—	54,545	25,492
2051 - 2055	93,295	11,131	—	—	—	—	79,615	7,131
Total	$ 675,226	$ 438,029	$ 162,865	$ 64,216	$ 57,760	$ 8,775	$ 270,340	$ 213,479

I. Summary of Changes in Long-term Liabilities Payable

Long-term liability activity of discretely presented component units for the year ended June 30, 2025, was as follows (in thousands):

	Beginning Balance [2]	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due In More Than One Year
Discretely presented component units						
Bonds/notes payable						
Montana Board of Housing	$ 609,258	$ 134,805	$ 54,936	$ 689,127	$ 23,140	$ 665,987
Montana State University (MSU)	184,380	—	10,249	174,131	8,920	165,211
MSU Direct Placement	14,725	43,715	680	57,760	8,685	49,075
University of Montana (UM)	220,364	69,679	4,365	285,678	3,515	282,163
Total bonds/notes payable [1]	1,028,727	248,199	70,230	1,206,696	44,260	1,162,436
Other liabilities						
Right to use lease payable	45,731	2,102	11,970	35,863	10,599	25,264
Right to use SBITA payable	15,792	27,471	11,366	31,897	7,951	23,946
Compensated absences payable	79,625	20,431	16,009	84,047	34,354	49,693
Arbitrage rebate tax payable	1,685	297	758	1,224	425	799
Estimated insurance claims	940,320	149,979	148,918	941,381	171,183	770,198
Due to federal government	12,339	15	3,257	9,097	—	9,097
Reinsurance funds withheld	60,779	—	22,219	38,560	—	38,560
Unearned compensation	697	268	542	423	—	423
Net pension liability	228,121	27,730	20,816	235,035	—	235,035
Total OPEB liability	39,383	3,964	574	42,773	—	42,773
Total other liabilities	1,424,472	232,257	236,429	1,420,300	224,512	1,195,788
	$ 2,453,199	$ 480,456	$ 306,659	$ 2,626,996	268,772	2,358,224
Long-term liabilities of Montana University System component units [3]					688	8,572
Total discretely presented component units' long-term liabilities					$ 269,460	$ 2,366,796

(1) When applicable, this amount includes unamortized discounts and unamortized premiums.
(2) Beginning balances are taken from component unit financial statements, which may have been adjusted from the prior year's ending balances.
(3) Inter-entity transaction eliminations between Montana University System component units for debt shown in the component unit information can cause negative balances in component unit information.

J. Refunded and Early Retired Debt

Defeased Debt Outstanding

The University of Montana has defeased certain bond issues by placing the proceeds of new bonds in an irrevocable trust. The proceeds, together with interest earned thereon, will be sufficient for future debt service payments on the refunded issues. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's consolidated financial statements. As of June 30, 2025, $31.0 million of bonds outstanding were considered defeased.

Refunded Debt

During the fiscal year ending June 30, 2025, MBOH series 2013B bonds were refunded with a portion of the Series 2024B Bonds.

K. Conduit Debt

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

Facility Finance Authority (FFA)
FFA is authorized to issue bonds and notes to finance projects for qualifying health care and other community-based service providers. The revenue bonds are payable solely from loan repayments to be made by eligible facilities pursuant to loan agreements, and further, from the funds created by the indentures and investment earnings thereon. The notes are payable solely from loan repayments pursuant to loan agreements. The revenue bonds and notes payable issued by FFA do not constitute a debt, liability, obligation, or pledge of faith and credit of the State of Montana. At June 30, 2025, revenue bonds and notes outstanding aggregated $1.3 billion.

Montana Board of Housing (MBOH)
MBOH is authorized to issue bonds and make mortgage loans in order to finance affordable housing for Montana residents. The bonds are special limited obligations, payable solely from pledged revenues and assets of the borrower, not general obligations of MBOH. These bonds issued by MBOH do not constitute a debt, liability, obligation, or pledge of faith and credit of the State of Montana. At June 30, 2025, bonds outstanding aggregated $350.5 million.

L. Non-Exchange Financial Guarantee

BOI provides loan guarantees from STIP, TFIP, and the Coal Severance Tax Fund to the Facility Finance Authority (FFA). BOI exposure to bond issues, surety bonds, and designated loans of the FFA totaled $96.5 million as of June 30, 2025. FFA is a discretely presented component unit of the State of Montana. FFA guarantee requests are submitted to BOI for review and approval. BOI's participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into FFA's statutorily allowed capital reserve account is explicitly limited by statute, which requires BOI to act prudently. The guarantee requests from FFA pertain to bonds issued by FFA with a term of up to 40 years. BOI and FFA have entered into an agreement detailing repayment to BOI.

The following schedule summarizes the activity related to the non-exchange financial guarantee during the year ended June 30, 2025 (in thousands):

Beginning Balance	Additions	Reductions	Ending Balance
$ 103,963	$ —	$ 7,460	$ 96,503

M. Related Party Transactions

Private nonprofit organizations with relations to the University of Montana (UM) include the University of Montana Alumni Association, the Montana Technology Enterprise Center (MonTEC), the Montana Tech Digger Athletic Association, and the Montana Tech Alumni Association.

The associations and athletic association operate exclusively to encourage, promote, and support educational programs, research, scholarly pursuits, and athletics at, or in connection with, UM. For the year ended June 30, 2025, $385.0 thousand was transferred from or expended by the Montana Tech Digger Athletic Association for scholarships, academic, and institutional support. In exchange, UM provides the associations and athletic association with office space, staff, and some related office expenses.

MonTEC was established as a nonprofit 501(c)3 corporation in fiscal year 2001 as a result of an agreement between UM and the Missoula Area Economic Development Foundation (MAEDF). MonTEC provides low-cost lease space and business consulting to local “start-up” companies. The corporation’s board of directors is comprised of no less than five members and no more than nine members. The UM's Vice President for Research is the President of MonTEC and a voting member of the board of MonTEC. UM does not provide office space or other services to MonTEC.

Private nonprofit organizations affiliated with Montana State University (MSU) include the MSU-Bozeman Bookstore, Friends of KUSM, and Friends of KEMC. MSU-Bozeman leased certain office space from the MSU Foundation’s wholly-owned subsidiary, Advanced Technology Inc. (ATI). Rental and other payments to ATI totaled $754.8 thousand for the year ended June 30, 2025. Friends of Montana Public Television provided $1.9 million and Friends of KEMC Public Radio provided $1.2 million in support of the MSU’s television and radio stations for the year ended June 30, 2025.

MBOH uses an attorney for general legal services throughout the year who is employed with a firm that is partially owned by a MBOH board member who served on the board during the current fiscal year. The total paid for legal services was $84.6 thousand for the year ended June 30, 2025. The State approves the attorney contract for the MBOH board and the transactions are in the ordinary course of operations and handled in the same manner as all other transactions. The MBOH board member's term ended in June 2025.

N. Litigation Contingencies

Armando Gallardo v. Williams Homes, Inc. et al: Plaintiff Armando Gallardo filed suit in the Montana Eighteenth Judicial District Court, Gallatin County, on March 26,2025. The suit relates to a workplace injury Mr. Gallardo allegedly suffered on or about November 14, 2024. The named defendants include Montana State Fund (MSF) policyholder Williams Homes, Inc. ("WHI"). The suit alleges that WHI was a general contractor that contracted with Mr. Gallardo's employer to frame house and pleads three causes of action: (i) common-law negligence; (ii) violation of 50-71-201, MCA; and (iii)punitive damages. The employers; liability per-accident coverage limit at Mr Gallardo's claim could exceed $1.0 million. Some discovery has been conducted in this matter and WHI has filed a partial motion for summary judgment. MSF believes it has significant viable defenses, both factual and legal, to the pending claims against WHI and assesses the probability of recovery against MSF to be remote.

O. Subsequent Events

On July 7, 2025, the Montana Board of Housing (MBOH) approved the Centennial Village Housing Partners, LP Multifamily Housing Revenue Obligation which closed for an amount not to exceed $6.0 million.

On July 14, 2025, MBOH approved the Rocky Mountain Flats Multifamily Revenue Obligation which closed for an amount not to exceed $73.0 million.

On August 27, 2025, MBOH approved the Aspen Village Housing Partners Multifamily Housing Revenue Obligation which closed for an amount not to exceed $9.5 million.

On August 28, 2025, MBOH issued Single Family Mortgage Bonds, 2025 Series B (tax exempt) bonds in the aggregate principle amount of $75.0 million based on the approved Bond Resolution 25-0609 SF02_2025B. The 2025 Series B bonds were issued and secured by the Trust Indenture dated March 10, 1977, as amended and restated as of May 1, 1997, between the MBOH and Wilmington Trust, National Association, as amended and supplemented, and a 2025 Series B Supplemental Trust Indenture, dated as of August 1, 2025. The 2025 Series B Bonds were issued to finance the purchase of Mortgage-Backed Securities and Down Payment Assistance Loans and to fund the costs of issuance for the bonds.

On August 28, 2025, MBOH approved the BHMT Property LLC and NWMT Property LLC Multifamily Housing Revenue Obligation which closed for an amount not to exceed $36.0 million.

On September 8, 2025, MBOH approved the Hidden Creek 4 Housing Associates LLLP Multifamily Housing Revenue Obligation which closed for an amount not to exceed $40.0 million.

On January 12, 2026, MBOH approved Bond Resolution 26-0112-MF01 Sage Peak Apartments in the amount not to exceed $21.0 million and Bond Resolution 26-0112-MF02 Alder Ridge Apartments in the amount not to exceed $55.0 million.

On February 19, 2026, MBOH issued Single Family Mortgage Bonds, 2026 Series A (tax exempt) bonds in the aggregate principle amount of $70.0 million based on the approved Bond Resolution 25-0609 SF02_2025B. The 2026 Series A bonds were issued and secured by the Trust Indenture dated March 10, 1977, as amended and restated as of May 1, 1997, between MBOH and Wilmington Trust, National Association, as amended and supplemented, and a 2026 Series A Supplemental Trust Indenture, dated as of February 1, 2026. The 2026 Series A bonds were issued to finance the purchase of Mortgage-Backed Securities and Down Payment Assistance Loans and to fund costs of issuance for the bonds.

On August 28, 2025, the Montana Facility Finance Authority (FFA) issued bonds Series 2025 A of $61.0 million and Series 2025 B of $50.0 million to Benefis Health System for the purpose of remodeling multiple health facilities and purchase land for future expansion.

On September 4, 2025, the FFA authorized an amount of $500.0 thousand for a direct loan and a trust fund loan in the amount of $1.5 million to Ruby Valley Medical Center for the purpose of construction of a new primary care clinic in Twin Bridges.

On September 10, 2025, the FFA issued bonds Series 2025 of $3.0 million to Clark Fork Valley Hospital for the purposes of purchase of new air handling units and upgrade of building controls for the hospital.

On October 7, 2025, the FFA issued a trust fund loan in the amount of $610.8 thousand to Bitterroot Health to fund a new medical equipment for Hamilton campus.

On December 15, 2025, the FFA closed a C-PACE financing in the amount of $229.3 thousand to MT Premium Processing Cooperative in Havre, MT for a solar PV system and freezer equipment upgrades.

On September 12, 2025, Montana State Fund's Board of Directors declared a dividend of $38.5 million that was distributed to eligible policyholders in October 2025.

On July 25, 2025, Montana State University (MSU) executed a purchase option for the Nopper complex (900, 910, 920), which had been leased by MSU from Advanced Technology, Inc since 2017. The terms of the purchase option was a price of $6.2 million if executed before August 31, 2025.

MSU received authority to design and construct an addition to the Visual Communication Building for $27.5 million from the Board of Regents in September 2025. The funding for this project comes from a variety of donors.

To support long-term programmatic space needs and experiential training opportunities related to MSU's Hospitality Management and Culinary Arts programs within the hotel located on campus, the University has agreed to provide $5.0 million toward the project via fundraised dollars.

In November 2025, MSU received authority to issue facilities revenue bonds for up to $28.0 million related to Energy Performance Contracting.

In November 2025, MSU-Billings received authority to issue facilities revenue bonds for up to $7.0 million related to elevator replacements and upgrades.

In November 2025, MSU-Bozeman received authority to refund Series E 2018 tax-exempt revenue bonds, Series G 2021 tax-exempt facilities revenue bonds, and Series K-1 2024 facilities revenue bond with a 3% present value savings target.

P. Commitments

As of June 30, 2025, Montana State University (MSU) had issued purchase orders committing the expenditure of approximately $40.8 million for equipment, supplies, and services which had not yet been received.

As of June 30, 2025, the University of Montana (UM) has spent $51.1 million of $202.7 million in budget authorizations for capital and maintenance projects.

As of June 30, 2025, Montana Board of Housing (MBOH) has committed $5.0 million to purchase Single Family Mortgages, consisting of $50.0 thousand for Foreclosure Prevention, $1.0 million for Down Payment Assistance, and $4.0 million for Habitat for Humanity.

As of December 31, 2024, Montana State Fund (MSF) has committed capital of €15.0 million to EQT Fund Management. As of December 31, 2024, approximately €4.5 million, or $4.7 million, has been called. In addition, MSF has given Silver Creek a $15.0 million commitment of capital. As of December 31, 2024, approximately $2.2 million has been called. MSF has given Deerpath Evergreen Advantage a commitment of capital in the amount of $15.0 million. As of December 31, 2024, none of the amount has been called. For all three investment fund managers, the remaining capital commitments will be called as investment opportunities arise.

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STATE OF MONTANA

Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Licenses/permits	$ 155,741	$ 165,886	$ 159,699	$ (6,187)
Taxes:				
Natural resource	98,959	98,959	97,860	(1,099)
Individual income	2,007,600	2,007,600	2,292,065	284,465
Corporate income	274,883	274,883	319,959	45,076
Property	12,066	12,041	15,562	3,521
Fuel	—	—	—	—
Other	325,904	340,138	326,183	(13,955)
Charges for services/fines/forfeits/settlements	27,462	28,509	28,544	35
Investment earnings (losses)	152,517	87,545	156,745	69,200
Sale of documents/merchandise/property	130	390	384	(6)
Rentals/leases/royalties	9	39	42	3
Contributions/premiums	1	—	46	46
Grants/contracts/donations	10,366	10,516	31,639	21,123
Federal	20,863	20,868	22,186	1,318
Federal indirect cost recoveries	314	269	244	(25)
Other revenues	138	133	1,115	982
Total revenues	3,086,953	3,047,776	3,452,273	404,497
EXPENDITURES				
Current:				
General government	775,639	898,804	619,059	279,745
Public safety	434,180	469,439	428,333	41,106
Transportation	71,459	86,459	17,495	68,964
Health and human services	834,160	861,360	800,055	61,305
Education	928,494	930,522	903,357	27,165
Natural resources	96,602	167,256	137,245	30,011
Debt service (Note RSI-1):				
Principal retirement	—	—	11,802	(11,802)
Interest/fiscal charges	—	—	2,185	(2,185)
Capital outlay (Note RSI-1)	—	—	27,042	(27,042)
Total expenditures	3,140,534	3,413,840	2,946,573	467,267
Excess of revenue over (under) expenditures	(53,581)	(366,064)	505,700	871,764
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	—	5	5	—
General capital asset sale proceeds	112	107	42	(65)
Bond issued	—	—	—	—
Energy conservation loans	—	—	—	—
Transfers in (Note 12)	136,556	155,714	222,540	66,826
Transfers out (Note 12)	(467,078)	(532,557)	(424,277)	108,280
Total other financing sources (uses)	(330,410)	(376,731)	(201,690)	175,041
Net change in fund balances (Budgetary basis)	(383,991)	(742,795)	304,010	1,046,805
RECONCILIATION OF BUDGETARY/GAAP REPORTING				
1. Securities lending income	—	—	1,531	1,531
2. Securities lending costs	—	—	(1,230)	(1,230)
3. Inception of right-to-use and financed purchase payables	—	—	14,397	14,397
4. Adjustments for nonbudgeted activity	—	—	—	—
(GAAP basis)	(383,991)	(742,795)	318,708	1,061,503
Fund balance - July 1	—	—	2,508,298	2,508,298
Fund balances - June 30	$ (383,991)	$ (742,795)	$ 2,820,008	$ 3,562,803

The notes to the required supplementary information are an integral part of this schedule.
Budgetary data is not broken down to the same account level as actual financial statement data, which accounts for some of the larger variances.
The original and final budget figures reflect adjustments to the original budget for various reasons, including legislative and executive changes.

STATE SPECIAL REVENUE FUND				FEDERAL SPECIAL REVENUE FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
$ 322,628	$ 354,900	$ 361,073	$ 6,173	$ —	$ —	$ —	$ —
106,272	108,626	94,086	(14,540)	—	—	—	—
—	—	—	—	—	—	—	—
15	15	12	(3)	—	—	—	—
396,516	396,516	441,002	44,486	—	—	—	—
335,098	335,098	283,764	(51,334)	—	—	—	—
265,540	327,068	272,009	(55,059)	10	1	—	(1)
119,825	134,543	111,784	(22,759)	8,788	8,320	9,210	890
15,305	15,941	49,383	33,442	32,091	15,177	25,893	10,716
8,543	8,585	7,756	(829)	—	—	—	—
1,399	1,462	1,370	(92)	—	25	24	(1)
40,697	36,112	35,922	(190)	—	—	—	—
6,181	17,305	13,721	(3,584)	—	1,067	333	(734)
6,987	8,068	8,500	432	3,889,850	3,972,888	4,309,139	336,251
60,286	60,556	71,020	10,464	117,372	104,059	106,545	2,486
5,085	4,113	4,554	441	1,019	1,021	1,616	595
1,690,377	1,808,908	1,755,956	(52,952)	4,049,130	4,102,558	4,452,760	350,202
576,090	654,660	274,577	380,083	1,056,287	1,944,184	297,997	1,646,187
129,601	140,819	108,648	32,171	43,249	65,932	32,977	32,955
416,807	466,079	312,980	153,099	859,365	1,285,271	143,916	1,141,355
297,329	300,203	259,956	40,247	3,233,693	3,335,416	2,629,904	705,512
580,457	607,768	542,997	64,771	344,307	391,389	342,236	49,153
361,571	427,164	255,431	171,733	630,164	827,404	263,615	563,789
—	—	10,280	(10,280)	—	—	6,999	(6,999)
—	—	1,438	(1,438)	—	—	776	(776)
—	—	103,755	(103,755)	—	—	605,964	(605,964)
2,361,855	2,596,693	1,870,062	726,631	6,167,065	7,849,596	4,324,384	3,525,212
(671,478)	(787,785)	(114,106)	673,679	(2,117,935)	(3,747,038)	128,376	3,875,414
46	46	992	946	—	—	—	—
3,796	3,655	1,069	(2,586)	—	—	7	7
1,100	28,296	—	(28,296)	—	—	—	—
—	—	1,034	1,034	—	—	—	—
349,549	322,876	312,112	(10,764)	13,225	37,901	4,870	(33,031)
(293,481)	(354,479)	(94,359)	260,120	(296,751)	(405,943)	(124,035)	281,908
61,010	394	220,848	220,454	(283,526)	(368,042)	(119,158)	248,884
(610,468)	(787,391)	106,742	894,133	(2,401,461)	(4,115,080)	9,218	4,124,298
—	—	820	820	—	—	—	—
—	—	(647)	(647)	—	—	—	—
—	—	1,775	1,775	—	—	939	939
—	—	(1,522)	(1,522)	—	—	—	—
(610,468)	(787,391)	107,168	894,559	(2,401,461)	(4,115,080)	10,157	4,125,237
—	—	2,493,743	2,493,743	—	—	146,525	146,525
$ (610,468)	$ (787,391)	$ 2,600,911	$ 3,388,302	$ (2,401,461)	$ (4,115,080)	$ 156,682	$ 4,271,762

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 1. BUDGETARY REPORTING

A. State Budget Process

The Montana Legislature convenes in odd-numbered years to prepare annual budgets for the next biennium. The Constitution requires that legislative appropriations not exceed available revenues. The Legislature uses revenue estimates in the budgetary process to establish appropriation levels. Expenditures may not legally exceed budget appropriations at the fund level. Additionally, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceed anticipated revenues. State law requires an appropriation for disbursements from the general, special revenue and capital projects funds, except for those special revenue funds from non-state and non-federal sources restricted by law or by the terms of an agreement. The level of budgetary control is established by fund type, except capital project funds, which are at the project level. Budgets may be established in other funds for administrative purposes.

Agency budget requests are submitted to the Governor, and a copy is received by the Legislative Fiscal Division. The Office of Budget and Program Planning (OBPP) and the Governor analyze the requests, establish priorities, and develop the requests into the executive budget request submitted to the Legislature. Joint appropriations subcommittee hearings are held, and an omnibus appropriation bill is reported in the House and subsequently sent to the Senate. The Legislature generally enacts one bill (House Bill 2) to establish the majority of appropriations for the next two fiscal years. OBPP establishes appropriations for each program by accounting entity (fund) within an agency. The Legislature enacts other appropriations, but only within the available revenue. Agencies must prepare and submit to the budget director operational plans that show the allocation of operating budgets by expenditure category (e.g., personal services, operating expenses, equipment, etc.). The budget director or other statutorily designated approving authority may authorize changes among expenditure categories and transfers between program appropriations.

Appropriations may not be increased by amendment in the General Fund. However, a department, institution, or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the Governor through the budget director. In the second year of the biennium, during the legislative session, the Legislature may authorize supplemental appropriations. The Governor, or designee, may approve budget amendments for non-General Fund monies not available for consideration by the Legislature and for emergencies. In the accompanying financial schedule, original and final budget amounts are reported. There were no expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations for debt service activities are continuing through statutory authority until the obligation is extinguished. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison is provided between budgeted and actual amounts for funds budgeted on this basis. Appropriations for capital projects funds are not made on an annual basis, but are adopted on a project-length basis. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison is provided between budgeted and actual amounts for funds budgeted on this basis.

Appropriations may be continued into the next fiscal year when authorized by the Legislature or the Governor's Office. After the fiscal year-end, appropriations that are not continued are reverted. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued or encumbered. Fund balances are not reserved for reverted appropriations. For fiscal year 2025, reverted governmental fund appropriations were as follows: $71.6 million in the General Fund, $414.7 million in the State Special Revenue Fund, and $624.8 million in the Federal Special Revenue Fund. Agencies are allowed to carry forward 30.0% of their reverted operating appropriations into the next two fiscal years. This amount can be used for new expenditures at the agency's request and upon approval by OBPP.

B. Budget Basis

The Legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end, compensated absences, capital assets and inventories purchased in proprietary funds, certain loans from governmental funds, and other miscellaneous non-budgeted activity.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 2. PENSION PLAN INFORMATION

Required Supplementary Information
State of Montana as an Employer Entity

Judges' Retirement System
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service costs	$ 2,063	$ 1,908	$ 2,022	$ 1,897	$ 1,748	$ 1,772	$ 1,664	$ 1,628	$ 1,578	$ 1,653
Interest	5,174	5,301	5,099	4,949	4,842	4,458	4,503	4,044	3,986	3,934
Differences between expected and actual experience	387	(2,570)	(2,782)	376	(262)	2,743	(2,901)	862	(1,341)	(1,032)
Changes of assumptions	—	—	(1,467)	1,870	1,912	—	—	3,865	—	—
Refunds of contributions	—	—	—	—	—	—	(149)	—	—	—
Benefit payments	(4,522)	(4,427)	(4,357)	(4,205)	(4,038)	(3,846)	(3,723)	(3,554)	(3,416)	(3,041)
Net change in total pension liability	3,102	212	(1,485)	4,887	4,202	5,127	(606)	6,845	807	1,514
Total pension liability – beginning	73,135	72,923	74,408	69,521	65,319	60,192	60,798	53,953	53,146	51,632
Total pension liability – ending	$76,237	$73,135	$72,923	$74,408	$69,521	$65,319	$60,192	$60,798	$53,953	$53,146
Plan Fiduciary Net Position										
Contributions – employer	$ —	$ —	$ 79	$ 2,139	$ 1,988	$ —	$ 1,085	$ 1,800	$ 1,806	$ 1,684
Contributions – member	630	648	629	589	560	517	575	488	729	534
Net investment income	11,643	10,331	(5,547)	29,150	2,827	5,687	8,467	10,368	1,779	3,843
Refunds of contributions	—	—	—	—	—	—	(149)	—	—	—
Benefit payments	(4,522)	(4,427)	(4,357)	(4,205)	(4,038)	(3,846)	(3,723)	(3,554)	(3,416)	(3,041)
Administrative expense	(55)	(53)	(56)	(126)	(157)	(123)	(264)	(254)	(197)	(136)
Other	—	—	—	(3)	—	—	7	—	(3)	—
Net change in plan fiduciary net position	7,696	6,499	(9,252)	27,544	1,180	2,235	5,998	8,848	698	2,884
Plan fiduciary net position - beginning	130,857	124,358	133,610	106,066	104,886	102,651	96,653	87,805	87,107	84,223
Plan fiduciary net position - ending	$138,553	$130,857	$124,358	$133,610	$106,066	$104,886	$102,651	$96,653	$87,805	$87,107
Net Pension (Asset) – Beginning	$(57,722)	$(51,435)	$(59,202)	$(36,545)	$(39,567)	$(42,459)	$(35,855)	$(33,852)	$(33,961)	$(32,591)
Net Pension (Asset) – Ending	$(62,316)	$(57,722)	$(51,435)	$(59,202)	$(36,545)	$(39,567)	$(42,459)	$(35,855)	$(33,852)	$(33,961)
Plan fiduciary net position as a percentage of TPL	181.74%	178.93%	170.53%	179.56%	152.57%	160.58%	170.54%	158.97%	162.74%	163.90%
Covered payroll	$ 9,001	$ 8,561	$ 8,408	$ 8,282	$ 8,001	$ 7,382	$ 7,291	$ 6,974	$ 6,920	$ 6,525
Net pension (asset) as a percentage of covered payroll	(692.32)%	(674.24)%	(611.74)%	(714.83)%	(456.76)%	(535.99)%	(582.35)%	(514.12)%	(489.19)%	(520.48)%

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ —	$ —	$ —	$ 79	$ 2,138	$ 1,988	$ —	$ 1,085	$ 1,800	$ 1,786
Contributions made in relation to the contractually required contributions	—	—	—	79	2,138	1,988	—	1,085	1,800	1,786
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 8,949	$ 9,001	$ 8,561	$ 8,408	$ 8,282	$ 8,001	$ 7,382	$ 7,291	$ 6,974	$ 6,920
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.94%	25.82%	24.85%	0.00%	14.88%	25.81%	25.81%

Judges' Retirement System
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The following actuarial determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning one year after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	0 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50%, including inflation
Inflation	2.75%
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including, inflation
Mortality (active)	PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104.00% for males and 103.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 General Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for both males and females.
Mortality (contingent survivor)	PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males and females. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as an Employer Entity

Highway Patrol Officers' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service costs	$ 4,287	$ 4,355	$ 4,089	$ 7,578	$ 3,337	$ 3,453	$ 3,643	$ 3,665	$ 3,799	$ 3,598
Interest	20,025	19,702	18,597	16,742	17,688	16,926	16,294	15,121	14,545	14,113
Changes in benefits	—	—	—	—	—	—	—	—	—	1,856
Difference between expected and actual experience	2,558	1,538	(2,487)	1,913	(993)	2,413	590	2,774	18	267
Changes of assumptions	—	—	(2,749)	(125,247)	141,055	—	—	7,892	—	—
Benefit payments	(15,438)	(14,653)	(13,743)	(13,710)	(12,685)	(12,063)	(11,546)	(11,037)	(10,482)	(10,001)
Refunds of contributions	(2,785)	(748)	(1,515)	(2,026)	(331)	(582)	(322)	(245)	(94)	—
Net change in total pension liability	8,647	10,194	2,192	(114,750)	148,071	10,147	8,659	18,170	7,786	9,833
Total pension liability – beginning	283,435	273,241	271,049	385,799	237,728	227,581	218,922	200,752	192,966	183,133
Total pension liability – ending	$292,082	$283,435	$273,241	$271,049	$385,799	$237,728	$227,581	$218,922	$200,752	$192,966
Plan Fiduciary Net Position										
Contributions – employer	$ 6,791	$ 6,908	$ 6,639	$ 6,423	$ 6,003	$ 5,845	$ 5,858	$ 5,782	$ 5,916	$ 5,840
Contributions – non-employer (State)	28,313	2,206	4,213	224	226	233	250	263	243	—
Contributions – member	2,408	2,377	2,285	2,206	2,170	2,002	2,387	1,950	1,917	1,624
Net investment income	19,083	14,637	(7,841)	41,277	4,101	8,269	12,283	15,099	2,605	5,738
Benefit payments	(15,438)	(14,653)	(13,743)	(13,710)	(12,685)	(12,063)	(11,546)	(11,037)	(10,482)	(10,001)
Administrative expense	(85)	(79)	(77)	(342)	(163)	(127)	(256)	(248)	(197)	(144)
Refunds of contributions	(2,785)	(748)	(1,515)	(2,026)	(331)	(582)	(322)	(245)	(94)	—
Other	—	—	—	(40)	(131)	2	8	—	(2)	—
Net change in plan fiduciary net position	38,287	10,648	(10,039)	34,012	(810)	3,579	8,662	11,564	(94)	3,057
Plan fiduciary net position – beginning	186,589	175,941	185,980	151,968	152,778	149,199	140,537	128,973	129,067	126,010
Plan fiduciary net position – ending	$224,876	$186,589	$175,941	$185,980	$151,968	$152,778	$149,199	$140,537	$128,973	$129,067
Net Pension Liability – Beginning	$ 96,846	$ 97,300	$ 85,069	$233,831	$ 84,950	$ 78,382	$ 78,385	$ 71,779	$ 63,899	$ 57,123
Net Pension Liability – Ending	$ 67,206	$ 96,846	$ 97,300	$ 85,069	$233,831	$ 84,950	$ 78,382	$ 78,385	$ 71,779	$ 63,899
Plan fiduciary net position as a percentage of TPL	76.99%	65.83%	64.39%	68.61%	39.39%	64.27%	65.56%	64.20%	64.24%	66.89%
Covered payroll	$ 17,529	$ 18,005	$ 17,275	$ 16,631	$ 15,608	$ 15,178	$ 15,251	$ 14,779	$ 15,276	$ 14,549
Net pension liability as a percentage of covered payroll	383.40%	537.88%	563.24%	511.51%	1498.15%	559.69%	513.95%	530.38%	469.88%	439.20%

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 6,677	$ 6,933	$ 7,107	$ 6,835	$ 6,599	$ 6,209	$ 6,051	$ 5,843	$ 5,706	$ 6,161
Contributions in relation to the contractually required contributions	6,677	6,933	7,107	6,835	6,599	6,209	6,051	5,843	5,706	6,161
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 18,564	$ 17,529	$ 18,005	$ 17,275	$ 16,631	$ 15,608	$ 15,178	$ 15,251	$ 14,779	$ 15,276
Contributions as a percentage of covered payroll	35.97%	39.55%	39.47%	39.57%	39.68%	39.78%	39.87%	38.31%	38.61%	40.33%

Notes to Required Supplementary Information
Highway Patrol Officers' Retirement System
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning one year after the valuation date.
Actuarial cost method	Entry age normal
Amortization method	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: Beginning July 1, 2024 and after, contribution rates are actuarially determined based on the funding valuation one year prior.

Required Supplementary Information
State of Montana as an Employer Entity

Game Wardens' and Peace Officers' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended June 30

(dollars in thousands)

	2025	2024	2023	2022 [1]	2021	2020	2019	2018	2017	2016
Total Pension Liability (TPL)										
Service costs	$ 10,346	$ 13,481	$ 10,139	$ 12,315	$ 8,029	$ 8,004	$ 8,098	$ 8,623	$ 8,403	$ 8,008
Interest	24,900	23,305	21,167	19,379	18,535	17,618	16,018	14,269	12,911	12,398
Difference between expected and actual experience	7,953	11,463	(1,279)	4,927	(2,027)	(4,728)	4,781	3,743	2,705	731
Changes of assumptions	—	(99,900)	89,103	(68,688)	85,967	—	—	5,878	—	—
Benefit payments	(13,160)	(11,838)	(10,618)	(9,283)	(8,247)	(7,350)	(6,523)	(5,810)	(5,068)	(5,352)
Refunds of contributions	(1,252)	(1,105)	(1,464)	(870)	(1,200)	(1,001)	(1,105)	(1,036)	(1,066)	—
Net change in total pension liability	28,787	(64,594)	107,048	(42,220)	101,057	12,543	21,269	25,667	17,885	15,785
Total pension liability – beginning	348,304	412,898	305,850	348,070	247,013	234,470	213,201	187,534	169,649	153,864
Total pension liability – ending	$377,091	$348,304	$412,898	$305,850	$348,070	$247,013	$234,470	$213,201	$187,534	$169,649
Plan Fiduciary Net Position										
Contributions - employer	$ 7,053	$ 5,279	$ 4,941	$ 5,411	$ 4,868	$ 4,686	$ 4,613	$ 4,464	$ 4,278	$ 4,088
Contributions - State	41,200	—	—	—	—	—	—	—	—	—
Contributions - member	7,251	6,476	6,075	6,393	5,803	5,566	5,512	5,278	5,036	4,924
Net investment income	29,471	21,971	(11,720)	59,128	5,583	11,125	15,573	18,590	3,167	6,435
Benefit payments	(13,160)	(11,838)	(10,618)	(9,283)	(8,247)	(7,350)	(6,523)	(5,810)	(5,068)	(5,352)
Administrative expense	(211)	(184)	(169)	(234)	(241)	(202)	(369)	(329)	(269)	(200)
Refunds of contributions	(1,252)	(1,105)	(1,464)	(870)	(1,200)	(1,001)	(1,105)	(1,036)	(1,066)	—
Other	(1)	45	—	(63)	(4)	1	(19)	(1)	(31)	—
Net change in plan fiduciary net position	70,351	20,644	(12,955)	60,482	6,562	12,825	17,682	21,156	6,047	9,895
Plan fiduciary net position – beginning	281,081	260,437	273,392	212,910	206,348	193,523	175,841	154,685	148,638	138,743
Plan fiduciary net position – ending	$351,432	$281,081	$260,437	$273,392	$212,910	$206,348	$193,523	$175,841	$154,685	$148,638
Net Pension Liability – Beginning	$ 67,223	$152,461	$ 32,458	$135,160	$ 40,665	$ 40,947	$ 37,360	$ 32,849	$ 21,011	$ 15,121
Net Pension Liability – Ending	$ 25,659	$ 67,223	$152,461	$ 32,458	$135,160	$ 40,665	$ 40,947	$ 37,360	$ 32,849	$ 21,011
Plan fiduciary net position as a percentage of TPL	93.20%	80.70%	63.08%	89.39%	61.17%	83.54%	82.54%	82.48%	82.48%	87.00%
Covered payroll	$ 66,456	$ 58,393	$ 54,287	$ 60,023	$ 53,825	$ 51,677	$ 50,823	$ 49,381	$ 47,108	$ 44,885
Net pension liability as a percentage of covered payroll	38.61%	115.12%	280.84%	54.08%	251.11%	78.69%	80.57%	75.66%	69.73%	47.00%

[1] The Plan fiduciary net position as a percentage of TPL was updated for the fiscal year 2022 for the correct percentage. The percentage previously reported was calculated incorrectly.

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 7,020	$ 7,018	$ 5,256	$ 4,873	$ 5,394	$ 4,837	$ 4,644	$ 4,574	$ 4,447	$ 4,240
Contributions in relation to the contractually required contributions	7,020	7,018	5,256	4,873	5,394	4,837	4,644	4,574	4,447	4,240
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 71,269	$ 66,456	$ 58,393	$ 54,287	$ 60,023	$ 53,825	$ 51,677	$ 50,823	$ 49,381	$ 47,108
Contributions as a percentage of covered payroll	9.85%	10.56%	9.00%	8.98%	8.99%	8.99%	8.99%	9.00%	9.01%	9.00%

Notes to Required Supplementary Information
Game Wardens' and Peace Officers' Retirement System
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning one year after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Total salary increases	4.54% to 10.12%, including inflation
Inflation	2.75%
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: Beginning July 1, 2024 and after, contribution rates are actuarially determined based on the funding valuation one year prior.

Required Supplementary Information
State of Montana as an Employer Entity

Public Employees' Retirement System-Defined Benefit Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	49.19%	48.36%	48.33%	50.56%	49.00%	39.14%	39.55%	53.05%	53.24%	53.61%
Employer's proportionate share of the net pension liability	$1,203,075	$1,180,228	$1,149,270	$916,807	$1,292,651	$818,162	$825,387	$1,033,200	$906,880	$749,414
Employer's covered payroll	$794,638	$732,649	$680,543	$715,975	$654,193	$638,674	$640,177	$648,671	$621,755	$620,286
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	151.40%	161.09%	168.88%	128.05%	197.59%	128.10%	128.93%	159.28%	145.86%	120.82%
Plan fiduciary net position as a percentage of the total pension liability	74.77%	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	74.00%	75.00%	78.00%

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 93,545	$ 86,907	$ 81,817	$ 77,020	$ 78,878	$ 58,504	$ 56,183	$ 54,844	$ 56,256	$ 59,073
Contributions in relation to the contractually required contributions	93,545	86,907	81,817	77,020	78,878	58,504	56,183	54,844	56,256	59,073
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$863,992	$794,638	$732,649	$680,543	$715,975	$654,193	$638,674	$640,177	$648,671	$621,755
Contributions as a percentage of covered payroll	10.83%	10.94%	11.17%	11.32%	11.02%	8.94%	8.80%	8.57%	8.67%	9.50%

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	28 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	3.50% to 8.47%, including inflation
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 General Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104.00% for males and 103.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 General Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for both males and females.
Mortality (contingent survivor)	PUB-2010 General Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males and females. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as a Nonemployer Entity

Public Employees' Retirement System-Defined Benefit Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30

(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Nonemployer's proportion of the net pension liability	12.43%	13.14%	13.84%	13.17%	14.22%	24.41%	24.92%	1.01%	0.96%	0.96%
Nonemployer's proportionate share of the net pension liability	$304,023	$320,610	$329,115	$238,887	$375,032	$510,277	$520,058	$ 19,622	$ 16,287	$ 13,365
Plan fiduciary net position as a percentage of the total pension liability	74.77%	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	74.00%	75.00%	78.00%

Schedule of Nonemployer Contributions
For the Fiscal Year Ended June 30

(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 22,907	$ 22,898	$ 22,482	$ 20,904	$ 21,180	$ 35,008	$ 34,642	$ 34,706	$ 28,763	$ 30,800
Contributions in relation to the contractually required contributions	22,907	22,898	22,482	20,904	21,180	35,008	34,642	34,706	28,763	30,800
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The detail of the actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation, can be found on the previous page. The contractually determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2023, are as follows:

Special Funding

The State contributes 0.10% of member compensation on behalf of local government entities per Section 19-3-319, MCA.

The State contributes 0.37% of member compensation on behalf of school district entities per Section 19-3-319, MCA.

The State contributes a statutory appropriation from General Fund per Section 19-3-320, MCA.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as an Employer Entity

Sheriffs' Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024 [1]	2023 [1]	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	4.98%	5.07%	4.87%	5.09%	4.76%	4.88%	4.87%	4.86%	5.45%	5.64%
Employer's proportionate share of the net pension liability	$ 6,114	$ 7,457	$ 6,670	$ 3,709	$ 5,800	$ 4,067	$ 3,663	$ 3,696	$ 9,582	$ 5,434
Employer's covered payroll	$ 5,530	$ 5,198	$ 4,695	$ 4,628	$ 4,041	$ 3,915	$ 3,781	$ 3,634	$ 3,850	$ 3,836
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	110.56%	143.46%	142.07%	80.14%	143.53%	103.88%	96.88%	101.71%	248.88%	141.66%
Plan fiduciary net position as a percentage of the total pension liability	82.12%	77.09%	77.07%	86.94%	75.92%	81.89%	82.68%	81.00%	63.00%	75.00%

[1] The Employer's proportionate share of the net pension liability as a percentage of its covered payroll was updated for the fiscal years 2024 and 2023 to the correct the percentages. The percentages previously reported were calculated incorrectly.

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 718	$ 725	$ 682	$ 616	$ 607	$ 530	$ 513	$ 496	$ 368	$ 389
Contributions in relation to the contractually required contributions	718	725	682	616	607	530	513	496	368	389
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 5,884	$ 5,530	$ 5,198	$ 4,695	$ 4,628	$ 4,041	$ 3,915	$ 3,781	$ 3,634	$ 3,850
Contributions as a percentage of covered payroll	12.20%	13.11%	13.12%	13.12%	13.12%	13.12%	13.10%	13.12%	10.13%	10.10%

Notes to Required Supplementary Information
For the Year ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year one year after the valuation date.
Actuarial cost method	Entry age normal
Amortization method	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: Beginning July 1, 2024 and after, contribution rates are actuarially determined based on the funding valuation one year prior.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Municipal Peace Officers' Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Nonemployer's proportion of the net pension liability	67.04%	66.87%	67.02%	67.02%	66.85%	67.06%	67.12%	67.09%	66.50%	66.95%
Nonemployer's proportionate share of the net pension liability	$149,888	$155,026	$158,319	$121,842	$163,514	$133,487	$114,956	$119,354	$119,708	$110,756
Plan fiduciary net position as a percentage of the total pension liability	73.96%	71.65%	69.67%	75.76%	64.84%	68.84%	70.95%	68.00%	66.00%	67.00%

Schedule of Nonemployer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 22,028	$ 20,475	$ 19,621	$ 18,012	$ 17,395	$ 16,677	$ 15,941	$ 15,283	$ 13,215	$ 13,752
Contributions in relation to the contractually required contributions	22,028	20,475	19,621	18,012	17,395	16,677	15,941	15,283	13,215	13,752
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year one year after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

The actuarially determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2023, are as follows:

> The State contributes 29.37% of member compensation on behalf of all employer entities per Section 19-9-702, MCA.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as an Employer Entity

Firefighters' Unified Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	2.49%	2.62%	2.57%	2.51%	2.38%	2.01%	2.30%	2.23%	2.26%	2.40%
Employer's proportionate share of the net pension liability	$ 3,375	$ 3,959	$ 4,084	$ 2,151	$ 3,722	$ 2,309	$ 2,650	$ 2,525	$ 2,583	$ 2,454
Employer's covered payroll	$ 1,788	$ 1,727	$ 1,527	$ 1,415	$ 1,276	$ 1,051	$ 1,103	$ 1,022	$ 974	$ 986
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	188.76%	229.24%	267.45%	152.01%	291.69%	219.70%	240.25%	247.06%	265.20%	249.00%
Plan fiduciary net position as a percentage of the total pension liability	83.97%	81.00%	78.76%	87.72%	75.34%	80.08%	79.03%	78.00%	75.00%	77.00%

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 927	$ 840	$ 811	$ 717	$ 665	$ 599	$ 494	$ 518	$ 472	$ 475
Contributions in relation to the contractually required contributions	927	840	811	717	665	599	494	518	472	475
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 1,974	$ 1,788	$ 1,727	$ 1,527	$ 1,415	$ 1,276	$ 1,051	$ 1,103	$ 1,022	$ 974
Contributions as a percentage of covered payroll	46.96%	46.98%	46.96%	46.95%	47.00%	46.94%	47.00%	46.96%	46.18%	48.77%

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year one year after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	4-year smoothed market
Wage inflation	3.50%
Salary increases	4.54% to 10.12%, including inflation
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Firefighters' Unified Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Nonemployer's proportion of the net pension liability	67.68%	67.60%	67.57%	67.67%	67.66%	69.32%	67.97%	67.88%	67.81%	67.36%
Nonemployer's proportionate share of the net pension liability	$ 91,681	$102,055	$107,328	$ 57,910	$105,867	$ 79,524	$ 78,285	$ 76,724	$ 77,448	$ 68,892
Plan fiduciary net position as a percentage of the total pension liability	83.97%	81.00%	78.76%	87.72%	75.34%	80.08%	79.03%	78.00%	75.00%	77.00%

Schedule of Nonemployer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 26,544	$ 22,820	$ 20,821	$ 18,871	$ 17,897	$ 17,147	$ 16,209	$ 15,272	$ 14,042	$ 13,635
Contributions in relation to the contractually required contributions	26,544	22,820	20,821	18,871	17,897	17,147	16,209	15,272	14,042	13,635
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of statutorily determined contributions: The actuarially determined contribution rates are determined on an annual basis. The detail of the actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation, can be found on the previous page. The statutorily determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2023, are as follows:

> The State contributes 32.61% of member compensation on behalf of all employer entities per Section 19-13-604, MCA.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Volunteer Firefighters' Compensation Act
Schedule of Proportionate Share of the Net Pension Liability (Asset)
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Nonemployer's proportion of the net pension liability (asset)	100.00 %	100.00 %	100.00 %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Nonemployer's proportionate share of the net pension liability (asset)	$ (2,910)	$ 1,590	$ 5,223	$ 1,323	$ 9,106	$ 6,907	$ 7,667	$ 10,087	$ 10,599	$ 10,504
Plan fiduciary net position as a percentage of the total pension liability	105.59 %	96.95 %	90.02 %	97.40%	81.42%	85.23%	83.48%	78.00%	76.00%	76.00%

Schedule of Nonemployer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 3,899	$ 3,508	$ 3,145	$ 2,840	$ 2,578	$ 2,475	$ 2,361	$ 2,207	$ 2,054	$ 2,024
Contributions in relation to the contractually required contributions	3,899	3,508	3,145	2,840	2,578	2,475	2,361	2,207	2,054	2,024
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

Valuation date	June 30, 2023
Timing	Actuarially determined contributions are determined on the valuation date payable in the fiscal year one year after the valuation date
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	1 years
Asset valuation method	4-year smoothed market
Wage inflation	not applicable
Salary increases	not applicable
Investment rate of return	7.30%, net of pension plan investment and administrative expenses, including inflation
Inflation	2.75%
Mortality (active)	PUB-2010 Safety Amount Weighted Employee Mortality Table projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year for males and adjusted 105.00% for males and 100.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUB-2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, with ages set forward one year for males.
Mortality (contingent survivor)	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, with ages set forward one year for males. Projected generationally using MP-2021.

The statutorily determined contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2023, are as follows:

> The State contributes 5.00% of certain fire tax insurance premiums paid per Section 19-17-301, MCA.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as an Employer Entity

Teachers' Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	2.24%	2.12%	1.94%	2.17%	2.30%	2.41%	2.55%	2.86%	3.12%	3.42%
Employer's proportionate share of the net pension liability	$ 41,909	$ 40,985	$ 38,166	$ 35,874	$ 51,812	$ 46,493	$ 47,407	$ 48,227	$ 57,016	$ 56,230
Employer's covered payroll	$ 25,109	$ 22,709	$ 20,293	$ 21,776	$ 22,384	$ 23,250	$ 24,275	$ 26,944	$ 28,915	$ 31,252
Employer 's proportionate share of the net pension liability as a percentage of its covered payroll	166.91%	180.48%	188.07%	164.74%	231.47%	199.97%	195.29%	178.99%	197.18%	179.00%
Plan fiduciary net position as a percentage of the total pension liability	73.33%	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.00%	67.00%	69.00%

Schedule of Employer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 19,496	$ 18,270	$ 17,168	$ 16,216	$ 16,103	$ 16,686	$ 16,538	$ 17,298	$ 17,396	$ 16,946
Contributions in relation to the contractually required contributions	19,496	18,270	17,168	16,216	16,103	16,686	16,538	17,298	17,396	16,946
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$ 27,016	$ 25,109	$ 22,709	$ 20,293	$ 21,776	$ 22,384	$ 23,250	$ 24,275	$ 26,944	$ 28,915
Contributions as a percentage of covered payroll	72.16%	72.76%	75.60%	79.91%	73.95%	74.54%	71.13%	71.26%	64.56%	58.61%

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates are determined on an annual basis. The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending June 30, 2024, based on the results of the July 1, 2023, actuarial valuation:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	24 years
Asset valuation method	4-year smoothed market
Salary increases	3.50% to 9.00% for non-university members and 4.25% for university members, including inflation
Inflation	2.75%
Investment rate of return	7.30%, net of pension plan investment expense, and including inflation
Mortality (active)	PUBT-2010 General Employee Mortality Table projected to 2021. Projected generationally using MP-2021.
Mortality (healthy retiree)	PUBT-2010 Retiree Mortality Table projected to 2021 adjusted 102.00% for males and 103.00% for females. Projected generationally using MP-2021.
Mortality (disabled retiree)	PUBT-2010 Disabled Retiree Mortality Table projected to 2021.
Mortality (contingent survivor)	PUBT-2010 Contingent Survivor Mortality Table projected to 2021. Projected generationally using MP-2021.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

Required Supplementary Information
State of Montana as a Nonemployer Contributing Entity

Teachers' Retirement System
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Nonemployer's proportion of the net pension liability	34.09%	34.55%	35.07%	35.76%	36.55%	37.11%	37.74%	38.13%	38.73%	39.38%
Nonemployer's proportionate share of the net pension liability	$638,768	$669,315	$689,790	$592,396	$822,282	$715,637	$700,417	$642,958	$707,527	$647,092
Plan fiduciary net position as a percentage of the total pension liability	73.33%	71.75%	70.61%	75.54%	64.95%	68.64%	69.09%	70.00%	67.00%	69.00%

Schedule of Nonemployer Contributions
For the Fiscal Year Ended June 30
(dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	$ 49,283	$ 48,688	$ 48,159	$ 47,680	$ 46,701	$ 44,841	$ 44,333	$ 43,718	$ 43,028	$ 42,400
Contributions in relation to the contractually required contributions	49,283	48,688	48,159	47,680	46,701	44,841	44,333	43,718	43,028	42,400
Contribution deficiency/(excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Method and assumptions used in calculations of contractually determined contributions: The actuarially determined contribution rates are determined on an annual basis. The detail of the actuarial methods and assumptions were used to determine contribution rates, reported for the fiscal year ending June 30, 2024, which were based on the results of the July 1, 2023, actuarial valuation, can be found on the previous page. The contractually required contribution rates are set forth by the Legislature and are contained within the Montana Code Annotated (MCA). The amounts used for the valuation as of the year ended June 30, 2024, are as follows:

The State contributes 0.11% of the compensation of members participating per Section 19-20-604, MCA.

The State contributes 2.38% of member compensation on behalf of school district and community college entities per Section 19-20-607, MCA.

The State contributes a $25.0 million payment from the General Fund per Section 19-20-607, MCA.

Changes of assumptions: There were no changes made to the actuarial assumptions and methods in 2024.

Changes of benefit terms: There were no changes made to the benefit terms in 2024.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 3. OTHER POSTEMPLOYMENT BENEFITS PLAN INFORMATION (OPEB)

The State of Montana and MUS OPEB plans allow retirees to participate, as a group, at a rate that does not cover all of the related costs. This results in the reporting of the Total OPEB Liability in the related financial statements and note disclosures.

In accordance with GASB 75, the following information is presented to reflect the funding progress of the Other Postemployment Benefits Plans for the State of Montana OPEB plan.

Total OPEB Liability and Related Ratios

Last 10 Fiscal Years [1]

(in thousands)

Total OPEB Liability	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 751	$ 937	$ 5,747	$ 8,726	$ 1,734	$ 1,946	$ 2,062	$ 1,889
Interest	1,328	1,282	4,245	3,513	1,333	1,586	1,990	2,014
Difference between expected and actual experience	4,102	—	(56,723)	—	(6,137)	(9,409)	—	(4,723)
Changes of assumptions or other inputs	9,166	(2,123)	(43,608)	(38,710)	104,439	(1,877)	2,895	(295)
Benefit payments	(287)	535	(2,300)	2,592	(1,196)	(601)	(1,709)	1,705
Net change in Total OPEB Liability	15,060	631	(92,639)	(23,879)	100,173	(8,355)	5,238	590
Total OPEB Liability - Beginning	31,628	30,997	123,636	147,515	47,342	55,697	50,459	49,869
Total OPEB Liability - Ending	$ 46,688	$ 31,628	$ 30,997	$123,636	$147,515	$ 47,342	$ 55,697	$ 50,459
State and discretely presented component units' proportion of the collective Total OPEB Liability	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Covered employee payroll	$916,409	$797,258	$770,298	$707,118	$689,871	$690,563	$702,688	$675,661
Total OPEB Liability as a percentage of covered employee payroll	5.09 %	3.97 %	4.02 %	17.48 %	21.38 %	6.86 %	7.93 %	7.47 %

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

Note to Schedule: No assets are accumulated in a trust that meets the criteria of GASB 75.

Factors that significantly affect trends in the amounts reported:

Changes in Actuarial Assumptions and Methods

June 30, 2025: The discount rate increased from 4.12% to 4.57%. Projected Payroll increase based on 2024 TRS and MPERA pension report assumptions. Decrement tables updated per the October 2024 TRS and MPERA actuarial reports. Updated trend projections based short-term on industry expectations and long-term on the 2025 Getzen model. Due to Inflation Reduction Act, applied separate healthcare and contribution trend rates for Medical, Pre-65 Med/Rx, and Post-65 Med/Rx.

June 30, 2024: Changes in assumptions for 2024 were due to an increase in the interest rate from 3.98% to 4.12%.

June 30, 2023: Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

June 30, 2022: Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

June 30, 2021: Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

June 30, 2020: Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest/discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

June 30, 2019: Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index per GASB 75 requirements.

June 30, 2018: Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements. Other changes include revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

Changes in Benefit Terms

June 30, 2025: None

June 30, 2024: None

June 30, 2023: None

June 30, 2022: None

June 30, 2021: None

June 30, 2020: None

June 30, 2019: None

June 30, 2018: Medical plans moved from Cigna to Allegiance as of January 1, 2016, the State implemented reference-based pricing hospital contracts effective July 1, 2016, and pharmacy moved from URx to Navitus as of January 1, 2017. The State implemented an Employer Group Waiver Program for Medicare retirees effective January 1, 2017.

In accordance with GASB 75, the following information is presented to reflect the funding progress of the Other Postemployment Benefits Plans for MUS plan.

Total OPEB Liability and Related Ratios

Last 10 Fiscal Years [1]

(in thousands)

Total OPEB Liability	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 1,855	$ 2,154	$ 2,209	$ 3,684	$ 1,412	$ 1,736	$ 1,952	$ 1,954
Interest	1,680	1,553	1,649	1,387	777	1,130	1,495	1,410
Difference between expected and actual experience	(13,368)	—	21,787	—	(17,388)	(15,015)	—	(1,323)
Changes of assumptions or other inputs	13,120	(2,161)	(36,802)	(17,283)	45,674	(1,791)	1,351	(182)
Benefit payments	82	930	—	2,476	(13)	1,441	(888)	(679)
Net change in Total OPEB Liability	3,369	2,476	(11,157)	(9,736)	30,462	(12,499)	3,910	1,180
Total OPEB Liability - Beginning	38,894	36,418	47,575	57,311	26,849	39,348	35,438	34,258
Total OPEB Liability - Ending	$ 42,263	$ 38,894	$ 36,418	$ 47,575	$ 57,311	$ 26,849	$ 39,348	$ 35,438
State and discretely presented component units' proportion of the collective Total OPEB Liability	95.21 %	95.45 %	95.45 %	95.18 %	95.18 %	94.92 %	95.59 %	95.62 %
Covered employee payroll [2]	$538,341	$491,489	$474,869	$425,451	$415,074	$418,193	$451,613	$434,243
Total OPEB Liability as a percentage of covered employee payroll	8.25 %	7.91 %	7.67 %	11.18 %	13.81 %	6.42 %	9.11 %	8.53 %

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

[2] Amount reported is for the whole MUS plan for 2018 and 2019. Community Colleges were included due to lack of ability to separate covered employee payroll for those years.

Note to Schedule: No assets are accumulated in a trust that meets the criteria of GASB 75.

Factors that significantly affect trends in the amounts reported:

Changes in Actuarial Assumptions and Methods

June 30, 2025: The discount rate increased from 4.12% to 4.57%. Projected Payroll increase based on 2024 TRS and MPERA pension report assumptions. Decrement tables updated per the October 2024 TRS and MPERA actuarial reports. Updated trend projections based short-term on industry expectations and long-term on the 2025 Getzen model. Due to Inflation Reduction Act, applied separate healthcare and contribution trend rates for Medical, Pre-65 Med/Rx, and Post-65 Med/Rx.

June 30, 2024: Changes in assumptions for 2024 were due to an increase in the interest rate from 3.98% to 4.12%.

June 30, 2023: Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98% and the projected payroll increased from 2.5% to 3.5%.

June 30, 2022: Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

June 30, 2021: Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

June 30, 2020: Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest/discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

June 30, 2019: Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index per GASB 75 requirements.

June 30, 2018: Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GASB 75 requirements. Changes in actuarial assumptions include revised rates per the retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index per GASB 75 requirements, lapse rates were removed to reflect a return to standard retiree contribution levels, added employees covered by the MUS-RP, changes in revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

Changes of Benefit Terms

June 30, 2025: None

June 30, 2024: None

June 30, 2023: None

June 30, 2022: None

June 30, 2021: Carrier options reduced to one

June 30, 2020: Changes in benefit terms include increased annual deductible and out-of-pocket maximums

June 30, 2019: None

June 30, 2018: Increased deductible, increased out-of-pocket limits for Medical and RX,increased visit copays, pharmacy moved from URx to Navitus as of July 1, 2017, employer group waiver program for Medicare retirees became effective July 1, 2017, adopted combined annual visit max of 30 for multiple therapy services and massage therapy moved into rehabilitation benefit.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI – 4. RISK MANAGEMENT TREND INFORMATION

The following tables present risk management trend information for the Hail Insurance Fund and the MUS Group Benefits Fund. The Hail Insurance Fund pays claims within a calendar year cycle that parallels the growing season from spring planting to fall harvesting; therefore, it has no development cycle. The MUS Group Benefits Fund has a three to five-year development cycle.

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

State of Montana Hail Insurance Program
Claims Development Information

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
1. Premiums and investment revenue										
Earned	$ 2,055	$ 2,322	$ 2,544	$ 2,522	$ 1,846	$ 3,701	$ 4,836	$ 4,320	$ 5,918	$ 7,446
Ceded	891	1,080	2,866	1,396	2,250	3,170	3,605	3,255	4,771	6,346
Net earned	1,164	1,242	(322)	1,126	(404)	531	1,231	1,065	1,147	1,100
2. Unallocated expenses including overhead	$ 386	$ 350	$ 361	$ 333	$ 359	$ 384	$ 412	$ 448	$ 455	$ 424
3. Estimated losses and expenses end of accident year	$ 1,081	$ 1,115	$ 449	$ 544	$ 520	$ 793	$ 422	$ 120	$ 324	$ —
4. Net paid (cumulative) as of:										
End of policy year	$ 1,072	$ 1,067	$ 405	$ 532	$ 444	$ 782	$ 405	$ 85	$ 817	$ 189
One year later	—	—	—	—	—	—	—	—	—	—
Two years later	—	—	—	—	—	—	—	—	—	—
Three years later	—	—	—	—	—	—	—	—	—	—
Four years later	—	—	—	—	—	—	—	—	—	—
Five years later	—	—	—	—	—	—	—	—	—	—
Six years later	—	—	—	—	—	—	—	—	—	—
Seven years later	—	—	—	—	—	—	—	—	—	—
Eight years later	—	—	—	—	—	—	—	—	—	—
Nine years later	—	—	—	—	—	—	—	—	—	—
5. Re-estimated ceded losses and expenses	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
6. Re-estimated net incurred losses and expense:										
End of policy year	$ 1,081	$ 1,115	$ 449	$ 544	$ 520	$ 793	$ 422	$ 120	$ 324	$ —
One year later	—	—	—	—	—	—	—	—	—	—
Two years later	—	—	—	—	—	—	—	—	—	—
Three years later	—	—	—	—	—	—	—	—	—	—
Four years later	—	—	—	—	—	—	—	—	—	—
Five years later	—	—	—	—	—	—	—	—	—	—
Six years later	—	—	—	—	—	—	—	—	—	—
Seven years later	—	—	—	—	—	—	—	—	—	—
Eight years later	—	—	—	—	—	—	—	—	—	—
Nine years later	—	—	—	—	—	—	—	—	—	—
7. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Montana University System – Medical, Dental, Vision, Rx Claims
Claims Development Information

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
1. Premiums and investment Revenue	$ 100,273	$ 98,898	$ 94,733	$ 92,149	$ 95,150	$ 98,599	$ 98,885	$ 99,369	$ 100,693	$ 84,297
2. Unallocated expenses including overhead	4,871	5,233	4,676	4,526	4,617	4,691	5,150	5,111	5,196	5,129
3. Estimated losses and expenses end of accident year	$ 133,948	$ 116,930	$ 110,643	$ 105,327	$ 103,924	$ 96,326	$ 93,392	$ 90,427	$ 85,802	$ 87,233
4. Net paid (cumulative) as of:										
End of policy year	$ 122,398	$ 107,304	$ 101,040	$ 96,927	$ 93,363	$ 83,896	$ 82,211	$ 80,393	$ 75,601	$ 76,400
One year later	—	118,891	109,679	105,192	101,661	93,665	91,306	89,050	84,575	85,796
Two years later	—	—	109,749	105,330	101,963	93,605	91,453	89,140	84,729	85,894
Three years later	—	—	—	105,390	102,003	93,611	91,452	89,161	84,738	86,002
Four years later	—	—	—	—	102,002	93,613	91,454	89,163	84,740	86,038
Five years later	—	—	—	—	—	93,613	91,457	89,165	84,739	86,121
Six years later	—	—	—	—	—	—	91,457	89,165	84,745	86,121
Seven years later	—	—	—	—	—	—	—	89,165	84,745	86,121
Eight years later	—	—	—	—	—	—	—	—	84,745	86,121
Nine years later	—	—	—	—	—	—	—	—	—	86,121
5. Re-estimated ceded losses and expenses	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
6. Re-estimated net incurred losses and expense:										
End of policy year	$ 133,948	$ 116,930	$ 110,643	$ 105,327	$ 103,924	$ 96,326	$ 93,392	$ 90,427	$ 85,802	$ 87,233
One year later	—	119,348	109,744	104,798	98,293	95,730	93,028	89,036	84,567	86,148
Two years later	—	—	109,749	105,330	101,963	93,605	91,453	89,140	84,729	85,894
Three years later	—	—	—	105,390	102,003	93,611	91,452	89,161	84,738	86,002
Four years later	—	—	—	—	102,002	93,613	91,454	89,163	84,740	86,038
Five years later	—	—	—	—	—	93,613	91,457	89,165	84,739	86,121
Six years later	—	—	—	—	—	—	91,457	89,165	84,745	86,121
Seven years later	—	—	—	—	—	—	—	89,165	84,745	86,121
Eight years later	—	—	—	—	—	—	—	—	84,745	86,121
Nine years later	—	—	—	—	—	—	—	—	—	86,121
7. Increase (decrease) in estimated net incurred losses and expenses from end of policy year	$ —	$ 2,418	$ (895)	$ 63	$ (1,923)	$ (2,714)	$ (1,936)	$ (1,262)	$ (1,058)	$ (1,112)

STATE OF MONTANA

Supplementary Information

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2025
(amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
ASSETS				
Cash/cash equivalents	$ 20,108	$ 941,796	$ 21,562	$ 983,466
Receivables (net)	1,840	6,651	1,463	9,954
Due from other funds	—	22,982	—	22,982
Due from component units	19	—	—	19
Equity in pooled investments	—	—	430,186	430,186
Long-term loans/notes receivable	17,952	—	845	18,797
Advances to other funds	22,400	—	—	22,400
Advances to component units	6	—	—	6
Securities lending collateral	28	30,996	12,946	43,970
Total assets	$ 62,353	$ 1,002,425	$ 467,002	$ 1,531,780
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ —	$ 25,883	$ —	$ 25,883
Interfund loans payable	21	—	358	379
Due to other funds	48	—	976	1,024
Advances from other funds	872	—	—	872
Securities lending liability	28	30,996	12,946	43,970
Total liabilities	969	56,879	14,280	72,128
DEFERRED INFLOWS OF RESOURCES	235	427	845	1,507
Fund balances:				
Nonspendable	—	—	436,027	436,027
Restricted	23,533	20,051	5,854	49,438
Committed	37,616	908,963	9,996	956,575
Assigned	—	16,105	—	16,105
Total fund balances	61,149	945,119	451,877	1,458,145
Total liabilities, deferred inflows of resources, and fund balances	$ 62,353	$ 1,002,425	$ 467,002	$ 1,531,780

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTAL
REVENUES				
Taxes:				
Natural resource	$ 1,926	$ 8,642	$ —	$ 10,568
Other	—	9,137	—	9,137
Charges for services/fines/forfeits/settlements	6	560	10,295	10,861
Investment earnings (losses)	11,450	38,453	24,917	74,820
Securities lending income	—	—	933	933
Grants/contracts/donations	—	—	634	634
Total revenues	13,382	56,792	36,779	106,953
EXPENDITURES				
Current:				
General government	—	8,109	—	8,109
Public safety	—	9,250	—	9,250
Health and human services	—	2,570	—	2,570
Education	—	3,178	10	3,188
Natural resources	—	6,804	—	6,804
Debt service:				
Principal retirement	—	1,365	—	1,365
Interest/fiscal charges	103	88	—	191
Capital outlay	—	243,591	8	243,599
Securities lending	—	—	729	729
Total expenditures	103	274,955	747	275,805
Excess of revenue over (under) expenditures	13,279	(218,163)	36,032	(168,852)
OTHER FINANCING SOURCES (USES)				
General capital asset sale proceeds	—	—	1	1
Transfers in	28,259	388,514	177	416,950
Transfers out	(19,111)	(15,992)	(16,083)	(51,186)
Total other financing sources (uses)	9,148	372,522	(15,905)	365,765
Net change in fund balances	22,427	154,359	20,127	196,913
Fund balances - July 1 - as previously reported	38,722	790,760	431,750	1,261,232
Fund balances - July 1 - as adjusted	38,722	790,760	431,750	1,261,232
Fund balances - June 30	$ 61,149	$ 945,119	$ 451,877	$ 1,458,145

THE GREAT SEAL OF THE STATE OF MONTANA
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Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources for the payment of general long-term obligation principal and interest. A brief description of each debt service fund follows:

Coal Tax Fund	Accounts for payments on special revenue renewable resources program (Coal Severance Tax) bonds.
Water & Wastewater Development Fund	Accounts for payments on the following general obligation bonds: wastewater treatment works revolving fund, renewable resource program, drinking water revolving fund, and water pollution control revolving fund.
Health Care Fund	Accounts for payments on the special revenue bonds for Montana State Hospital and Montana Developmental Center.
Energy Conservation Program Fund	Accounts for payments on general obligation bonds issued for State Building Energy Conservation Projects.
Environmental Reclamation Fund	Accounts for payments on general obligation bonds for hard rock mining reclamation and the CERCLA program.

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	COAL TAX	WATER & WASTEWATER DEVELOPMENT	HEALTH CARE
ASSETS			
Cash/cash equivalents	$ 6,905	$ 4,702	$ 601
Receivables (net)	144	1,102	—
Due from component unit	—	—	—
Long-term loans/notes receivable	8,258	9,694	—
Advances to other funds	22,400	—	—
Advances to component units	—	—	—
Securities lending collateral	26	—	—
Total assets	$ 37,733	$ 15,498	$ 601
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Interfund loan payable	$ 21	$ —	$ —
Due to other funds	48	—	—
Advances from other funds	580	292	—
Securities lending liability	26	—	—
Total liabilities	675	292	—
DEFERRED INFLOWS OF RESOURCES	116	119	—
Fund balances:			
Restricted	19,941	2,991	601
Committed	17,001	12,096	—
Total fund balances	36,942	15,087	601
Total liabilities, deferred inflows of resources and fund balances	$ 37,733	$ 15,498	$ 601

ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	TOTAL
$ 63	$ 7,837	$ 20,108
2	592	1,840
19	—	19
—	—	17,952
—	—	22,400
6	—	6
2	—	28
$ 92	$ 8,429	$ 62,353
$ —	$ —	$ 21
—	—	48
—	—	872
2	—	28
2	—	969
—	—	235
—	—	23,533
90	8,429	37,616
90	8,429	61,149
$ 92	$ 8,429	$ 62,353

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	COAL TAX	WATER & WASTEWATER DEVELOPMENT	HEALTH CARE
REVENUES			
Taxes:			
Natural resource	$ —	$ 684	$ —
Charges for services/fines/forfeits/settlements	—	—	—
Investment earnings (losses)	722	10,720	—
Total revenues	722	11,404	—
EXPENDITURES			
Current:			
Debt service:			
Interest/fiscal charges	22	81	—
Total expenditures	22	81	—
Excess of revenue over (under) expenditures	700	11,323	—
OTHER FINANCING SOURCES (USES)			
Transfers in	19,960	8,231	—
Transfers out	(100)	(18,711)	—
Total other financing sources (uses)	19,860	(10,480)	—
Net change in fund balances	20,560	843	—
Fund balances - July 1 - as previously reported	16,382	14,244	601
Fund balances - July 1 - as adjusted	16,382	14,244	601
Fund balances - June 30	$ 36,942	$ 15,087	$ 601

ENERGY CONSERVATION PROGRAM	ENVIRONMENTAL RECLAMATION	TOTAL
$ —	$ 1,242	$ 1,926
6	—	6
8	—	11,450
14	1,242	13,382
—	—	103
—	—	103
14	1,242	13,279
68	—	28,259
(300)	—	(19,111)
(232)	—	9,148
(218)	1,242	22,427
308	7,187	38,722
308	7,187	38,722
$ 90	$ 8,429	$ 61,149

Nonmajor Capital Projects Funds

Capital project funds are used to account for financial resources used for the acquisition or construction of major governmental capital assets. A brief description of each capital project fund follows:

Long-Range Building Program Fund	Accounts for resources received and expended for the State's long-range building program. The long-range building program includes costs for the acquisition, construction, and improvement of major capital assets financed by general obligation bonds and interest earned on bond proceeds.
Information Technology Projects Fund	Accounts for resources received and expended for information technology projects for various upgrade and replacement activities.
Federal/Private Construction Grants Fund	Accounts for federal grants, private donations, and federal matching funds that are restricted to general capital asset construction.
Capital Land Grant Fund	Accounts for revenues and expenditures from the Capital Land Grant. Revenues are dedicated for the purpose of constructing capital buildings or additions thereto. Revenues may be transferred to a debt service fund for the payment of principal and interest on bonds issued for capital building construction.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTAL
ASSETS					
Cash/cash equivalents	$ 850,158	$ 83,316	$ —	$ 8,322	$ 941,796
Receivables (net)	6,651	—	—	—	6,651
Due from other funds	22,418	—	564	—	22,982
Securities lending collateral	30,996	—	—	—	30,996
Total assets	$ 910,223	$ 83,316	$ 564	$ 8,322	$ 1,002,425
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 25,055	$ 248	$ 564	$ 16	$ 25,883
Securities lending liability	30,996	—	—	—	30,996
Total liabilities	56,051	248	564	16	56,879
DEFERRED INFLOWS OF RESOURCES	427	—	—	—	427
Fund balances:					
Restricted	11,745	—	—	8,306	20,051
Committed	826,555	82,408	—	—	908,963
Assigned	15,445	660	—	—	16,105
Total fund balances	853,745	83,068	—	8,306	945,119
Total liabilities, deferred inflows of resources, and fund balances	$ 910,223	$ 83,316	$ 564	$ 8,322	$ 1,002,425

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	LONG-RANGE BUILDING PROGRAM	INFORMATION TECHNOLOGY PROJECTS	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTAL
REVENUES					
Taxes:					
Natural resource	$ 8,642	$ —	$ —	$ —	$ 8,642
Other	9,137	—	—	—	9,137
Charges for services/fines/forfeits/settlements	560	—	—	—	560
Investment earnings (losses)	38,453	—	—	—	38,453
Total revenues	56,792	—	—	—	56,792
EXPENDITURES					
Current:					
General government	1,839	6,270	—	—	8,109
Public safety	—	9,250	—	—	9,250
Health and human services	2,570	—	—	—	2,570
Education	—	3,178	—	—	3,178
Natural resources	6,200	604	—	—	6,804
Debt Service:					
Principal retirement	—	1,365	—	—	1,365
Interest/fiscal charges	—	88	—	—	88
Capital outlay	232,263	9,452	1,529	347	243,591
Total expenditures	242,872	30,207	1,529	347	274,955
Excess of revenue over (under) expenditures	(186,080)	(30,207)	(1,529)	(347)	(218,163)
OTHER FINANCING SOURCES (USES)					
Transfers in	271,873	112,822	1,529	2,290	388,514
Transfers out	(9,050)	(6,942)	—	—	(15,992)
Total other financing sources (uses)	262,823	105,880	1,529	2,290	372,522
Net change in fund balances	76,743	75,673	—	1,943	154,359
Fund balances - July 1 - as previously reported	777,002	7,395	—	6,363	790,760
Fund balances - July 1 - as adjusted	777,002	7,395	—	6,363	790,760
Fund balances - June 30	$ 853,745	$ 83,068	$ —	$ 8,306	$ 945,119

Nonmajor Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used to support state government programs. A brief description of each permanent fund follows:

Resource Indemnity Fund	Accounts for taxes paid by persons engaging in or carrying on the business of mining, extracting, or producing minerals. Only the net earnings of the trust may be appropriated until the principal reached $100.0 million. Interest earnings are expended from the State Special Revenue Fund. This fund is administered by the Department of Revenue.
Cultural Trust Fund	Accounts for a portion of coal severance taxes credited to this fund by the Department of Revenue. The Montana Arts Council uses income from the trust for the protection of works of art in the State Capitol and for other cultural projects.
Noxious Weed and Invasive Species Management Fund	Accounts for revenues and interest earned on fee charges for the control of noxious weeds and invasive species by the Department of Agriculture and Department of Natural Resources.
Historical Society Trust Fund	Accounts for memorials, bequests, and various other contributions to the Montana Historical Society. Includes the following trusts: James H. Bradley Memorial, Thomas Teakle, Merritt-Wheeler Memorial, Historical Society Acquisitions, Sobotka Memorial, and Edger I. and Jane R. Stewart.
Tobacco Settlement Fund	Accounts for the principal, and holds the interest earned by investing, of the Tobacco Settlement.
MT End Watch Trust Fund	Accounts for the principal from the Montana End of Watch Trust, contribution revenues, and holds the interest earned by investing of the fund financial resources. This fund is for the purpose of supporting eligible law enforcement officers and their surviving immediate family in the event of an officer’s death or catastrophic injury in the line of duty.

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	RESOURCE INDEMNITY	CULTURAL TRUST	NOXIOUS WEED AND INVASIVE SPECIES MANAGEMENT
ASSETS			
Cash/cash equivalents	$ 23	$ 76	$ 1,180
Receivables (net)	358	—	11
Equity in pooled investments	105,561	—	12,597
Long-term loans/notes receivable	—	—	—
Securities lending collateral	2,981	3	356
Total assets	$ 108,923	$ 79	$ 14,144
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund loans payable	$ 358	$ —	$ —
Due to other funds	—	—	—
Securities lending liability	2,981	3	356
Total liabilities	3,339	3	356
DEFERRED INFLOWS OF RESOURCES	—	—	—
Fund balances:			
Nonspendable	100,000	66	13,651
Restricted	5,584	10	137
Committed	—	—	—
Total fund balances	105,584	76	13,788
Total liabilities and fund balances	$ 108,923	$ 79	$ 14,144

HISTORICAL SOCIETY TRUSTS	TOBACCO SETTLEMENT	MT END WATCH TRUST	TOTAL
$ 966	$ 9,321	$ 9,996	$ 21,562
11	1,083	—	1,463
2,666	309,362	—	430,186
845	—	—	845
113	9,099	394	12,946
$ 4,601	$ 328,865	$ 10,390	$ 467,002
$ —	$ —	$ —	$ 358
—	976	—	976
113	9,099	394	12,946
113	10,075	394	14,280
845	—	—	845
3,520	318,790	—	436,027
123	—	—	5,854
—	—	9,996	9,996
3,643	318,790	9,996	451,877
$ 4,601	$ 328,865	$ 10,390	$ 467,002

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	RESOURCE INDEMNITY	CULTURAL TRUST	NOXIOUS WEED AND INVASIVE SPECIES MANAGEMENT
REVENUES			
Charges for services/fines/forfeits/settlements	$ —	$ —	$ —
Investment earnings (losses)	6,215	3	372
Securities lending income	235	—	5
Grants/contracts/donations	—	—	—
Total revenues	6,450	3	377
EXPENDITURES			
Current:			
Education	—	—	—
Capital outlay	—	—	—
Securities lending	183	—	4
Total expenditures	183	—	4
Excess of revenue over (under) expenditures	6,267	3	373
OTHER FINANCING SOURCES (USES)			
General capital asset sale proceeds	—	—	—
Transfers in	—	—	177
Transfers out	(4,383)	—	(124)
Total other financing sources (uses)	(4,383)	—	53
Net change in fund balances	1,884	3	426
Fund balances - July 1 - as previously reported	103,700	73	13,362
Fund balances - July 1 - as adjusted	103,700	73	13,362
Fund balances - June 30	$ 105,584	$ 76	$ 13,788

HISTORICAL SOCIETY TRUSTS	TOBACCO SETTLEMENT	MT END WATCH TRUST	TOTAL
$ —	$ 10,295	$ —	$ 10,295
166	18,161	—	24,917
6	687	—	933
634	—	—	634
806	29,143	—	36,779
10	—	—	10
8	—	—	8
5	537	—	729
23	537	—	747
783	28,606	—	36,032
1	—	—	1
—	—	—	177
—	(11,576)	—	(16,083)
1	(11,576)	—	(15,905)
784	17,030	—	20,127
2,859	301,760	9,996	431,750
2,859	301,760	9,996	431,750
$ 3,643	$ 318,790	$ 9,996	$ 451,877

Nonmajor Enterprise Funds

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

Liquor Warehouse Fund	Accounts for activities related to the sale and distribution of alcoholic beverages and licensing within the State. Profits and license fees are used to finance General Fund expenditures.
Hail Insurance Fund	Accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs, and benefits paid by the Department of Agriculture. Producers engaged in the growing of crops subject to damage by hail may participate in the hail insurance program.
State Lottery Fund	Accounts for the operations of Montana's lottery.
Prison Industries Fund	Accounts for resources that provide training and employment for inmates. The products produced are sold to state agencies, non-profit organizations, and other customers in accordance with state policies.
MUS Group Insurance Fund	Accounts for self-insured workers compensation coverage for employees of the Montana University System.
Subsequent Injury Fund	Accounts for the assessments collected from employers and benefits paid to workers who are certified as vocationally handicapped and are injured on the job.
Secretary of State Business Services Fund	Accounts for the Business and Government Services activities and the Administrative Code Program of the Secretary of State's Office.

Historical Society Publications Fund	Accounts for the Historical Society's sales from "Montana, The Magazine of Western History"; books; publications; and merchandise from the Historical Society store.
Surplus Property Fund	Accounts for Department of Administration intra-governmental sales of state and federal surplus property to state agencies, local governments, and designated non-profit organizations.
West Yellowstone Airport Fund	Accounts for operations of the airport at West Yellowstone and is administered by the Department of Transportation. User airlines are assessed rental and landing fees.
Local Government Audits Fund	Accounts for the costs incurred by the Department of Administration for audits of local governments and the associated fees assessed.
Flexible Spending Administration Fund	Accounts for the fees collected from the participants in the Flexible Spending Programs and the related administrative costs of the plans administered by the Department of Administration and the Office of the Commissioner of Higher Education.
HUD Section 8 Housing Fund	Accounts for a program that provides rental assistance to low-income families throughout Montana.
Other Enterprise Funds	Includes several small enterprise funds administered by various agencies.

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
ASSETS				
Current assets:				
Cash/cash equivalents	$ 8,829	$ 10,769	$ 109	$ 1,530
Receivables, net	32,910	957	4,605	215
Interfund loans receivable	—	—	—	—
Due from other governments	—	—	—	—
Due from other funds	—	—	—	1
Inventories	1,313	—	755	4,751
Securities lending collateral	—	388	2	—
Other current assets	23	—	25	2
Total current assets	43,075	12,114	5,496	6,499
Noncurrent assets:				
Long-term investments	—	—	—	—
Long-term notes/loans receivable	—	—	—	—
Other long-term assets	—	—	1,630	291
Capital assets:				
Land	—	—	—	690
Land improvements	—	—	—	731
Buildings/improvements	2,243	—	112	6,264
Equipment	1,199	—	631	7,582
Infrastructure	—	—	—	1,175
Construction in progress	490	—	—	1,349
Intangible/right to use assets, net	60	—	311	—
Other capital assets	—	—	—	5,920
Less accumulated depreciation	(3,054)	—	(576)	(12,485)
Total capital assets	938	—	478	11,226
Total noncurrent assets	938	—	2,108	11,517
Total assets	44,013	12,114	7,604	18,016
DEFERRED OUTFLOWS OF RESOURCES	692	19	612	717
LIABILITIES				
Current liabilities:				
Accounts payable	10,179	958	1,068	353
Lottery prizes payable	—	—	4,105	—
Interfund loans payable	—	—	—	—
Due to other governments	—	—	—	—
Due to other funds	18,560	—	563	200
Unearned revenue	1,351	649	297	45
Right to use/financed purchase payable	22	—	213	—
Amounts held in custody for others	20	—	—	—
Securities lending liability	—	388	2	—
Estimated insurance claims	—	9	—	—
Compensated absences payable	241	11	174	224
Total current liabilities	30,373	2,015	6,422	822
Noncurrent liabilities:				
Lottery prizes payable	—	—	992	—
Advances from other funds	—	—	—	759
Right to use/financed purchase payable	39	—	108	—
Estimated insurance claims	—	—	—	—
Compensated absences payable	289	1	175	155
Net pension liability	2,459	86	2,375	1,189
Total OPEB liability	150	4	125	127
Total noncurrent liabilities	2,937	91	3,775	2,230
Total liabilities	33,310	2,106	10,197	3,052
DEFERRED INFLOWS OF RESOURCES	491	14	410	772
NET POSITION				
Net investment in capital assets	877	—	158	10,467
Restricted for:				
Public Entity Risk Pools	—	10,013	—	—
Other purposes	—	—	—	—
Unrestricted	10,027	—	(2,549)	4,442
Total net position	$ 10,904	$ 10,013	$ (2,391)	$ 14,909

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS
$ 76,982	$ 11,972	$ 2,873	$ 10,325	$ 781
2,763	80	251	59	76
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	311
3,082	684	100	345	10
3	—	—	108	4
82,830	12,736	3,224	10,837	1,182
14,554	3,939	—	—	45
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	64	—
—	—	—	—	—
—	—	—	—	—
270	39	—	3,667	—
—	—	—	—	—
—	—	—	(24)	—
270	39	—	3,707	—
14,824	3,978	—	3,707	45
97,654	16,714	3,224	14,544	1,227
195	20	—	569	59
6,146	26	—	751	29
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
268	—	—	3	45
35	5	—	—	—
—	—	—	20	—
3,082	684	100	345	10
12,007	1,759	1,310	—	—
69	3	—	220	14
21,607	2,477	1,410	1,339	98
—	—	—	—	—
—	—	—	—	—
244	35	—	—	—
—	2,492	774	—	—
158	13	—	433	9
722	93	—	2,443	183
76	6	—	115	15
1,200	2,639	774	2,991	207
22,807	5,116	2,184	4,330	305
197	19	—	381	45
(8)	(1)	—	3,707	—
74,853	11,600	1,040	—	—
—	—	—	—	—
—	—	—	6,695	936
$ 74,845	$ 11,599	$ 1,040	$ 10,402	$ 936

CONTINUES

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
ASSETS				
Current assets:				
Cash/cash equivalents	$ 800	$ 2,006	$ 495	$ 5,632
Receivables, net	11	106	22	100
Interfund loans receivable	—	34	—	—
Due from other governments	—	—	—	—
Due from other funds	—	—	—	—
Inventories	1,397	—	—	—
Securities lending collateral	—	—	—	141
Other current assets	1	—	—	222
Total current assets	2,209	2,146	517	6,095
Noncurrent assets:				
Long-term investments	—	—	—	—
Long-term notes/loans receivable	—	—	—	—
Other long-term assets	—	—	—	—
Capital assets:				
Land	—	110	—	—
Land improvements	—	3,099	—	—
Buildings/improvements	118	7,668	—	—
Equipment	311	1,142	—	—
Infrastructure	—	—	—	—
Construction in progress	—	44,690	—	—
Intangible/right to use assets, net	—	—	381	1
Other capital assets	—	—	—	—
Less accumulated depreciation	(271)	(5,746)	—	—
Total capital assets	158	50,963	381	1
Total noncurrent assets	158	50,963	381	1
Total assets	2,367	53,109	898	6,096
DEFERRED OUTFLOWS OF RESOURCES	109	40	120	—
LIABILITIES				
Current liabilities:				
Accounts payable	25	290	29	153
Lottery prizes payable	—	—	—	—
Interfund loans payable	—	—	—	—
Due to other governments	—	—	—	—
Due to other funds	—	—	—	—
Unearned revenue	—	—	—	—
Right to use/financed purchase payable	—	—	42	—
Amounts held in custody for others	—	—	—	—
Securities lending liability	—	—	—	141
Estimated insurance claims	—	—	—	—
Compensated absences payable	32	14	24	—
Total current liabilities	57	304	95	294
Noncurrent liabilities:				
Lottery prizes payable	—	—	—	—
Advances from other funds	—	—	—	—
Right to use/financed purchase payable	—	—	45	—
Estimated insurance claims	—	—	—	—
Compensated absences payable	49	17	6	—
Net pension Liability	412	163	515	—
Total OPEB liability	23	9	21	—
Total noncurrent liabilities	484	189	587	—
Total liabilities	541	493	682	294
DEFERRED INFLOWS OF RESOURCES	75	30	71	—
NET POSITION				
Net investment in capital assets	158	50,962	294	—
Restricted for:				
Public Entity Risk Pools	—	—	—	—
Other purposes	—	—	—	5,802
Unrestricted	1,702	1,664	(29)	—
Total net position	$ 1,860	$ 52,626	$ 265	$ 5,802

HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$ 12,363	$ 6,142	$ 151,608
37	100	42,292
—	—	34
429	14	443
—	—	1
—	264	8,791
80	60	4,892
83	1	472
12,992	6,581	208,533
—	—	18,538
26	—	26
—	—	1,921
—	—	800
—	—	3,830
—	40	16,445
—	442	11,371
—	—	1,175
—	—	46,529
1,374	1,191	7,294
—	—	5,920
—	(367)	(22,523)
1,374	1,306	70,841
1,400	1,306	91,326
14,392	7,887	299,859
322	519	3,993
307	188	20,502
—	—	4,105
180	35	215
29	—	29
—	—	19,323
361	450	3,469
78	258	653
—	—	40
80	60	4,892
—	—	15,085
92	127	1,245
1,127	1,118	69,558
—	—	992
—	1,740	2,499
1,396	980	2,847
—	—	3,266
157	55	1,517
1,302	1,829	13,771
75	84	830
2,930	4,688	25,722
4,057	5,806	95,280
263	334	3,102
(100)	69	66,583
—	—	97,506
10,494	3	16,299
—	2,194	25,082
$ 10,394	$ 2,266	$ 205,470

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Operating revenues:				
Charges for services	$ 147,155	$ —	$ 148,042	$ 8,672
Investment earnings (losses)	—	434	22	—
Securities lending income	—	—	—	—
Contributions/premiums	—	2,053	—	—
Grants/contracts/donations	—	5,201	—	—
Other operating revenues	198	—	—	52
Total operating revenues	147,353	7,688	148,064	8,724
Operating expenses:				
Personal services	4,132	300	3,132	3,645
Contractual services	338	22	17,801	279
Supplies/materials	119,719	16	1,271	2,479
Benefits/claims	—	2,140	—	—
Depreciation	73	—	42	471
Amortization	57	—	207	—
Utilities/rent	86	3	28	334
Communications	68	5	879	13
Travel	29	15	43	29
Repair/maintenance	103	—	17	589
Lottery prize payments	—	—	103,518	—
Securities lending expense	—	—	—	—
Interest expense	4	—	7	55
Other operating expenses	70	24	247	131
Total operating expenses	124,679	2,525	127,192	8,025
Operating income (loss)	22,674	5,163	20,872	699
Nonoperating revenues (expenses):				
Tax revenues	41,257	—	—	—
Gain (loss) on sale of capital assets	—	—	15	887
Capital contribution expense	(7)	—	—	—
Federal indirect cost recoveries	—	—	—	—
Total nonoperating revenues (expenses)	41,250	—	15	887
Income (loss) before contributions and transfers	63,924	5,163	20,887	1,586
Capital contributions	—	—	—	—
Transfers in	—	—	—	432
Transfers out	(62,905)	—	(20,883)	—
Change in net position	1,019	5,163	4	2,018
Total net position - July 1 - as previously reported	9,885	4,850	(2,395)	12,891
Total net position - July 1 - as adjusted	9,885	4,850	(2,395)	12,891
Total net position - June 30	$ 10,904	$ 10,013	$ (2,391)	$ 14,909

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS
$ —	$ —	$ —	$ 5,992	$ 911
4,969	713	108	467	8
28	9	—	—	—
107,965	3,328	1,714	—	—
—	—	—	—	7
12,514	—	—	2	127
125,476	4,050	1,822	6,461	1,053
1,122	197	—	3,714	334
6,578	815	—	1,577	239
9	—	—	733	507
138,406	2,481	1,115	—	—
—	—	—	6	—
36	5	—	311	—
1	—	—	90	59
36	1	—	379	29
67	1	—	59	5
—	—	—	1,257	4
—	—	—	—	—
22	7	—	—	—
5	—	—	—	—
306	675	—	204	35
146,588	4,182	1,115	8,330	1,212
(21,112)	(132)	707	(1,869)	(159)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	160	—
—	—	—	160	—
(21,112)	(132)	707	(1,709)	(159)
—	—	—	—	—
—	—	—	—	—
—	—	(41)	(110)	—
(21,112)	(132)	666	(1,819)	(159)
95,957	11,731	374	12,221	1,095
95,957	11,731	374	12,221	1,095
$ 74,845	$ 11,599	$ 1,040	$ 10,402	$ 936

CONTINUES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Operating revenues:				
Charges for services	$ 1,221	$ 310	$ 859	$ 113
Investment earnings (losses)	—	166	—	180
Securities lending income	—	—	—	—
Contributions/premiums	—	—	—	12,639
Grants/contracts/donations	—	—	—	—
Other operating revenues	—	415	7	3
Total operating revenues	1,221	891	866	12,935
Operating expenses:				
Personal services	558	244	775	—
Contractual services	34	—	77	171
Supplies/materials	1,535	—	16	—
Benefits/claims	—	—	—	12,467
Depreciation	17	534	—	—
Amortization	—	—	254	—
Utilities/rent	59	58	13	—
Communications	25	5	9	—
Travel	—	8	10	—
Repair/maintenance	11	37	1	—
Lottery prize payments	—	—	—	—
Securities lending expense	—	—	—	—
Interest expense	—	—	7	—
Other operating expenses	46	2	42	2
Total operating expenses	2,285	888	1,204	12,640
Operating income (loss)	(1,064)	3	(338)	295
Nonoperating revenues (expenses):				
Tax revenues	—	—	—	—
Gain (loss) on sale of capital assets	—	—	—	—
Capital contribution expense	—	—	—	—
Federal indirect cost recoveries	—	—	—	—
Total nonoperating revenues (expenses)	—	—	—	—
Income (loss) before contributions and transfers	(1,064)	3	(338)	295
Capital contributions	1,006	12,064	—	—
Transfers in	—	8	—	—
Transfers out	—	—	—	—
Change in net position	(58)	12,075	(338)	295
Total net position - July 1 - as previously reported	1,918	40,551	603	5,507
Total net position - July 1 - as adjusted	1,918	40,551	603	5,507
Total net position - June 30	$ 1,860	$ 52,626	$ 265	$ 5,802

HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$ —	$ 5,750	$ 319,025
529	64	7,660
—	—	37
—	—	127,699
63,824	2	69,034
—	15	13,333
64,353	5,831	536,788
1,890	2,414	22,457
2,330	1,013	31,274
47	1,013	127,345
59,460	—	216,069
—	35	1,178
95	469	1,434
15	168	914
80	124	1,653
31	46	343
202	304	2,525
—	—	103,518
—	—	29
25	23	126
299	324	2,407
64,474	5,933	511,272
(121)	(102)	25,516
—	—	41,257
—	—	902
—	—	(7)
—	—	160
—	—	42,312
(121)	(102)	67,828
—	—	13,070
—	220	660
—	(6)	(83,945)
(121)	112	(2,387)
10,515	2,154	207,857
10,515	2,154	207,857
$ 10,394	$ 2,266	$ 205,470

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt from sales and service	$ 148,844	$ 2,482	$ 152,285	$ 8,687
Payments to suppliers for goods and services	(121,351)	(5,451)	(26,374)	(5,450)
Payments to employees	(4,318)	(302)	(3,201)	(4,046)
Grant receipts (expenses)	—	5,201	—	—
Cash payments for claims	—	(2,179)	—	—
Cash payments for prizes	—	—	(103,380)	—
Other operating revenues	197	—	—	52
Other operating payments	(70)	(24)	(246)	(131)
Net cash provided by (used for) operating activities	23,302	(273)	19,084	(888)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collection of taxes	41,257	—	—	—
Transfer to other funds	(62,905)	—	(20,883)	—
Transfer from other funds	—	—	—	432
Proceeds from interfund loans/advances issued or cash receipts from interfund loans/advances repayments	—	—	—	—
Cash paid or repayment of interfund loans and advances	—	—	—	(180)
Payment of principal and interest on bonds and notes	—	—	—	(55)
Grant receipts and Federal indirect cost recoverable	—	—	—	—
Net cash provided by (used for) noncapital financing activities	(21,648)	—	(20,883)	197
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of principal and interest - capital related	(88)	—	(217)	—
Acquisition of capital assets	(217)	—	—	(231)
Payments for construction projects that are contributed to other funds	(7)	—	—	—
Proceeds from sale of capital assets	—	—	26	32
Net cash provided by (used for) capital and related financing activities	(312)	—	(191)	(199)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from securities lending transactions/investments	—	—	—	—
Interest and dividends on investments	—	442	22	—
Payment of securities lending costs	—	—	—	—
Net cash provided by (used for) investing activities	—	442	22	—
Net increase (decrease) in cash and cash equivalents	1,342	169	(1,968)	(890)
Cash and cash equivalents, July 1	7,487	10,600	2,077	2,420
Cash and cash equivalents, June 30	$ 8,829	$ 10,769	$ 109	$ 1,530

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATION
$ 108,867	$ 3,328	$ 1,718	$ 5,984	$ 906
(4,077)	(482)	—	(3,344)	(641)
(1,024)	(108)	—	(3,774)	(342)
—	—	—	—	7
(136,091)	(2,151)	(1,189)	—	—
—	—	—	—	—
12,514	—	—	2	127
(306)	(675)	—	(203)	(35)
(20,117)	(88)	529	(1,335)	22
—	—	—	—	—
—	—	(41)	(110)	—
—	—	—	—	—
1,037	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	160	—
1,037	—	(41)	50	—
(39)	(5)	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
(39)	(5)	—	—	—
28	9	—	—	—
4,773	646	108	482	6
(22)	(7)	—	—	—
4,779	648	108	482	6
(14,340)	555	596	(803)	28
91,322	11,417	2,277	11,128	753
$ 76,982	$ 11,972	$ 2,873	$ 10,325	$ 781

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt from sales and service	$ 1,240	$ 349	$ 853	$ 12,667
Payments to suppliers for goods and services	(375)	(1,093)	(128)	(105)
Payments to employees	(565)	(232)	(635)	—
Grant receipts (expenses)	—	—	—	—
Cash payments for claims	—	—	—	(12,467)
Cash payments for prizes	—	—	—	—
Other operating revenues	—	416	7	3
Other operating payments	(46)	(1)	(42)	(2)
Net cash provided by (used for) operating activities	254	(561)	55	96
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Collection of taxes	—	—	—	—
Transfer to other funds	—	—	—	—
Transfer from other funds	—	8	—	—
Proceeds from interfund loans/advances issued or cash receipts from interfund loans/advances repayments	—	315	—	—
Cash paid or repayment of interfund loans and advances	—	(136)	—	—
Payment of principal and interest on bonds and notes	—	—	—	—
Grant receipts and Federal indirect cost recoverable	—	—	—	—
Net cash provided by (used for) noncapital financing activities	—	187	—	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment of principal and interest - capital related	—	—	(47)	—
Acquisition of capital assets	(88)	(1,349)	—	—
Payments for construction projects that are contributed to other funds	—	—	—	—
Proceeds from sale of capital assets	—	—	—	—
Net cash used for capital and related financing activities	(88)	(1,349)	(47)	—
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds (loss) from securities lending transactions/investments	—	—	—	—
Interest and dividends on investments	—	164	—	182
Payment of securities lending costs	—	—	—	—
Net cash provided by (used for) investing activities	—	164	—	182
Net increase (decrease) in cash and cash equivalents	166	(1,559)	8	278
Cash and cash equivalents, July 1	634	3,565	487	5,354
Cash and cash equivalents, June 30	$ 800	$ 2,006	$ 495	$ 5,632

	HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$	13	$ 5,751	$ 453,974
	(2,425)	(2,308)	(173,604)
	(1,921)	(2,171)	(22,639)
	63,842	(12)	69,038
	(59,460)	—	(213,537)
	—	—	(103,380)
	—	15	13,333
	(297)	(324)	(2,402)
	(248)	951	20,783
	—	—	41,257
	—	(6)	(83,945)
	—	220	660
	180	35	1,567
	(160)	(60)	(536)
	—	—	(55)
	—	—	160
	20	189	(40,892)
	(96)	(478)	(970)
	—	—	(1,885)
	—	—	(7)
	—	—	58
	(96)	(478)	(2,804)
	—	—	37
	529	63	7,417
	—	—	(29)
	529	63	7,425
	205	725	(15,488)
	12,158	5,417	167,096
$	12,363	$ 6,142	$ 151,608

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	LIQUOR WAREHOUSE	HAIL INSURANCE	STATE LOTTERY	PRISON INDUSTRIES
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 22,674	$ 5,163	$ 20,872	$ 699
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:				
Depreciation	73	—	42	471
Amortization	57	—	207	—
Securities lending expense	—	—	—	—
Investment earnings	—	(434)	(22)	—
Securities lending income	—	—	—	—
Interest expense	4	—	7	55
Change in assets, deferred outflows, liabilities, and deferred inflows :				
Decr (Incr) in accounts receivable	1,689	428	4,560	11
Decr (Incr) in due from other funds	—	—	—	5
Decr (Incr) in due from other governments	—	—	—	—
Decr (Incr) in inventories	(147)	—	(98)	(623)
Decr (Incr) in other assets	—	—	(316)	2
Incr (Decr) in accounts payable	(355)	(110)	280	(1,021)
Incr (Decr) in due to other funds	(557)	—	(6,408)	(7)
Incr (Decr) in due to other governments	—	—	—	—
Incr (Decr) in lottery prizes payable	—	—	138	—
Incr (Decr) in unearned revenue	74	(5,277)	(15)	(55)
Incr (Decr) in amounts held in custody for others	—	—	(73)	—
Incr (Decr) in compensated absences payable	28	3	6	11
Incr (Decr) in total OPEB liability and related accounts	(8)	1	8	9
Incr (Decr) in estimated claims	—	(39)	—	—
Incr (Decr) in net pension liability and related accounts	(230)	(8)	(104)	(445)
Net cash provided by (used for) operating activities	23,302	(273)	19,084	(888)
Schedule of noncash transactions:				
Capital asset acquisitions from contributed capital	$ —	$ —	$ —	$ —
Incr (Decr) in fair value of investments	—	—	—	—
Total noncash transactions	$ —	$ —	$ —	$ —

MUS GROUP INSURANCE	MUS WORKERS COMPENSATION	SUBSEQUENT INJURY	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATION
$ (21,112)	$ (132)	$ 707	$ (1,869)	$ (159)
—	—	—	6	—
36	5	—	311	—
22	7	—	—	—
(4,969)	(713)	(108)	(467)	(8)
(28)	(9)	—	—	—
5	—	—	—	—
903	(16)	5	(8)	(5)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	248
(3)	314	—	274	2
2,645	22	—	516	(10)
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
(16)	—	—	(30)	(34)
—	—	—	—	—
43	1	—	—	1
(2)	(3)	—	(4)	5
2,315	346	(75)	—	—
44	90	—	(64)	(18)
(20,117)	(88)	529	(1,335)	22
$ —	$ —	$ —	$ —	$ —
323	70	—	—	1
$ 323	$ 70	$ —	$ —	$ 1

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	FLEXIBLE SPENDING ADMINISTRATION
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ (1,064)	$ 3	$ (338)	$ 295
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:				
Depreciation	17	534	—	—
Amortization	—	—	254	—
Securities lending expense	—	—	—	—
Investment earnings	—	(166)	—	(180)
Securities lending income	—	—	—	—
Interest expense	—	—	7	—
Change in assets, deferred outflows, liabilities, and deferred inflows:				
Decr (Incr) in accounts receivable	19	39	(7)	(85)
Decr (Incr) in due from other funds	—	—	—	—
Decr (Incr) in due from other governments	—	—	—	—
Decr (Incr) in inventories	1,292	—	—	—
Decr (Incr) in other assets	(1)	—	5	—
Incr (Decr) in accounts payable	2	(975)	(4)	66
Incr (Decr) in due to other funds	—	—	—	—
Incr (Decr) in due to other governments	—	—	—	—
Incr (Decr) in lottery prizes payable	—	—	—	—
Incr (Decr) in unearned revenue	—	(6)	—	—
Incr (Decr) in amounts held in custody for others	—	—	—	—
Incr (Decr) in compensated absences payable	10	10	(25)	—
Incr (Decr) in total OPEB liability and related accounts	(1)	—	14	—
Incr (Decr) in estimated claims	—	—	—	—
Incr (Decr) in net pension liability and related accounts	(20)	—	149	—
Net cash provided by (used for) operating activities	254	(561)	55	96
Schedule of noncash transactions:				
Capital asset acquisitions from contributed capital	$ 1,006	$ 12,064	$ —	$ —
Incr (Decr) in fair value of investments	—	1	—	—
Total noncash transactions	$ 1,006	$ 12,065	$ —	$ —

HUD SECTION 8 HOUSING	OTHER ENTERPRISE FUNDS	TOTAL
$ (121)	$ (102)	$ 25,516
—	35	1,178
95	469	1,434
—	—	29
(529)	(64)	(7,660)
—	—	(37)
25	23	126
15	1	7,549
—	—	5
18	(14)	4
—	(16)	656
8	—	285
(66)	26	1,016
—	—	(6,972)
(4)	—	(4)
—	—	138
361	370	(4,628)
—	—	(73)
33	10	131
(3)	10	26
—	—	2,547
(80)	203	(483)
(248)	951	20,783
$ —	$ —	$ 13,070
—	—	395
$ —	$ —	$ 13,465

Internal Service Funds

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

FWP Equipment Fund	Accounts for inter/intra-departmental sales and use of Department of Fish, Wildlife, and Parks (FWP) equipment.
Highway Equipment Fund	Accounts for inter/intra-departmental sales and use of Department of Transportation equipment.
Employee Group Benefits Fund	Receives employee (excluding Montana University System) withholdings and state contributions to the medical self-insurance plan.
Information Technology Services Fund	Accounts for fees assessed to State agencies and private users for their use of the State's phone system, centralized data processing, and systems design services.
Administration Insurance Fund	Accounts for the State's property self-insurance program, including liability, property, flood, etc.
Motor Pool Fund	Accounts for the fees associated with State employees use of State vehicles for State business.
Print & Mail Services Fund	Accounts for fees assessed to State agencies for duplicating, typesetting, forms design, and graphic arts services.
Buildings & Grounds Fund	Accounts for rental proceeds from State agencies are used to pay maintenance, security, and landscaping costs for state-owned property.
Central Service Fund	Consists of four funds, used by the Department of Administration, the Department of Labor and Industry, the Department of Commerce, and the Office of Public Instruction, for administrative services provided on a cost recovery basis to programs within the departments.

DEQ Indirect Cost Pool Fund	Accounts for funds collected as indirect costs from the operating units of the Department of Environmental Quality and to fund the department's indirect cost pool operations that provide services to the department.
Payroll Processing Fund	Accounts for the payments received from State agencies for the costs associated with the processing of payroll warrants. This fund also implements and maintains the State’s central human resource reporting system.
Warrant Processing Fund	Accounts for the payments received from State agencies for the costs associated with the processing of all warrants other than payroll.
Investment Division Fund	Accounts for costs associated with operations of the Board of Investments (BOI), allocated based on the dollar volume of investments held by user State agencies.
Aircraft Operation Fund	Accounts for fees charged to users of State aircraft and is used by the Department of Natural Resources and Conservation.
Justice Training Fund	Accounts for fees the Attorney General's Office and the Department of Justice charge other state agencies for legal assistance.
Personnel Training Fund	Accounts for fees charged to State agencies in order to provide training to State employees.
Debt Collection Fund	Accounts for fees charged for the collection of bad debts.
Prison Industries Fund	Provides training and employment for inmates, where the products produced are primarily sold to other State agencies.
Other Internal Service Funds	Includes several small internal service funds administered by various State agencies.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
ASSETS					
Current assets:					
Cash/cash equivalents	$ 4,134	$ 8,301	$ 120,150	$ 5,456	$ 100,519
Receivables, net	—	132	13,913	36	351
Due from other governments	—	—	—	—	—
Due from other funds	—	—	—	—	—
Due from component units	—	—	—	29	—
Inventories	—	6,399	—	—	—
Securities lending collateral	—	—	5,543	—	3,373
Other current assets	—	—	1,990	8	—
Total current assets	4,134	14,832	141,596	5,529	104,243
Noncurrent assets:					
Long-term investments	—	—	38,984	—	—
Capital assets:					
Land improvements	—	—	—	—	—
Buildings/improvements	—	—	—	—	—
Equipment	28,417	220,982	—	38,493	8
Construction in progress	—	7,121	—	—	—
Intangible/right to use assets, net	—	—	—	4,145	—
Less accumulated depreciation	(16,471)	(140,378)	—	(32,688)	(8)
Total capital assets	11,946	87,725	—	9,950	—
Total noncurrent assets	11,946	87,725	38,984	9,950	—
Total assets	16,080	102,557	180,580	15,479	104,243
DEFERRED OUTFLOWS OF RESOURCES	1,060	1,854	251	4,142	310
LIABILITIES					
Current liabilities:					
Accounts payable	421	932	10,315	3,621	438
Interfund loans payable	—	—	—	—	—
Due to other funds	507	—	—	—	—
Unearned revenue	—	—	641	—	—
Right to use/financed purchase payable	—	—	—	4,753	—
Amounts held in custody for others	—	—	—	—	—
Securities lending liability	—	—	5,543	—	3,373
Estimated insurance claims	—	—	22,153	—	9,006
Compensated absences payable	400	667	84	1,321	120
Total current liabilities	1,328	1,599	38,736	9,695	12,937
Noncurrent liabilities:					
Advances from other funds	1,478	—	—	—	—
Right to use/financed purchase payable	—	—	—	2,340	—
Estimated insurance claims	—	—	224	—	20,709
Compensated absences payable	294	469	22	1,693	288
Net pension liability	3,141	7,764	995	17,769	1,312
Total OPEB liability	322	410	50	721	55
Total noncurrent liabilities	5,235	8,643	1,291	22,523	22,364
Total liabilities	6,563	10,242	40,027	32,218	35,301
DEFERRED INFLOWS OF RESOURCES	990	1,344	163	2,455	187
NET POSITION					
Net investment in capital assets	9,869	87,705	—	2,539	—
Unrestricted	(282)	5,120	140,641	(17,591)	69,065
Total net position	$ 9,587	$ 92,825	$ 140,641	$ (15,052)	$ 69,065

MOTOR POOL	PRINT & MAIL SERVICES	BUILDING & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 1,036	$ 2,700	$ 2,184	$ 1,109	$ 2,574	$ 655	$ 678
—	32	3	—	—	—	—
—	—	—	—	—	—	—
—	10	9	—	—	—	—
—	—	—	—	—	—	—
6	685	—	—	—	—	—
—	—	—	—	—	—	—
—	458	5	1	657	84	—
1,042	3,885	2,201	1,110	3,231	739	678
—	—	—	—	—	—	—
—	—	95	—	—	—	—
—	—	1,091	—	—	—	—
31,383	2,516	1,877	—	13	—	—
—	—	85	—	—	—	—
—	284	5,531	—	2,104	1,544	—
(18,237)	(1,861)	(1,911)	—	(12)	—	—
13,146	939	6,768	—	2,105	1,544	—
13,146	939	6,768	—	2,105	1,544	—
14,188	4,824	8,969	1,110	5,336	2,283	678
101	488	847	352	1,436	379	499
57	330	1,038	101	842	208	102
—	—	—	—	267	—	—
2,092	—	—	—	—	—	—
—	—	—	—	—	—	—
—	62	524	—	483	88	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
29	146	357	104	583	153	147
2,178	538	1,919	205	2,175	449	249
5,003	—	—	—	—	—	—
—	228	4,970	—	1,767	1,568	—
—	—	—	—	—	—	—
51	116	150	259	646	197	110
411	1,725	3,302	1,514	6,781	1,755	1,953
23	112	172	61	281	73	85
5,488	2,181	8,594	1,834	9,475	3,593	2,148
7,666	2,719	10,513	2,039	11,650	4,042	2,397
75	359	566	207	1,228	276	286
6,050	642	1,274	—	(145)	(113)	—
498	1,592	(2,537)	(784)	(5,961)	(1,543)	(1,506)
$ 6,548	$ 2,234	$ (1,263)	$ (784)	$ (6,106)	$ (1,656)	$ (1,506)

CONTINUES

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
ASSETS					
Current assets:					
Cash/cash equivalents	$ 2,712	$ 1,078	$ 121	$ 1,420	$ 1,475
Receivables, net	3	—	—	—	2
Due from other governments	—	—	—	—	7
Due from other funds	—	—	—	—	—
Due from component units	—	—	—	—	—
Inventories	—	—	—	—	—
Securities lending collateral	—	—	—	—	—
Other current assets	61	8	2	3	—
Total current assets	2,776	1,086	123	1,423	1,484
Noncurrent assets:					
Long-term investments	—	—	—	—	—
Capital assets:					
Land improvements	—	—	—	—	—
Buildings/improvements	—	—	—	—	—
Equipment	538	—	149	—	198
Construction in progress	7	—	—	—	—
Intangible/right to use assets, net	2,375	—	—	—	—
Less accumulated depreciation	(495)	—	(145)	—	(174)
Total capital assets	2,425	—	4	—	24
Total noncurrent assets	2,425	—	4	—	24
Total assets	5,201	1,086	127	1,423	1,508
DEFERRED OUTFLOWS OF RESOURCES	741	409	76	671	259
LIABILITIES					
Current liabilities:					
Accounts payable	284	251	20	270	89
Interfund loans payable	—	—	275	—	—
Due to other funds	—	—	—	—	—
Unearned revenue	—	—	—	—	—
Right to use/financed purchase payable	548	—	—	—	—
Amounts held in custody for others	—	—	—	—	—
Securities lending liability	—	—	—	—	—
Estimated insurance claims	—	—	—	—	—
Compensated absences payable	306	175	22	359	78
Total current liabilities	1,138	426	317	629	167
Noncurrent liabilities:					
Advances from other funds	—	—	—	—	—
Right to use/financed purchase payable	1,891	—	—	—	—
Estimated insurance claims	—	—	—	—	—
Compensated absences payable	357	290	—	576	121
Net pension liability	3,221	1,751	274	3,547	899
Total OPEB liability	158	71	17	100	48
Total noncurrent liabilities	5,627	2,112	291	4,223	1,068
Total liabilities	6,765	2,538	608	4,852	1,235
DEFERRED INFLOWS OF RESOURCES	559	242	55	422	156
NET POSITION					
Net investment in capital assets	(14)	—	3	—	24
Unrestricted	(1,368)	(1,285)	(463)	(3,180)	352
Total net position	$ (1,382)	$ (1,285)	$ (460)	$ (3,180)	$ 376

JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 3	$ 234	$ 758	$ 5,008	$ 476	$ 2,088	$ 264,869
2	—	—	542	—	—	15,016
—	—	—	—	—	—	7
—	—	—	—	—	—	19
—	—	—	—	—	—	29
—	—	—	2,525	—	—	9,615
—	—	—	—	—	—	8,916
—	—	—	—	—	73	3,350
5	234	758	8,075	476	2,161	301,821
—	—	—	—	—	—	38,984
—	—	—	—	—	—	95
—	—	—	8,144	—	—	9,235
17	—	—	6,350	—	71	331,012
—	—	—	128	—	—	7,341
—	—	—	—	137	—	16,120
(15)	—	—	(7,834)	—	(64)	(220,293)
2	—	—	6,788	137	7	143,510
2	—	—	6,788	137	7	182,494
7	234	758	14,863	613	2,168	484,315
118	19	53	487	147	368	15,067
28	110	103	208	45	702	20,515
—	—	—	—	—	—	542
—	—	—	219	—	—	2,818
—	—	—	104	—	—	745
—	—	—	—	18	—	6,476
—	—	462	—	—	—	462
—	—	—	—	—	—	8,916
—	—	—	—	—	—	31,159
37	6	10	121	46	121	5,392
65	116	575	652	109	823	77,025
—	—	—	2,047	—	—	8,528
—	—	—	—	124	—	12,888
—	—	—	—	—	—	20,933
14	9	—	98	80	234	6,074
298	77	186	805	601	1,587	61,668
36	3	14	94	37	63	3,006
348	89	200	3,044	842	1,884	113,097
413	205	775	3,696	951	2,707	190,122
111	12	45	526	105	216	10,585
1	—	—	4,477	(4)	7	112,315
(400)	36	(9)	6,651	(292)	(394)	186,360
$ (399)	$ 36	$ (9)	$ 11,128	$ (296)	$ (387)	$ 298,675

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
Operating revenues:					
Charges for services	$ 14,973	$ 44,415	$ 1,006	$ 69,491	$ —
Investment earnings (losses)	—	—	8,527	—	4,979
Securities lending income	—	—	81	—	—
Contributions/premiums	—	—	205,647	—	—
Grants/contracts/donations	—	—	6,116	—	—
Other operating revenues	41	2	21,852	29	1,626
Total operating revenues	15,014	44,417	243,229	69,520	6,605
Operating expenses:					
Personal services	6,339	10,497	1,301	23,225	1,690
Contractual services	148	275	20,644	1,366	13,952
Supplies/materials	2,337	7,798	25	986	29
Benefits/claims	—	—	249,449	—	10,537
Depreciation	2,275	8,179	—	2,302	—
Amortization	—	—	—	7,743	30
Utilities/rent	45	150	126	815	41
Communications	50	4	126	7,489	40
Travel	980	122	4	100	18
Repair/maintenance	1,488	9,110	—	22,347	3
Grants	—	—	—	—	284
Securities lending expense	—	—	63	—	—
Interest expense	116	—	—	914	1
Other operating expenses	134	580	500	1,455	203
Total operating expenses	13,912	36,715	272,238	68,742	26,828
Operating income (loss)	1,102	7,702	(29,009)	778	(20,223)
Nonoperating revenues (expenses):					
Insurance proceeds	2	—	—	—	174
Gain (loss) on sale of capital assets	(29)	339	—	—	—
Capital contribution expense	—	—	—	(16)	(3,609)
Federal indirect cost recoveries	—	—	—	—	—
Total nonoperating revenues (expenses)	(27)	339	—	(16)	(3,435)
Income (loss) before contributions and transfers	1,075	8,041	(29,009)	762	(23,658)
Capital contributions	—	1,161	—	—	—
Transfers in	—	—	—	—	769
Transfers out	—	—	—	—	—
Changes in net position	1,075	9,202	(29,009)	762	(22,889)
Total net position - July 1 - as previously reported	8,512	83,623	169,650	(15,814)	91,954
Total net position - July 1 - as adjusted	8,512	83,623	169,650	(15,814)	91,954
Total net position - June 30	$ 9,587	$ 92,825	$ 140,641	$ (15,052)	$ 69,065

MOTOR POOL	PRINT & MAIL SERVICES	BUILDING & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 6,459	$ 13,785	$ 12,390	$ 2,559	$ 19,689	$ 1	$ 1,656
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	2,387	—
6,459	13,785	12,390	2,559	19,689	2,388	1,656
578	2,395	4,723	2,031	8,935	2,296	2,172
316	289	2,190	125	9,182	117	359
1,742	3,179	556	26	1,161	71	38
—	—	—	—	—	—	—
2,164	194	145	—	—	—	—
—	58	672	—	572	107	—
76	312	2,243	71	225	17	75
—	6,234	87	34	843	28	113
1	6	4	11	61	16	—
780	578	1,958	4	1	3	2
—	—	—	—	—	—	—
—	—	—	—	—	—	—
522	13	303	—	126	28	—
114	275	580	50	1,816	30	74
6,293	13,533	13,461	2,352	22,922	2,713	2,833
166	252	(1,071)	207	(3,233)	(325)	(1,177)
58	—	—	—	—	—	—
100	—	42	—	—	—	—
—	(138)	(157)	—	—	—	—
—	—	—	—	3,750	484	1,664
158	(138)	(115)	—	3,750	484	1,664
324	114	(1,186)	207	517	159	487
—	—	—	—	—	—	—
—	—	963	—	16	—	—
—	—	(318)	(220)	—	—	—
324	114	(541)	(13)	533	159	487
6,224	2,120	(722)	(771)	(6,639)	(1,815)	(1,993)
6,224	2,120	(722)	(771)	(6,639)	(1,815)	(1,993)
$ 6,548	$ 2,234	$ (1,263)	$ (784)	$ (6,106)	$ (1,656)	$ (1,506)

CONTINUES

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
Operating revenues:					
Charges for services	$ 5,460	$ 3,849	$ 993	$ 7,827	$ 1,925
Investment earnings (losses)	—	—	—	—	—
Securities lending income	—	—	—	—	—
Contributions/premiums	—	—	—	—	—
Grants/contracts/donations	—	—	—	—	—
Other operating revenues	—	—	—	—	—
Total operating revenues	5,460	3,849	993	7,827	1,925
Operating expenses:					
Personal services	4,836	2,300	434	4,701	1,117
Contractual services	1,084	481	260	1,232	39
Supplies/materials	292	34	5	70	812
Benefits/claims	—	—	—	—	—
Depreciation	1	—	—	—	10
Amortization	622	—	—	—	—
Utilities/rent	1,186	65	9	378	209
Communications	107	31	532	37	34
Travel	24	13	—	155	—
Repair/maintenance	—	898	—	—	261
Grants	—	—	—	—	—
Securities lending expense	—	—	—	—	—
Interest expense	51	—	—	—	—
Other operating expenses	204	251	23	728	36
Total operating expenses	8,407	4,073	1,263	7,301	2,518
Operating income (loss)	(2,947)	(224)	(270)	526	(593)
Nonoperating revenues (expenses):					
Insurance proceeds	—	—	—	—	—
Gain (loss) on sale of capital assets	—	—	—	—	—
Capital contribution expense	—	—	—	—	—
Federal indirect cost recoveries	2,980	—	—	—	—
Total nonoperating revenues (expenses)	2,980	—	—	—	—
Income (loss) before contributions and transfers	33	(224)	(270)	526	(593)
Capital contributions	—	—	—	—	—
Transfers in	—	—	—	—	1,665
Transfers out	—	—	—	—	—
Changes in net position	33	(224)	(270)	526	1,072
Total net position - July 1 - as previously reported	(1,415)	(1,061)	(190)	(3,706)	(696)
Total net position - July 1 - as adjusted	(1,415)	(1,061)	(190)	(3,706)	(696)
Total net position - June 30	$ (1,382)	$ (1,285)	$ (460)	$ (3,180)	$ 376

JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 1,025	$ 410	$ 235	$ 12,421	$ 808	$ 4,796	$ 226,173
—	—	—	—	—	—	13,506
—	—	—	—	—	—	81
—	—	—	—	—	—	205,647
—	—	—	—	—	—	6,116
—	—	—	173	—	—	26,110
1,025	410	235	12,594	808	4,796	477,633
120	99	309	2,081	918	1,952	85,049
—	198	37	337	56	613	53,300
—	3	3	8,091	15	119	27,392
—	—	—	—	—	—	259,986
—	—	—	997	—	—	16,267
—	—	—	—	18	—	9,822
—	11	2	73	33	44	6,206
—	3	16	1	12	23	15,844
—	—	1	12	6	13	1,547
—	—	—	54	3	1,709	39,199
—	—	—	—	—	—	284
—	—	—	—	—	—	63
—	—	—	125	2	—	2,201
—	191	—	6	54	143	7,447
120	505	368	11,777	1,117	4,616	524,607
905	(95)	(133)	817	(309)	180	(46,974)
—	—	—	—	—	—	234
—	—	—	—	—	—	452
—	—	(2)	—	—	—	(3,922)
—	—	—	—	353	—	9,231
—	—	(2)	—	353	—	5,995
905	(95)	(135)	817	44	180	(40,979)
—	—	—	—	—	—	1,161
—	—	—	—	—	—	3,413
—	—	—	—	—	—	(538)
905	(95)	(135)	817	44	180	(36,943)
(1,304)	131	126	10,311	(340)	(567)	335,618
(1,304)	131	126	10,311	(340)	(567)	335,618
$ (399)	$ 36	$ (9)	$ 11,128	$ (296)	$ (387)	$ 298,675

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from sales and service	$ 14,973	$ 44,539	$ 206,875	$ 69,504	$ —
Payments to suppliers for goods and services	(4,985)	(18,392)	(17,106)	(31,632)	(15,620)
Payments to employees	(6,166)	(10,661)	(1,345)	(23,468)	(1,761)
Grant receipts (expenses)	—	—	6,116	—	(284)
Cash payments for claims	—	—	(249,400)	—	(8,840)
Other operating revenues	41	2	21,852	29	1,626
Other operating payments	(134)	(351)	(500)	(1,455)	(203)
Net cash provided by (used for) operating activities	3,729	15,137	(33,508)	12,978	(25,082)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to other funds	—	—	—	—	—
Transfer from other funds	—	—	—	—	769
Proceeds from interfund loans/advances issued or cash receipts from interfund loans/advances repayments	923	—	—	—	—
Cash paid or repayment of interfund loans and advances	(3,075)	—	—	—	—
Payment of principal and interest on bonds and notes	(116)	—	—	—	—
Net cash provided by (used for) noncapital financing activities	(2,268)	—	—	—	769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	2	—	—	—	174
Payment of principal and interest - capital related	—	—	—	(10,394)	(35)
Acquisition of capital assets	(443)	(15,350)	—	(273)	—
Payments for construction projects that are contributed to other funds	—	—	—	(16)	(3,609)
Proceeds from sale of capital assets	—	424	—	—	—
Net cash used for capital and related financing activities	(441)	(14,926)	—	(10,683)	(3,470)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from securities lending transactions	—	—	81	—	—
Interest and dividends on investments	—	—	7,973	—	5,161
Payment of securities lending costs	—	—	(63)	—	—
Net cash provided by (used for) investing activities	—	—	7,991	—	5,161
Net increase (decrease) in cash and cash equivalents	1,020	211	(25,517)	2,295	(22,622)
Cash and cash equivalents, July 1	3,114	8,090	145,667	3,161	123,141
Cash and cash equivalents, June 30	$ 4,134	$ 8,301	$ 120,150	$ 5,456	$ 100,519

MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 6,459	$ 13,887	$ 12,457	$ 2,559	$ 19,689	$ 1	$ 1,656
(2,784)	(10,686)	(7,091)	(270)	(12,022)	(268)	(604)
(597)	(2,433)	(4,593)	(2,015)	(9,047)	(2,449)	(2,061)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	3,750	2,871	1,664
(6)	(275)	(580)	(50)	(1,816)	(30)	(74)
3,072	493	193	224	554	125	581
—	—	(318)	(220)	—	—	—
—	—	963	—	16	—	—
4,787	—	—	—	267	—	—
(5,595)	—	—	—	—	—	—
(522)	—	—	—	—	—	—
(1,330)	—	645	(220)	283	—	—
58	—	—	—	—	—	—
—	(65)	(743)	—	(487)	(108)	—
(1,881)	(67)	(467)	—	—	—	—
—	(138)	(157)	—	—	—	—
368	—	72	—	—	—	—
(1,455)	(270)	(1,295)	—	(487)	(108)	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
287	223	(457)	4	350	17	581
749	2,477	2,641	1,105	2,224	638	97
$ 1,036	$ 2,700	$ 2,184	$ 1,109	$ 2,574	$ 655	$ 678

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from sales and service	$ 5,460	$ 3,849	$ 993	$ 7,827	$ 1,925
Payments to suppliers for goods and services	(2,721)	(1,503)	(825)	(1,920)	(1,365)
Payments to employees	(4,840)	(2,306)	(383)	(4,871)	(1,474)
Grant receipts (expenses)	—	—	—	—	(7)
Cash payments for claims	—	—	—	—	—
Other operating revenues	2,980	—	—	—	—
Other operating payments	(204)	(251)	(23)	(728)	(36)
Net cash provided by (used for) operating activities	675	(211)	(238)	308	(957)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer to other funds	—	—	—	—	—
Transfer from other funds	—	—	—	—	1,665
Proceeds from interfund loans/advances issued or cash receipts from interfund loans/advances repayments	—	—	275	—	—
Cash paid or repayment of interfund loans and advances	—	—	—	—	—
Payment of principal and interest on bonds and notes	—	—	—	—	—
Net cash provided by (used for) noncapital financing activities	—	—	275	—	1,665
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from insurance	—	—	—	—	—
Payment of principal and interest - capital related	(664)	—	—	—	—
Acquisition of capital assets	(7)	—	—	—	—
Payments for construction projects that are contributed to other funds	—	—	—	—	—
Proceeds from sale of capital assets	—	—	—	—	—
Net cash used for capital and related financing activities	(671)	—	—	—	—
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds (loss) from securities lending transactions	—	—	—	—	—
Interest and dividends on investments	—	—	—	—	—
Payment of securities lending costs	—	—	—	—	—
Net cash provided by (used for) investing activities	—	—	—	—	—
Net increase (decrease) in cash and cash equivalents	4	(211)	37	308	708
Cash and cash equivalents, July 1	2,708	1,289	84	1,112	767
Cash and cash equivalents, June 30	$ 2,712	$ 1,078	$ 121	$ 1,420	$ 1,475

JUSTICE LEGAL SERVICES	PERSONAL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 1,025	$ 410	$ 505	$ 12,339	$ 808	$ 4,796	$ 432,536
(30)	(113)	(59)	(8,710)	(120)	(2,293)	(141,119)
(183)	(101)	(284)	(2,189)	(877)	(2,063)	(86,167)
58	—	—	—	—	—	5,883
—	—	—	—	—	—	(258,240)
—	—	—	173	353	—	35,341
—	(191)	—	(6)	(54)	(143)	(7,110)
870	5	162	1,607	110	297	(18,876)
—	—	—	—	—	—	(538)
—	—	—	—	—	—	3,413
—	—	—	351	—	—	6,603
(880)	—	—	(525)	—	—	(10,075)
—	—	—	(125)	—	—	(763)
(880)	—	—	(299)	—	—	(1,360)
—	—	—	—	—	—	234
—	—	—	—	(20)	—	(12,516)
—	—	—	(149)	—	—	(18,637)
—	—	(2)	—	—	—	(3,922)
—	—	—	—	—	—	864
—	—	(2)	(149)	(20)	—	(33,977)
—	—	—	—	—	—	81
—	—	—	—	—	—	13,134
—	—	—	—	—	—	(63)
—	—	—	—	—	—	13,152
(10)	5	160	1,159	90	297	(41,061)
13	229	598	3,849	386	1,791	305,930
$ 3	$ 234	$ 758	$ 5,008	$ 476	$ 2,088	$ 264,869

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	FWP EQUIPMENT	HIGHWAY EQUIPMENT	EMPLOYEE GROUP BENEFITS	INFO TECH SERVICES	ADMIN INSURANCE
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ 1,102	$ 7,702	$ (29,009)	$ 778	$ (20,223)
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:					
Depreciation	2,275	8,179	—	2,302	—
Amortization	—	—	—	7,743	30
Securities lending expense	—	—	63	—	—
Investment earnings	—	—	(8,527)	—	(4,979)
Securities lending income	—	—	(81)	—	—
Interest expense	116	—	—	914	1
Other revenue	—	—	—	—	—
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Decr (Incr) in accounts receivable	—	124	222	42	—
Decr (Incr) in due from other funds	—	—	—	—	—
Decr (Incr) in due from component units	—	—	—	(29)	—
Decr (Incr) in due from other governments	—	—	—	—	—
Decr (Incr) in inventories	—	(798)	—	—	—
Decr (Incr) in other assets	—	—	(1,868)	112	—
Incr (Decr) in accounts payable	107	184	3,889	1,468	(1,517)
Incr (Decr) in due to other funds	(15)	—	—	—	—
Incr (Decr) in unearned revenue	—	—	(67)	—	—
Incr (Decr) in amounts held in custody for others	—	—	—	—	—
Incr (Decr) in compensated absences payable	13	(8)	(7)	316	41
Incr (Decr) in total OPEB liability and related accounts	(43)	(4)	1	32	(2)
Incr (Decr) in estimated claims	—	—	1,914	—	1,698
Incr (Decr) in net pension liability and related accounts	174	(242)	(38)	(700)	(131)
Net cash provided by (used for) operating activities	$ 3,729	$ 15,137	$ (33,508)	$ 12,978	$ (25,082)
Schedule of noncash transactions:					
Capital asset acquisitions from contributed capital	$ —	$ 1,161	$ —	$ —	$ —
Acquisition of capital assets through financing arrangements	—	—	—	1,956	—
Incr (Decr) in value of investments	—	—	776	—	8
Total noncash transactions	$ —	$ 1,161	$ 776	$ 1,956	$ 8

MOTOR POOL	PRINT & MAIL SERVICES	BUILDINGS & GROUNDS	ADMIN CENTRAL SERVICES	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	OPI CENTRAL SERVICES
$ 166	$ 252	$ (1,071)	$ 207	$ (3,233)	$ (325)	$ (1,177)
2,164	194	145	—	—	—	—
—	58	672	—	572	107	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
522	13	303	—	126	28	—
—	—	—	—	3,750	484	1,664
—	55	69	—	—	—	—
—	48	(2)	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
1	(248)	—	—	—	—	—
—	42	(4)	(1)	(32)	(85)	—
149	133	(16)	16	(430)	84	(18)
92	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
17	(8)	53	33	193	7	(16)
(3)	(7)	7	(1)	21	(3)	(2)
—	—	—	—	—	—	—
(36)	(39)	37	(30)	(413)	(172)	130
$ 3,072	$ 493	$ 193	$ 224	$ 554	$ 125	$ 581
$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	334	414	—	—	—	—
—	—	—	—	—	—	—
$ —	$ 334	$ 414	$ —	$ —	$ —	$ —

CONTINUES

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	DEQ INDIRECT COST POOL	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	$ (2,947)	$ (224)	$ (270)	$ 526	$ (593)
Adjustments to reconcile operating income to net cash provided for (used for) operating activities:					
Depreciation	1	—	—	—	10
Amortization	622	—	—	—	—
Securities lending expense	—	—	—	—	—
Investment earnings	—	—	—	—	—
Securities lending income	—	—	—	—	—
Interest expense	51	—	—	—	—
Other revenue	2,980	—	—	—	—
Change in assets, deferred outflows, liabilities, and deferred inflows:					
Decr (Incr) in accounts receivable	—	—	—	—	—
Decr (Incr) in due from other funds	—	—	—	—	—
Decr (Incr) in due from component units	—	—	—	—	—
Decr (Incr) in due from other governments	—	—	—	—	(7)
Decr (Incr) in inventories	—	—	—	—	—
Decr (Incr) in other assets	(5)	6	—	23	—
Incr (Decr) in accounts payable	55	26	3	(25)	—
Incr (Decr) in due to other funds	—	—	(20)	—	—
Incr (Decr) in unearned revenue	—	—	—	—	—
Incr (Decr) in amounts held in custody for others	—	—	—	—	—
Incr (Decr) in compensated absences payable	99	90	3	96	18
Incr (Decr) in total OPEB liability and related accounts	14	4	6	2	(3)
Incr (Decr) in estimated claims	—	—	—	—	—
Incr (Decr) in net pension liability and related accounts	(195)	(113)	40	(314)	(382)
Net cash provided by (used for) operating activities	$ 675	$ (211)	$ (238)	$ 308	$ (957)
Schedule of noncash transactions:					
Capital asset acquisitions from contributed capital	$ —	$ —	$ —	$ —	$ —
Acquisition of capital assets through financing arrangements	249	—	—	—	—
Incr (Decr) in value of investments	—	—	—	—	—
Total noncash transactions	$ 249	$ —	$ —	$ —	$ —

JUSTICE LEGAL SERVICES	PERSONNEL TRAINING	DEBT COLLECTION	PRISON INDUSTRIES	OTHER INTERNAL SERVICES	SABHRS FINANCE & BUDGET BUREAU	TOTAL
$ 905	$ (95)	$ (133)	$ 817	$ (309)	$ 180	$ (46,974)
—	—	—	997	—	—	16,267
—	—	—	—	18	—	9,822
—	—	—	—	—	—	63
—	—	—	—	—	—	(13,506)
—	—	—	—	—	—	(81)
—	—	—	125	2	—	2,201
—	—	—	—	353	—	9,231
(2)	—	—	(86)	—	—	424
—	—	—	4	—	—	50
—	—	—	—	—	—	(29)
58	—	—	—	—	—	51
—	—	—	(70)	—	—	(1,115)
—	—	—	—	—	(66)	(1,878)
(59)	103	78	(3)	10	301	4,538
—	—	—	(7)	—	—	50
—	—	—	(54)	—	—	(121)
—	—	195	—	—	—	195
(18)	1	(1)	(20)	10	(40)	872
(13)	1	3	34	—	5	49
—	—	—	—	—	—	3,612
(1)	(5)	20	(130)	26	(83)	(2,597)
$ 870	$ 5	$ 162	$ 1,607	$ 110	$ 297	$ (18,876)
$ —	$ —	$ —	$ —	$ —	$ —	$ 1,161
—	—	—	—	—	—	2,953
—	—	—	—	—	—	784
$ —	$ —	$ —	$ —	$ —	$ —	$ 4,898

Pension (and Other Employee Benefit) Trust Funds

These funds provide retirement, disability, death, and lump-sum payments to retirement system members. A brief description of each fund follows:

Public Employee Retirement System - Defined Benefit Retirement Plan Fund	Provides retirement benefits to substantially all public employees not covered by another public system.
Public Employee Retirement System - Defined Contribution Retirement Plan - Disability	Provides members of the defined contribution retirement system a disability benefit plan funded through employer contributions.
Other Post Employment Benefit Funds	
Judges Retirement System Fund	Provides retirement benefits for all district court judges, justices of the Supreme Court, and the Chief Water Judge.
Highway Patrol Officers Retirement System Fund	Provides retirement benefits for all members of the Montana Highway Patrol.
Sheriffs Retirement System Fund	Provides retirement benefits for sheriffs, detention officers, and State Department of Justice investigators.
Game Wardens & Peace Officers Retirement System Fund	Provides retirement benefits for all persons employed as game wardens, supervisory personnel, and State peace officers.

Municipal Police Officers' Retirement System Fund	Provides retirement benefits to all municipal police officers covered by the plan.
Firefighters Unified Retirement System Fund	Provides retirement benefits for firefighters employed by first and second-class cities and other cities that wish to adopt the plan, and firefighters hired by the Montana Air National Guard.
Volunteer Firefighters Compensation Act Fund	Provides medical benefits and pension, disability, and death benefits for all volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas of the state.
Public Employee Retirement System - Defined Contribution Retirement Plan Fund	Members of the defined contribution retirement plan decide how to invest their contributions and a portion of their employer contributions in the available investment options.
Public Employee 457 Plan Fund	All employees of the State, Montana University System, and contracting political subdivisions are eligible to participate in this plan. The 457 plan is an Other Employee Benefit Plan designed to supplement State service retirement, Social Security, and other retirement plans and savings.
Teachers Retirement System Fund	Provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, or unit of the Montana University System.
Voluntary Employee Benefit Association Fund	Provides members with individual health care expense trust accounts to pay the qualified health care expenses of members and their dependents and beneficiaries.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)					
	PUBLIC EMPLOYEES DEFINED BENEFITS	PERS DCRP DISABILITY OPEB	JUDGES	HIGHWAY PATROL	SHERIFFS	GAME WARDENS PEACE OFFICERS
ASSETS						
Cash/cash equivalents	$ 86,277	$ 751	$ 1,539	$ 2,802	$ 6,825	$ 4,509
Receivables (net):						
Accounts receivable	3,034	5	—	665	1,367	551
Interest	287	3	5	9	25	14
Due from primary government	—	—	—	—	—	—
Due from other PERB plans	1,000	—	—	—	—	—
Total receivables	4,321	8	5	674	1,392	565
Investments at fair value:						
Equity in pooled investments	7,542,353	—	145,635	235,399	603,353	378,923
Other investments	—	11,721	—	—	—	—
Total investments	7,542,353	11,721	145,635	235,399	603,353	378,923
Securities lending collateral	377,801	28	7,258	11,751	29,737	18,604
Capital assets:						
Buildings/improvements	38	—	—	—	—	—
Equipment	11	—	—	—	—	—
Accumulated depreciation	(33)	—	—	—	—	—
Right to use lease buildings	3,688	—	5	23	119	75
Accumulated amortization	(1,054)	—	(1)	(7)	(34)	(22)
Intangible assets	229	—	67	57	67	67
Total capital assets	2,879	—	71	73	152	120
Total assets	8,013,631	12,508	154,508	250,699	641,459	402,721
DEFERRED OUTFLOWS OF RESOURCES	231	—	—	2	9	6
LIABILITIES						
Accounts payable	756	—	1	—	36	31
Due to other PERB plans	—	—	9	40	235	153
Unearned revenue	39	—	—	—	1	—
Securities lending liability	377,801	28	7,258	11,751	29,737	18,604
Compensated absences payable	424	—	1	3	17	11
Due to primary government - leases (Note 10)	2,882	—	4	18	93	59
Net pension liability (Note 6)	—	—	—	—	—	—
Total OPEB liability	119	—	—	1	5	3
Total liabilities	382,021	28	7,273	11,813	30,124	18,861
DEFERRED INFLOWS OF RESOURCES	288	—	—	2	11	7
NET POSITION						
Restricted for:						
Pensions	7,631,553	—	147,235	238,886	611,333	383,859
Postemployment benefits other than pensions	—	12,480	—	—	—	—
Total net position	$ 7,631,553	$ 12,480	$ 147,235	$ 238,886	$ 611,333	$ 383,859

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)							
MUNICIPAL POLICE	FIRE FIGHTERS UNIFIED	VOLUNTEER FIRE FIGHTERS	PUBLIC EMPLOYEES DEFINED CONTRIBUTION	PUBLIC EMPLOYEES 457 PLAN	TEACHERS RETIREMENT SYSTEM	VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION	TOTAL
$ 7,089	$ 8,035	$ 704	$ 4,283	$ 1,034	$ 70,351	$ 5,761	$ 199,960
265	243	—	346	204	23,357	7	30,044
25	29	4	7	3	239	—	650
21,871	27,249	—	—	—	—	—	49,120
—	—	—	—	—	—	—	1,000
22,161	27,521	4	353	207	23,596	7	80,814
661,368	751,698	59,993	—	—	5,325,487	—	15,704,209
—	—	—	575,216	691,199	—	14,983	1,293,119
661,368	751,698	59,993	575,216	691,199	5,325,487	14,983	16,997,328
32,763	36,844	2,833	68	31	267,349	—	785,067
—	—	—	4	2	244	—	288
—	—	—	1	1	16	—	29
—	—	—	(3)	(2)	(208)	—	(246)
73	55	181	437	194	2,810	—	7,660
(21)	(16)	(52)	(125)	(55)	(661)	—	(2,048)
60	59	55	55	65	—	—	781
112	98	184	369	205	2,201	—	6,464
723,493	824,196	63,718	580,289	692,676	5,688,984	20,751	18,069,633
5	4	12	53	10	452	11	795
340	—	—	249	212	213	2	1,840
139	111	313	—	—	—	—	1,000
—	32	—	564	—	—	—	636
32,763	36,844	2,833	68	31	267,349	—	785,067
10	8	22	98	18	258	1	871
57	43	142	341	152	2,351	—	6,142
—	—	—	—	—	1,979	47	2,026
3	2	6	28	5	90	2	264
33,312	37,040	3,316	1,348	418	272,240	52	797,846
7	5	15	66	12	303	7	723
690,179	787,155	60,399	578,928	—	5,416,893	—	16,546,420
—	—	—	—	692,256	—	20,703	725,439
$ 690,179	$ 787,155	$ 60,399	$ 578,928	$ 692,256	$ 5,416,893	$ 20,703	$ 17,271,859

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)					
	PUBLIC EMPLOYEES DEFINED BENEFIT	PERS DCRP DISABILITY OPEB	JUDGES	HIGHWAY PATROL	SHERIFFS	GAME WARDENS PEACE OFFICERS
ADDITIONS						
Contributions/premiums:						
Employer	$ 152,642	$ 772	$ 60	$ 7,125	$ 15,814	$ 7,558
Employee	134,177	—	723	2,510	12,832	7,738
Other contributions	37,049	—	—	709	9	9
Investment earnings:						
Net increase (decrease) in fair value of investments	708,466	1,343	13,616	22,045	55,819	34,941
Interest, dividends, and other	4,267	40	71	129	346	209
Securities lending income	17,297	—	332	538	1,361	852
Total investment earnings	730,030	1,383	14,019	22,712	57,526	36,002
Less investment costs:						
Administrative investment expenses	41,990	6	807	1,307	3,314	2,075
Securities lending expense	15,033	—	289	468	1,183	741
Net investment earnings	673,007	1,377	12,923	20,937	53,029	33,186
Charges for services	—	—	—	—	—	—
Other additions and miscellaneous	—	—	—	—	—	—
Total additions	996,875	2,149	13,706	31,281	81,684	48,491
DEDUCTIONS						
Benefits	588,013	112	4,970	16,253	31,271	14,671
Refunds	18,475	—	—	936	2,283	1,190
Administrative expenses	6,189	—	55	81	292	206
Local assistance	—	—	—	—	—	—
Transfer to MUS-RP	395	—	—	—	—	—
Transfer to PERS-DCRP	2,709	—	—	—	—	—
Total deductions	615,781	112	5,025	17,270	33,846	16,067
Changes in net position	381,094	2,037	8,681	14,011	47,838	32,424
Net position- July 1- as previously reported	7,250,467	10,443	138,554	224,875	563,495	351,435
Adjustments to beginning net position	(8)	—	—	—	—	—
Net position - July 1- as adjusted	7,250,459	10,443	138,554	224,875	563,495	351,435
Net position - June 30	$ 7,631,553	$ 12,480	$ 147,235	$ 238,886	$ 611,333	$ 383,859

PUBLIC EMPLOYEES RETIREMENT BOARD (PERB)							
MUNICIPAL POLICE	FIRE FIGHTERS UNIFIED	VOLUNTEER FIRE FIGHTERS	PUBLIC EMPLOYEES DEFINED CONTRIBUTION	PUBLIC EMPLOYEES 457 PLAN	TEACHERS RETIREMENT SYSTEM	VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION	TOTAL
$ 10,796	$ 12,024	$ —	$ 19,632	$ 243	$ 122,304	$ 2,990	$ 351,960
6,886	9,075	—	22,753	28,586	89,440	—	314,720
21,874	27,251	3,911	140	—	49,464	—	140,416
61,329	69,031	5,336	61,363	68,095	501,515	2,147	1,605,046
350	408	30	3,073	8,811	3,236	—	20,970
1,500	1,687	130	—	—	12,236	—	35,933
63,179	71,126	5,496	64,436	76,906	516,987	2,147	1,661,949
3,653	4,114	317	104	659	29,713	—	88,059
1,304	1,466	113	—	—	10,635	—	31,232
58,222	65,546	5,066	64,332	76,247	476,639	2,147	1,542,658
—	—	—	—	296	—	108	404
—	—	—	1,911	—	26	1	1,938
97,778	113,896	8,977	108,768	105,372	737,873	5,246	2,352,096
38,006	35,830	3,181	33,593	55,571	458,959	2,987	1,283,417
4,506	136	—	—	—	10,056	—	37,582
187	157	367	1,664	1,244	3,831	245	14,518
—	—	13	—	—	—	—	13
—	—	—	—	—	—	—	395
—	—	—	—	—	—	—	2,709
42,699	36,123	3,561	35,257	56,815	472,846	3,232	1,338,634
55,079	77,773	5,416	73,511	48,557	265,027	2,014	1,013,462
635,101	709,382	54,983	505,399	643,504	5,151,866	18,689	16,258,193
(1)	—	—	18	195	—	—	204
635,100	709,382	54,983	505,417	643,699	5,151,866	18,689	16,258,397
$ 690,179	$ 787,155	$ 60,399	$ 578,928	$ 692,256	$ 5,416,893	$ 20,703	$ 17,271,859

THE GREAT SEAL OF THE STATE OF MONTANA
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Private-Purpose Trust Funds

Private-purpose trust funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings benefit individuals, private organizations, or other governments. A brief description of each private-purpose trust fund follows:

College Savings Plan Fund	Accounts for monies contributed towards a “qualified tuition program” under section 529 of the Internal Revenue Code of 1986, as amended. This plan is a voluntary college savings plan whose participants are both Montana residents and out-of-state individuals.
Inmate Trust Fund	Accounts for monies held by the Department of Corrections in a trust capacity. The monies are received from inmates and disbursed on behalf of the inmates.
Plan Securities Fund	Accounts for the unliquidated security bonds held on deposit from self-insured employers. These funds either revert to the employer at a later date or are cashed and assumed by the State to be used on the employee’s behalf.
Regulatory Deposits Fund	Accounts for deposits held by the State, pending compliance with laws and regulations. This includes, deposits from insurers, deposits from pesticide applicator and commodity dealers, and professional employer organizations or groups.
Other Private-Purpose Trust Fund	Accounts for monies held by the State in a trustee capacity that are not included in the above private-purpose trust funds. This includes the student accounts held by the Montana School for the Deaf and Blind and the self-sufficiency trust account held by the Department of Public Health and Human Services.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	COLLEGE SAVINGS PLAN	INMATE TRUST ACCOUNT	PLAN SECURITIES
ASSETS			
Cash/cash equivalents	$ 16,854	$ 1,602	$ —
Receivables (net):			
Interest	83	—	—
Total receivables	83	—	—
Investments at fair value:			
Other investments	234,934	—	—
Total investments	234,934	—	—
Securities lending collateral	—	—	—
Other assets	—	—	7,450
Total assets	251,871	1,602	7,450
LIABILITIES			
Accounts payable	595	7	—
Securities lending liabilities	—	—	—
Total liabilities	595	7	—
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	251,276	1,595	7,450
Total net position	$ 251,276	$ 1,595	$ 7,450

REGULATORY DEPOSITS	OTHER PRIVATE-PURPOSE TRUSTS	TOTAL
$ 1,448	$ 183	$ 20,087
—	—	83
—	—	83
9,692	—	244,626
9,692	—	244,626
—	2	2
560	—	8,010
11,700	185	272,808
—	—	602
—	2	2
—	2	604
11,700	183	272,204
$ 11,700	$ 183	$ 272,204

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	COLLEGE SAVINGS PLAN	INMATE TRUST ACCOUNT	PLAN SECURITIES
ADDITIONS			
Other contributions	$ 20,930	$ —	$ —
Investment earnings:			
Net increase (decrease) in fair value of investments	19,851	—	—
Interest, dividends, and other	6,182	—	—
Total investment earnings	26,033	—	—
Less investment costs:			
Net investment earnings	26,033	—	—
Other additions and miscellaneous	—	7,117	—
Total additions	46,963	7,117	—
DEDUCTIONS			
Distributions	26,572	7,023	—
Administrative expenses	946	—	—
Total deductions	27,518	7,023	—
Change in net position	19,445	94	—
Net position - July 1 - as previously reported	231,831	1,501	7,450
Net position - July 1 - as adjusted	231,831	1,501	7,450
Net position - June 30	$ 251,276	$ 1,595	$ 7,450

REGULATORY DEPOSITS	OTHER PRIVATE-PURPOSE TRUSTS	TOTAL
$ —	$ 8	$ 20,938
124	—	19,975
—	1	6,183
124	1	26,158
124	1	26,158
313	223	7,653
437	232	54,749
803	94	34,492
—	2	948
803	96	35,440
(366)	136	19,309
12,066	47	252,895
12,066	47	252,895
$ 11,700	$ 183	$ 272,204

Investment Trust Funds

These funds are used to account for the local government investment within the external investment pools managed by the Montana Board of Investments. A brief description of each fund follows:

STIP Local Government Participants Fund	Accounts for the local government investment within the STIP external investment pool.
TFIP Local Government Participants Fund	Accounts for the local government investment within the TFIP external investment pool.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	STIP LOCAL GOVERNMENT PARTICIPANTS	TFIP LOCAL GOVERNMENT PARTICIPANTS	TOTAL
ASSETS			
Cash/cash equivalents	$ 1,955,193	$ 1,975	$ 1,957,168
Receivables (net):			
Interest	7,307	47	7,354
Total receivables	7,307	47	7,354
Investments at fair value:			
Equity in pooled investments	—	11,672	11,672
Total investments	—	11,672	11,672
Securities lending collateral	77,104	408	77,512
Total assets	2,039,604	14,102	2,053,706
LIABILITIES			
Accounts payable	7,307	—	7,307
Securities lending liabilities	77,104	408	77,512
Total liabilities	84,411	408	84,819
NET POSITION			
Restricted for:			
Pool participants	1,955,193	13,694	1,968,887
Total net position	$ 1,955,193	$ 13,694	$ 1,968,887

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	STIP LOCAL GOVERNMENT PARTICIPANTS	TFIP LOCAL GOVERNMENT PARTICIPANTS	TOTAL
ADDITIONS			
Contributions/premiums:			
Other contributions	$ 1,729,807	$ —	$ 1,729,807
Investment earnings:			
Net increase (decrease) in fair value of investments	(56)	208	152
Interest, dividends, and other	84,942	566	85,508
Securities lending income	—	26	26
Total investment earnings	84,886	800	85,686
Less investment costs:			
Securities lending expense	—	20	20
Net investment earnings	84,886	780	85,666
Total additions	1,814,693	780	1,815,473
DEDUCTIONS			
Distributions	1,707,613	200	1,707,813
Total deductions	1,707,613	200	1,707,813
Change in net position	107,080	580	107,660
Net position - July 1 - as previously reported	1,848,113	13,114	1,861,227
Net position - July 1 - as adjusted	1,848,113	13,114	1,861,227
Net position - June 30	$ 1,955,193	$ 13,694	$ 1,968,887

Custodial Funds

Custodial funds are used to account for assets held by the State as an agent that is not in a trust or equivalent arrangement, for individuals, private organizations, and other governments. A brief description of each custodial fund follows:

Child Support Collections Fund	Accounts for payments from parents under the Child Support Enforcement Program.
Criminal Offender Restitution Fund	Accounts for monies held by the State that is not in a trust or equivalent arrangement. The restitution payments are received from prisoners and disbursed to their victims.
Escheated Property Fund	Accounts for property that is held by the State due to the absence of legal claimants or heirs and to be distributed to these heirs when identified.
Inter-governmental Fund	Accounts for resources that flow through State agencies to federal, other states, local, and tribal governments.
Custodial Accounts Fund	Accounts for monies held by the State that are not in trusts or equivalent arrangements. The monies belong to individuals and other organizations that not are not included in the above custodial funds.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025
(amounts expressed in thousands)

	CHILD SUPPORT COLLECTIONS	CRIMINAL OFFENDER RESTITUTION	CUSTODIAL ACCOUNTS	ESCHEATED PROPERTY	INTER-GOVERNMENTAL	TOTAL
ASSETS						
Cash/cash equivalents	$ 1,241	$ 528	$ 1,690	$ 2,406	$ 5,307	$ 11,172
Due from other governments	—	—	—	—	526	526
Receivables (net):						
Accounts receivable	426	—	3,695	—	28	4,149
Interest Receivable	—	—	—	7	3	10
Total receivables	426	—	3,695	7	31	4,159
Securities lending collateral	—	—	4	85	—	89
Other assets	—	—	—	—	2,550	2,550
Total assets	1,667	528	5,389	2,498	8,414	18,496
LIABILITIES						
Accounts payable	502	23	4	138	3,578	4,245
Due to other governments	—	—	3,694	—	—	3,694
Securities lending liability	—	—	4	85	—	89
Total liabilities	502	23	3,702	223	3,578	8,028
NET POSITION						
Restricted for:						
Individuals, organizations, and other governments	1,165	505	1,687	2,275	4,836	10,468
Total net position	$ 1,165	$ 505	$ 1,687	$ 2,275	$ 4,836	$ 10,468

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(amounts expressed in thousands)

	CHILD SUPPORT COLLECTIONS	CRIMINAL OFFENDER RESTITUTION	CUSTODIAL ACCOUNTS	ESCHEATED PROPERTY	INTER-GOVERNMENTAL	TOTAL
ADDITIONS						
Investment earnings:						
Interest, dividends, and other	$ —	$ —	$ 2	$ 55	$ 45	$ 102
Total investment earnings	—	—	2	55	45	102
Net investment earnings	—	—	2	55	45	102
Other additions and miscellaneous	73,616	5,423	11,777	9,016	30,097	129,929
Total additions	73,616	5,423	11,779	9,071	30,142	130,031
DEDUCTIONS						
Distributions	73,796	8,149	11,592	8,044	28,925	130,506
Total deductions	73,796	8,149	11,592	8,044	28,925	130,506
Changes in net position	(180)	(2,726)	187	1,027	1,217	(475)
Net position- July 1- as previously reported	1,345	3,231	1,500	1,248	3,619	10,943
Net position - July 1- as adjusted	1,345	3,231	1,500	1,248	3,619	10,943
Net position - June 30	$ 1,165	$ 505	$ 1,687	$ 2,275	$ 4,836	$ 10,468

THE GREAT SEAL OF THE STATE OF MONTANA
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STATE OF MONTANA

Statistical Section

Statistical Section

This section of the State of Montana's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Schedule A-1 Net Position by Component 293
Schedule A-2 Change in Net Position 294
Schedule A-3 Fund Balances, Governmental Funds 298
Schedule A-4 Changes in Fund Balances, Governmental Funds 300

Revenue Capacity

These schedules contain information to help the reader assess the State's capacity to raise revenues and the sources of those revenues: personal income tax.

Schedule B-1 Personal Income by Industry 302
Schedule B-2 Personal Income Tax Rates 303
Schedule B-3 Personal Income Tax Filers and Liability by Income Level..... 304

Debt Capacity

These schedules present information to help the reader assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule C-1 Ratios of Outstanding Debt by Type 305
Schedule C-2 Pledged Revenue Coverage 306
Schedule C-3 Ratios of General Bonded Debt Outstanding 310

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule D-1 Demographic and Economic Statistics 311
Schedule D-2 Principal Employers 312

Operating Information

These schedules contain information about the State's operations and resources to help the reader understand how the State's financial information relates to the services it provides and the activities it performs.

Schedule E-1 Full-Time Equivalent State Employees by Function/Program 313
Schedule E-2 Operating Indicators by Function/Program 314
Schedule E-3 Capital Asset Statistics by Function/Program 318

SCHEDULE A-1 - NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities										
Net investment in capital assets	$ 8,422,622	$ 7,972,553	$ 7,445,044	$ 7,094,224	$ 6,962,944	$ 6,743,003	$ 6,402,612	$ 6,088,211	$ 5,873,003	$ 5,616,889
Restricted [1]	4,371,561	4,129,265	3,827,983	3,649,183	3,610,618	3,490,461	3,255,674	3,033,488	2,984,294	2,921,884
Unrestricted [2]	3,207,882	2,551,195	1,854,862	1,197,763	(172,033)	(426,164)	(486,182)	(701,967)	(1,028,749)	(836,742)
Total governmental activities net position	$16,002,065	$14,653,013	$13,127,889	$11,941,170	$10,401,529	$ 9,807,300	$ 9,172,104	$ 8,419,732	$ 7,828,548	$ 7,702,031
Business-type activities										
Net investment in capital assets	$ 66,583	$ 53,045	$ 27,162	$ 21,285	$ 21,360	$ 22,035	$ 21,266	$ 21,395	$ 19,986	$ 15,760
Restricted	774,884	734,780	680,995	644,006	520,696	350,309	442,306	397,587	367,734	347,819
Unrestricted	25,082	25,697	24,701	19,049	24,951	21,247	18,996	12,503	8,289	8,394
Total business-type activities net position	$ 866,549	$ 813,522	$ 732,858	$ 684,340	$ 567,007	$ 393,591	$ 482,568	$ 431,485	$ 396,009	$ 371,973
Primary government										
Net investment in capital assets	$ 8,489,205	$ 8,025,598	$ 7,472,206	$ 7,115,509	$ 6,984,304	$ 6,765,038	$ 6,423,878	$ 6,109,606	$ 5,892,989	$ 5,632,649
Restricted [1]	5,146,445	4,864,045	4,508,978	4,293,189	4,131,314	3,840,770	3,697,980	3,431,075	3,352,028	3,269,703
Unrestricted [2]	3,232,964	2,576,892	1,879,563	1,216,812	(147,082)	(404,917)	(467,186)	(689,464)	(1,020,460)	(828,348)
Total primary government net position	$16,868,614	$15,466,535	$13,860,747	$12,625,510	$10,968,536	$10,200,891	$ 9,654,672	$ 8,851,217	$ 8,224,557	$ 8,074,004

[1] The restricted net position and unrestricted net position for the governmental activities and primary government are restated for fiscal years from 2016 to 2024 due to a restricted net position related to the net pension assets.

[2] The unrestricted net position for governmental activities are restated for 2020 to 2024 related to the State Lottery and 2016 to 2024 for the Confederated Salish and Kootenai Tribe water compact. See errors in Note 2.

SCHEDULE A-2 - CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
Expenses	**2025**	**2024**	**2023**	**2022**	**2021**
Governmental activities:					
General government	$ 1,338,326	$ 1,260,778	$ 995,815	$ 970,869	$ 1,699,213
Public safety	478,464	563,562	537,966	477,120	544,839
Transportation	851,382	749,969	778,571	699,407	611,537
Health and human services	3,706,006	3,481,957	3,533,017	3,383,554	3,418,518
Education	1,802,341	1,707,303	1,691,553	1,600,965	1,492,682
Natural resources [2]	642,181	585,821	45,248	390,695	361,011
Principal on long-term debt	—	—	—	—	—
Interest on long-term debt	6,828	5,709	4,956	5,724	5,026
Total governmental activities expenses	8,825,528	8,355,099	7,587,126	7,528,334	8,132,826
Business-type activities:					
Unemployment Insurance	150,801	127,590	150,070	62,150	728,476
Liquor Stores	124,679	125,759	123,174	120,008	120,913
State Lottery [1]	127,192	134,874	124,999	101,046	100,636
Municipal Finance Programs	3,980	4,231	2,158	853	1,602
Hail Insurance	2,525	922	1,452	943	796
General Government Services	98,081	85,695	84,635	78,625	81,299
Prison Funds	8,025	8,702	7,589	7,523	7,042
MUS Group Insurance	146,588	124,896	118,520	120,522	106,068
MUS Workers Compensation	4,182	2,779	2,628	1,401	2,852
Total business-type activities expenses	666,053	615,448	615,225	493,071	1,149,684
Total primary government expenses	$ 9,491,581	$ 8,970,547	$ 8,202,351	$ 8,021,405	$ 9,282,510
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 263,583	$ 260,942	$ 245,190	$ 243,057	$ 214,699
Public safety/corrections	233,371	218,711	213,083	206,407	198,475
Transportation	38,779	38,314	34,835	35,138	35,802
Health/social services	23,271	20,892	24,993	32,735	39,781
Education/cultural	4,464	4,144	3,800	4,477	3,563
Resource/recreation/environment	240,880	276,960	252,152	215,222	201,555
Operating grants and contributions	4,048,074	3,740,305	3,880,301	3,658,290	4,441,208
Capital grants and contributions	708,838	770,583	626,115	479,184	531,666
Total governmental activities program revenues	5,561,260	5,330,851	5,280,469	4,874,510	5,666,749
Business-type activities:					
Charges for services:					
Unemployment Insurance	178,971	159,929	157,937	139,413	122,626
Liquor Stores	147,300	150,512	149,090	141,984	135,369
State Lottery	148,042	154,154	147,852	116,051	112,327
Municipal Finance Programs	—	—	—	—	40
Hail Insurance	2,053	1,351	1,094	764	1,152
General Government Services	29,927	28,287	30,511	31,612	31,401
Prison Funds	8,672	8,181	7,694	6,908	7,005
MUS Group Insurance	107,965	105,046	102,500	102,059	105,336
MUS Workers Compensation	3,328	3,103	—	1,618	3,930
Operating grants and contributions	107,227	90,360	76,203	68,639	68,576
Capital grants and contributions	1,006	1,395	756	873	883
Total business-type activities program revenues	734,491	702,318	673,637	609,921	588,645
Total primary government program revenues	$ 6,295,751	$ 6,033,169	$ 5,954,106	$ 5,484,431	$ 6,255,394

[1] State Lottery Expenses, Business-Type Activities, are restated for 2020 to 2024. See error in Note 2.

[2] Natural Resources expenses are restated from 2016 to 2024 for the Confederated Salish and Kootenai Tribe water compact. See error in Note 2.

Fiscal Year				
2020	2019	2018	2017	2016
$ 957,534	$ 829,657	$ 674,329	$ 688,798	$ 696,984
458,526	428,514	429,760	454,194	420,532
557,290	547,907	527,927	484,214	464,092
2,896,774	2,680,251	2,681,151	2,668,273	2,174,506
1,352,323	1,314,785	1,299,423	1,344,121	1,324,299
338,793	302,172	379,232	295,477	295,332
—	—	—	—	(1)
5,365	5,454	6,743	7,484	9,373
6,566,605	6,108,740	5,998,565	5,942,561	5,385,117
746,508	108,507	113,843	117,788	119,088
98,324	89,971	86,118	83,313	81,556
51,399	48,061	45,896	43,377	47,202
2,542	2,937	2,648	1,851	1,198
1,154	933	576	1,696	817
74,052	70,154	73,539	72,489	71,343
8,506	9,307	9,130	8,140	9,099
100,958	88,330	88,912	81,051	87,535
657	3,887	2,738	2,786	2,430
1,084,100	422,087	423,400	412,491	420,268
$ 7,650,705	$ 6,530,827	$ 6,421,965	$ 6,355,052	$ 5,805,385
$ 249,885	$ 185,120	$ 170,447	$ 143,681	$ 145,725
182,773	180,998	175,999	161,380	160,783
32,555	31,019	27,319	28,447	30,321
39,945	44,517	41,916	40,260	42,376
2,531	2,106	13,972	32,750	30,205
178,646	179,972	165,161	165,409	168,269
2,930,307	2,611,941	2,555,898	2,506,711	2,093,817
564,431	527,900	447,018	434,860	456,588
4,181,073	3,763,573	3,597,730	3,513,498	3,128,084
119,523	129,394	114,678	103,928	121,740
116,583	104,456	99,059	96,475	93,958
59,892	60,269	56,400	52,459	59,717
7	41	37	37	34
1,182	1,032	1,065	1,156	1,103
26,080	25,871	25,386	24,290	25,342
7,532	7,864	7,733	7,648	8,499
108,624	97,774	100,532	99,448	83,136
3,625	—	—	3,838	4,264
71,422	68,243	65,885	60,219	56,565
950	512	685	604	857
515,420	495,456	471,460	450,102	455,215
$ 4,696,493	$ 4,259,029	$ 4,069,190	$ 3,963,600	$ 3,583,299

SCHEDULE A-2 - CHANGE IN NET POSITION - Continued
Last Ten Fiscal Years
(accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
	2025	**2024**	**2023**	**2022**	**2021**
Net (expense)/revenue					
Governmental activities	$ (3,264,268)	$ (3,024,248)	$ (2,306,657)	$ (2,653,824)	$ (2,466,077)
Business-type activities	68,438	86,870	58,412	116,850	(561,039)
Total primary government net expense	$ (3,195,830)	$ (2,937,378)	$ (2,248,245)	$ (2,536,974)	$ (3,027,116)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property	$ 456,526	$ 477,432	$ 372,803	$ 369,202	$ 329,585
Fuel	283,764	288,056	281,739	282,834	274,417
Natural resource	233,783	252,744	283,550	265,937	160,987
Individual income	2,282,114	2,240,483	1,818,220	2,365,833	1,712,162
Corporate Income	318,769	306,155	310,751	298,217	261,686
Other	616,779	578,943	542,879	521,138	431,603
Unrestricted grants and contributions	922	963	370	17,977	447
Settlements	19,098	54,512	33,121	32,973	86,092
Unrestricted investment earnings (losses)	320,418	276,430	183,551	(25,107)	32,902
Gain on sale of capital assets	2,185	4,443	4,880	8,291	4,750
Gain (loss) on debt extinguishment	—	(26)	3,579	—	—
Miscellaneous	8,070	8,087	9,397	6,632	5,866
Transfers [1]	70,894	61,854	59,661	67,580	(140,164)
Total governmental activities	4,613,322	4,550,076	3,904,501	4,211,507	3,160,333
Business-type activities:					
Taxes					
Other	41,257	41,733	40,777	40,064	38,141
Unrestricted grants and contributions	—	—	280	19,705	549,317
Settlements	—	—	—	—	—
Unrestricted investment earnings	553	1,345	547	13	14
Gain (loss) on sale of capital assets	902	1,365	258	294	84
Miscellaneous	12,771	11,205	8,390	7,333	6,405
Transfers [1]	(70,894)	(61,854)	(59,661)	(67,580)	140,164
Total business-type activities	(15,411)	(6,206)	(9,409)	(171)	734,125
Total primary government	$ 4,597,911	$ 4,543,870	$ 3,895,092	$ 4,211,336	$ 3,894,458
Change in Net Position					
Governmental activities	$ 1,349,054	$ 1,525,828	$ 1,597,844	$ 1,557,683	$ 694,256
Business-type activities	53,027	80,664	49,003	116,679	173,086
Total primary government	$ 1,402,081	$ 1,606,492	$ 1,646,847	$ 1,674,362	$ 867,342

Source: Statewide Accounting, Budgeting, and Human Resource System

(1) Transfers for Governmental and Business-Type Activities are restated from 2020 to 2024 related to State Lottery. See error in Note 2.

	Fiscal Year				
	2020	**2019**	**2018**	**2017**	**2016**
	$ (2,385,532)	$ (2,345,167)	$ (2,400,835)	$ (2,429,063)	$ (2,257,033)
	(568,680)	73,369	48,060	37,611	34,947
	$ (2,954,212)	$ (2,271,798)	$ (2,352,775)	$ (2,391,452)	$ (2,222.086)
	$ 327,629	$ 305,126	$ 293,530	$ 277,254	$ 276,367
	260,553	261,687	259,162	231,305	225,419
	171,055	210,004	209,776	171,629	163,707
	1,455,150	1,416,716	1,304,715	1,160,431	1,173,281
	185,358	186,172	170,607	132,538	117,758
	393,466	383,267	387,287	378,976	361,899
	740	471	12,595	13,596	15,321
	27,906	27,713	19,794	33,824	29,379
	138,435	201,926	29,241	25,125	92,404
	11,070	7,320	2,595	15,640	3,014
	—	—	—	—	—
	8,043	10,640	4,876	4,895	6,596
	58,689	55,786	48,854	46,141	49,812
	3,038,094	3,066,828	2,743,032	2,491,354	2,514,957
	32,576	30,094	28,846	27,958	27,078
	496,499	—	233	2,845	1,852
	—	—	—	236	—
	106	142	66	31	17
	134	7	11	(274)	318
	8,012	2,249	3,709	871	514
	(58,689)	(55,786)	(48,854)	(46,140)	(49,813)
	478,638	(23,294)	(15,989)	(14,473)	(20,034)
	$ 3,516,732	$ 3,043,534	$ 2,727,043	$ 2,476,881	$ 2,494,923
	$ 652,562	$ 721,661	$ 342,197	$ 62,291	$ 257.924
	(90,042)	50,075	32,071	23,138	14.913
	$ 562,520	$ 771,736	$ 374,268	$ 85,429	$ 272,837

SCHEDULE A-3 - FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
	2025	2024	2023	2022	2021
General fund					
Nonspendable	$ 10,322	$ 65,379	$ 57,419	$ 9,521	$ 5,171
Committed	1,990,037	1,430,103	1,031,495	118,904	114,199
Assigned	46,515	23,573	22,206	94,626	95,387
Unassigned [1]	773,134	982,247	995,302	1,770,627	640,246
Total general fund	$ 2,820,008	$ 2,501,302	$ 2,106,422	$ 1,993,678	$ 855,003
All other governmental funds					
Nonspendable	$ 2,792,551	$ 2,664,472	$ 2,551,849	$ 2,483,530	$ 2,507,124
Restricted	1,514,745	1,405,915	1,277,223	1,230,986	1,231,308
Committed	2,292,072	2,114,231	1,733,244	1,303,580	1,081,501
Assigned	22,024	6,908	4,539	703	2,204
Unassigned	—	—	(97)	(26,489)	(12,484)
Total all other governmental funds	$ 6,621,392	$ 6,191,526	$ 5,566,758	$ 4,992,310	$ 4,809,653

Source: Statewide Accounting, Budgeting, and Human Resource System

[1] Unassigned Fund Balance in the General Fund is restated from 2020 to 2024 related to the State Lottery. See error in Note 2.

Fiscal Year				
2020	2019	2018	2017	2016
$ 4,903	$ 4,197	$ 4,614	$ 7,696	$ 4,499
117,773	60,721	—	—	—
89,469	17,178	7,998	11,355	140,333
380,653	361,313	186,707	47,933	126,478
$ 592,798	$ 443,409	$ 199,319	$ 66,984	$ 271,310
$ 2,443,800	$ 2,287,306	$ 2,097,538	$ 2,072,509	$ 2,019,683
1,182,141	1,108,042	1,064,283	1,033,343	1,030,898
753,514	703,812	668,069	744,564	768,366
1,044	805	615	2,184	8,854
(7,760)	(12,761)	(10,126)	—	—
$ 4,372,739	$ 4,087,204	$ 3,820,379	$ 3,852,600	$ 3,827,801

SCHEDULE A-4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting, amounts expressed in thousands)

	Fiscal Year				
	2025	**2024**	**2023**	**2022**	**2021**
Revenues					
Licenses/permits	$ 523,631	$ 499,783	$ 486,222	$ 470,080	$ 443,753
Taxes	4,198,177	4,128,801	3,547,725	4,115,213	3,196,362
Charges for services/fines/forfeits/settlements	164,869	194,578	162,097	182,716	237,121
Investment earnings (losses)	459,770	346,336	231,248	(27,747)	65,894
Securities lending income	7,784	4,851	1,635	190	343
Sale of documents/merchandise/property	17,149	24,695	29,744	22,147	32,778
Rentals/leases/royalties	96,150	112,243	106,274	77,614	56,517
Contributions/Premiums	35,968	36,304	38,835	42,419	35,092
Grants/contracts/donations	66,078	70,284	45,732	39,423	29,203
Federal	4,339,884	4,172,476	4,212,252	3,907,717	4,712,021
Federal Indirect cost Recoveries	177,835	177,511	159,245	141,532	154,920
Other revenues	8,083	8,730	9,373	6,519	5,477
Total revenues	10,095,378	9,776,592	9,030,382	8,977,823	8,969,481
Expenditures					
General government	1,200,808	1,154,828	896,218	885,041	1,417,248
Public safety	586,871	538,298	505,711	464,111	473,140
Transportation	474,402	507,739	449,095	375,098	384,367
Health and human services	3,695,806	3,479,210	3,548,531	3,448,405	3,425,924
Education	1,792,404	1,698,919	1,695,705	1,626,065	1,495,109
Natural resources	674,933	555,202	454,127	400,758	404,916
Debt service:					
Principal retirement	30,534	34,291	177,878	43,261	20,949
Interest/fiscal charges	4,603	4,254	8,046	7,684	5,997
Capital outlay	981,777	882,826	674,269	493,477	588,326
Securities lending	6,123	3,599	1,111	34	76
Total expenditures	9,448,261	8,859,166	8,410,691	7,743,934	8,216,052
Excess of revenue over (under) expenditures	647,117	917,426	619,691	1,233,889	753,429
Other financing sources (uses)					
Bond issued	—	—	—	16,035	56,904
Refunding bonds issued	—	—	—	—	37,321
Bond premium	—	—	—	—	8,799
Payment to refunding bond escrow agent	—	—	—	—	(37,261)
Inception of right-to-use and financed purchase payables	17,111	16,241	25,947	5,449	4,387
Insurance proceeds	997	608	110	141	437
General capital asset sale proceeds	2,240	5,194	4,931	10,262	5,029
Energy conservation loans	1,034	283	218	1,153	149
Transfers in [1]	1,045,237	794,368	871,193	516,667	618,283
Transfers out	(965,162)	(714,472)	(834,997)	(431,407)	(760,217)
Total other financing sources (uses)	101,457	102,222	67,402	118,300	(66,169)
Net change in fund balances	$ 748,574	$ 1,019,648	$ 687,093	$ 1,352,189	$ 687,260
Debt service as a percentage of noncapital expenditures	0.4 %	0.5 %	2.5 %	0.7 %	0.4 %

Source: Statewide Accounting, Budgeting, and Human Resource System

[1] Transfers in governmental funds are restated from 2020 to 2024 related to the State Lottery. See error in Note 2.

Fiscal Year				
2020	2019	2018	2017	2016
$ 420,011	$ 362,389	$ 348,991	$ 327,274	$ 321,882
2,753,011	2,766,544	2,597,788	2,353,081	2,317,024
157,278	175,715	174,762	206,504	185,113
237,284	235,429	44,758	48,919	171,979
527	675	530	870	665
22,746	22,420	21,927	20,505	19,963
56,180	60,226	51,945	49,591	60,743
33,809	34,578	32,721	31,133	26,616
31,028	58,542	35,274	33,677	31,237
3,206,031	2,877,013	2,799,149	2,718,875	2,304,394
150,974	136,619	116,610	125,800	113,156
7,652	10,676	4,080	4,912	5,971
7,076,531	6,740,826	6,228,535	5,921,141	5,558,743
737,581	647,432	643,802	653,362	624,157
444,483	427,185	416,829	426,994	419,813
354,819	359,744	331,569	329,258	319,934
2,894,951	2,703,908	2,675,173	2,652,848	2,177,901
1,352,665	1,315,407	1,293,647	1,345,216	1,325,929
327,243	313,012	363,303	324,081	306,471
34,749	27,868	31,968	33,889	39,631
5,765	6,520	8,088	9,520	10,507
611,539	493,067	425,183	406,953	477,990
308	414	269	343	218
6,764,103	6,294,557	6,189,831	6,182,464	5,702,551
312,428	446,269	38,704	(261,323)	(143,808)
28,900	—	—	—	—
—	4,575	—	—	22,540
4,361	—	—	—	3,256
—	(6,844)	—	—	(25,557)
15,980	808	312	184	368
35,052	13,785	309	43	106
11,997	8,016	4,202	15,815	3,430
632	271	1,589	1,770	677
333,127	340,824	369,536	283,004	323,250
(310,071)	(298,401)	(319,353)	(235,437)	(274,206)
119,978	63,034	56,595	65,379	53,864
$ 432,406	$ 509,303	$ 95,299	$ (195,944)	$ (89,944)
0.7 %	0.6 %	0.7 %	0.8 %	1.0 %

SCHEDULE B-1 - PERSONAL INCOME BY INDUSTRY
Last Ten Calendar Years
(amounts expressed in thousands)

	Calendar Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Farm Earnings	$ 674,488	$ 1,023,755	$ 1,016,604	$ 437,583	$ 1,354,378	$ 698,313	$ 557,745	$ 293,049	$ 428,532	$ 757,623
Agricultural, forestry, fishing, and other	371,911	337,672	303,051	282,376	281,525	269,403	256,830	252,135	261,677	273,020
Mining	1,172,227	1,295,004	1,156,228	933,503	887,492	1,056,058	1,088,431	968,972	1,106,210	1,144,404
Construction/utilities	4,981,776	4,642,164	4,384,390	3,885,340	3,497,068	3,263,287	3,174,176	3,015,990	2,914,591	2,765,160
Manufacturing	2,025,839	1,942,998	1,861,210	1,688,847	1,495,645	1,469,217	1,379,085	1,311,060	1,241,423	1,212,283
Transportation and public utilities	1,842,978	1,691,066	1,563,969	1,421,264	1,381,203	1,429,905	1,260,449	1,204,070	1,165,304	1,226,867
Wholesale trade	2,038,269	1,910,185	1,708,939	1,556,606	1,398,010	1,335,627	1,272,960	1,239,699	1,224,375	1,285,731
Retail trade	3,742,294	3,425,376	3,328,522	3,333,510	2,887,409	2,754,014	2,576,899	2,507,876	2,444,871	2,310,956
Finance, insurance, and real estate	4,432,133	4,176,245	3,968,759	3,143,796	2,586,390	1,534,090	1,423,724	2,169,520	2,062,991	1,679,674
Services	17,335,152	16,139,938	14,874,057	13,935,477	12,534,391	12,302,279	11,521,141	10,645,664	10,533,036	9,917,700
Federal, civilian	1,950,176	1,762,266	1,564,223	1,486,872	1,452,470	1,369,925	1,358,510	1,314,692	1,287,848	1,244,570
Military	599,657	551,918	518,231	503,378	494,460	461,645	429,177	415,147	409,941	406,402
State and local government	5,435,150	5,222,719	5,012,017	4,834,381	4,597,884	4,463,156	4,240,192	4,282,582	4,142,806	4,078,431
Other [1]	32,139,503	29,498,672	27,216,836	25,443,766	22,811,833	20,761,086	19,515,964	18,056,689	15,549,265	14,343,779
Total personal income	$78,741,553	$73,619,978	$68,477,036	$62,886,699	$57,660,158	$53,168,005	$50,055,283	$47,677,145	$44,772,870	$42,646,600
Average effective rate [2]	2.9 %	3.1 %	3.5 %	3.0 %	2.3 %	2.7 %	2.6 %	2.5 %	2.6 %	2.8 %

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce
Montana Department of Revenue

Notes: [1] Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance
[2] The total direct rate for personal income is not available. Average effective rate equals personal income tax revenue (Schedule B-2) divided by personal income.

SCHEDULE B-2 - PERSONAL INCOME TAX RATES
Last Ten Calendar Years
(amounts expressed in thousands)

	Calendar Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Personal income tax revenue [1]	$ 2,246,570	$ 2,286,844	$ 2,387,008	$ 1,889,444	$ 1,338,737	$ 1,412,864	$ 1,295,883	$ 1,180,344	$ 1,183,699	$ 1,175,745
Personal income	$ 76,894,093	$ 73,619,978	$ 68,477,036	$ 62,886,699	$ 57,660,158	$ 53,168,005	$ 50,055,283	$ 47,677,145	$ 44,772,870	$ 42,646,600
Average effective rate [2]	2.9 %	3.1 %	3.5 %	3.0 %	2.3 %	2.7 %	2.6 %	2.5 %	2.6 %	2.8 %

Tax Rates on the Portion of Taxable Income in Ranges							
Calendar Year 2024	Single, Married Filing Separately, Estates, Trusts, and PTE Composite Tax Filers		Head of Household		Married Filing Jointly/Qualifying Surviving Spouse		MCA 15-30-2103, eliminated 7 tax brackets to 2 tax brackets starting in 2024. Brackets are divided into filing status.
Tax Rate	4.7%	5.9%	4.7%	5.9%	4.7%	5.9%	
Income Bracket	$0-20.5	$20.5+	$0-30.8	$30.8+	$0-41	$41.0+	
Tax Rates on the Portion of Taxable Income in Ranges							
Calendar Year 2023 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.7%
Income Bracket	$0-3.6	$3.6-6.3	$6.3-9.7	$9.7-13.0	$13.0-16.8	$16.8-21.6	$21.6+
Calendar Year 2022 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.7%
Income Bracket	$0-3.3	$3.3-5.8	$5.8-8.9	$8.9-12.0	$12.0-15.4	$15.4-19.8	$19.8+
Calendar Year 2021 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.1	$3.1-5.5	$5.5-8.4	$8.4-11.4	$11.4-14.6	$14.6-18.8	$18.8+
Calendar Year 2020 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.1	$3.1-5.5	$5.5-8.4	$8.4-11.3	$11.3-14.5	$14.5-18.7	$18.7+
Calendar Year 2019 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.1	$3.1-5.4	$5.4-8.2	$8.2-11.1	$11.1-14.3	$14.3-18.4	$18.4+
Calendar Year 2018 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-3.0	$3.0-5.2	$5.2-8.0	$8.0-10.8	$10.8-13.9	$13.9-17.9	$17.9+
Calendar Year 2017 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.9	$2.9-5.2	$5.2-7.9	$7.9-10.6	$10.6-13.6	$13.6-17.6	$17.6+
Calendar Year 2016 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.9	$2.9-5.1	$5.1-7.8	$7.8-10.5	$10.5-13.5	$13.5-17.4	$17.4+
Calendar Year 2015 [3]							
Tax Rate	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	6.9%
Income Bracket	$0-2.8	$2.8-5.0	$5.0-7.6	$7.6-10.3	$10.3-13.3	$13.3-17.1	$17.1+

Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce; Montana Department of Revenue

Notes: [1] Personal income tax revenue is reported on a fiscal year basis.

[2] Average effective rate equals personal income tax revenue divided by personal income.

[3] (2015-2023) Amounts shown are for single and married filing separate returns. For all other filing status returns, double the income amounts in the columns.

SCHEDULE B-3 - PERSONAL INCOME TAX FILERS AND LIABILITY BY INCOME LEVEL
Latest Completed Calendar Year and Five Years Ago

	Calendar Year 2024				Calendar Year 2019			
Income Level	**Number of Filers**	**Percentage of Total**	**Personal Income Tax Liability**	**Percentage of Total**	**Number of Filers**	**Percentage of Total**	**Personal Income Tax Liability**	**Percentage of Total**
$9,999 and under	48,881	9.68 %	$ 136,570	0.01 %	64,751	13.62 %	$ 615,482	0.05 %
$10,000–$19,999	49,409	9.79	2,079,391	0.11	63,104	13.27	7,668,192	0.60
$20,000–$44,999	114,448	22.67	71,374,447	3.79	129,109	27.15	91,433,165	7.16
$45,000–$69,999	87,309	17.30	149,616,767	7.95	75,145	15.80	138,568,505	10.84
$70,000–$109,999	84,440	16.73	262,992,523	13.98	72,794	15.31	240,118,344	18.79
$110,000–$174,999	68,615	13.59	384,415,638	20.43	44,995	9.46	264,619,330	20.71
$175,000–$499,999	44,299	8.78	536,656,666	28.52	21,940	4.62	288,291,313	22.56
$500,000 and higher	7,352	1.46	474,420,265	25.21	3,639	0.77	246,425,596	19.29
Total	504,753	100.00 %	$ 1,881,692,267	100.00 %	475,477	100.00 %	$ 1,277,739,927	100.00 %

Source: Montana Department of Revenue

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented above are intended to provide alternate information regarding the sources of the State's revenue.

SCHEDULE C-1 - RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount, in dollars)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities										
General obligation bonds	$ —	$ —	$ —	$ 130,772	$ 127,633	$ 90,250	$ 73,090	$ 84,460	$ 98,625	$ 115,500
Special revenue bonds	—	—	300	12,695	21,930	19,330	38,425	56,435	73,550	89,840
Notes payable	1,337	1,449	6,236	6,963	6,928	7,478	8,150	9,307	10,004	11,643
CSKT water compact payable [3]	23,133	23,141	23,149	23,154	23,250	23,659	23,823	24,331	24,624	25,000
Right to use lease payable	130,481	140,937	138,053	144,685	16,043	20,617	12,545	13,698	6,537	3,170
Right to use SBITA payable	22,989	39,990	32,813	—	—	—	—	—	—	—
Financed purchase payable	10,796	12,753	10,823	14,519	—	—	—	—	—	—
Total governmental activities	188,736	218,270	211,374	332,788	195,784	161,334	156,033	188,231	213,340	245,153
Business-type activities										
Bonds/notes payable	—	—	—	68,707	—	—	—	—	—	—
Right to use lease payable	2,989	2,712	2,930	3,705	21	26	18	231	415	600
Right to use SBITA payable	511	1,003	1,306	—	—	—	—	—	—	—
Total business-type activities	3,500	3,715	4,236	72,412	21	26	18	231	415	600
Total primary government	$ 192,236	$ 221,985	$ 215,610	$ 405,200	$ 195,805	$ 161,360	$ 156,051	$ 188,462	$ 213,755	$ 245,753
Debt as a percentage of personal income [1]	0.2 %	0.3 %	0.3 %	0.6 %	0.3 %	0.3 %	0.3 %	0.4 %	0.5 %	0.5 %
Amount of debt per capita [2]	$ 169	$ 195	$ 191	$ 361	$ 177	$ 148	$ 146	$ 177	$ 204	$ 236

Source: Statewide Accounting, Budgeting, and Human Resource System

Notes: Details regarding the State's debt can be found in Note 11 of the financial statements.

[1] Debt as a percentage of personal income equals total debt divided by total personal income from Schedule B-1.
Used calendar year for personal income for fiscal year for debt percentage calculation. Numbers revised for prior years due to personal income estimate revisions.

[2] Amount of debt per capita is calculated by dividing total debt by total population from Schedule D-1.
Numbers revised for prior years due to population estimate revisions.

[3] Confederated Salish and Kootenai Tribe (CSKT) water compact.payable was added for the correction of an error. See Note 2.

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Governmental Activities	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Renewable Resource Program Bond										
Revenue										
Loan repayment (principal and interest)	$ —	$ —	$ 1,100	$ 1,089	$ 1,876	$ 3,335	$ 2,255	$ 3,319	$ 1,974	$ 2,986
Northwestern Energy	—	—	—	—	—	—	—	1,074	4,241	3,945
STIP interest earnings	321	272	262	24	11	42	55	65	53	25
Debt service fund interest	441	441	470	555	595	676	748	924	904	784
Net available revenue	762	713	1,832	1,668	2,482	4,053	3,058	5,382	7,172	7,740
Debt service										
Principal	$ —	$ 300	$ 8,655	$ 4,515	$ 9,527	$ 4,453	$ 2,875	$ 6,051	$ 4,994	$ 5,080
Interest	—	2	137	186	339	482	586	678	808	775
Coverage [1]	—	2.4	0.2	0.4	0.3	0.8	0.9	0.8	1.2	1.3
US Highway 93 GARVEES Bond										
Revenue - Paid off 2023										
Federal Highway Administration	$ —	$ —	$ 536,948	$ 439,873	$ 499,858	$ 542,855	$ 495,667	$ 419,915	$ 401,121	$ 424,636
Less: Operating expenses	—	—	(533,021)	(435,953)	(495,934)	(527,443)	(480,253)	(404,499)	(385,705)	(409,039)
Net available revenue	$ —	$ —	$ 3,927	$ 3,920	$ 3,924	$ 15,412	$ 15,414	$ 15,416	$ 15,416	$ 15,597
Debt service										
Principal	$ —	$ —	$ 3,740	$ 3,555	$ 3,390	$ 14,265	$ 13,660	$ 13,080	$ 12,400	$ 12,270
Interest	—	—	187	365	534	1,147	1,753	2,336	13,080	3,327
Coverage [1]	—	—	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE - Continued
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Governmental Activities	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Middle Creek Dam Project Note Payable										
Revenue										
Middle Creek Water Users Assoc loan payments	$ 126	$ 120	$ 122	$ 130	$ 120	$ 114	$ 114	$ 120	$ 111	$ 116
Net available revenue	$ 126	$ 120	$ 122	$ 130	$ 120	$ 114	$ 114	$ 120	$ 111	$ 116
Debt service										
Principal	$ 109	$ 104	$ 99	$ 95	$ 91	$ 87	$ 84	$ 80	$ 77	$ 74
Interest	18	16	23	35	29	27	31	40	34	43
Coverage [1]	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tongue River Dam Project Note Payable										
Revenue										
Tongue River Water Users Assoc loan payments	$ —	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128	$ 128
Revenue from sale of electricity	—	162	162	162	162	162	162	162	162	162
Net available revenue	$ —	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290
Debt service										
Principal	$ —	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290	$ 290
Interest	—	—	—	—	—	—	—	—	—	—
Coverage [1]	—	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE - Continued
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Governmental Activities	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Water Conservation Note Payable (Petrolia Project)										
Revenue										
Petrolia Irrigation District loan payments	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2
Net available revenue	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2
Debt service										
Principal	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2
Interest	—	—	—	—	—	—	—	—	—	—
Coverage [1]	—	—	—	—	—	—	—	—	—	—

SCHEDULE C-2 - PLEDGED REVENUE COVERAGE - Continued
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
Business-type Activities	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Municipal Finance Programs										
(Conservation Reserve Enhancement Program)										
Revenue										
Principal and interest repayments	$ —	$ 4	$ 4	$ 4	$ 4	$ 4	$ 12	$ 35	$ 29	$ 33
Net available revenue	$ —	$ 4	$ 4	$ 4	$ 4	$ 4	$ 12	$ 35	$ 29	$ 33
Debt service										
Principal	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Interest	—	—	—	—	—	—	—	—	—	—
Coverage [1]	—	—	—	—	—	—	—	—	—	—

Note: *[1] Coverage equals net available revenue divided by debt service.*

SCHEDULE C-3 - RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount, in dollars)

Fiscal Year [3]	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Personal Income [1]	Debt per Capita [2]
2025	$ —	$ 23,605	$ —	—%	$ —
2024	—	21,738	—	—	—
2023	—	20,105	—	—	—
2022	130,772	18,466	112,306	0.18	102
2021	127,633	16,483	111,150	0.19	103
2020	90,250	14,210	76,040	0.14	71
2019	73,090	16,284	56,806	0.11	53
2018	84,460	16,170	68,290	0.14	65
2017	98,625	17,366	81,259	0.18	78
2016	115,500	19,275	96,225	0.23	96

Source: Statewide Accounting, Budgeting, and Human Resource System

Notes: Details regarding the State's debt can be found in Note 11 of the financial statements.

[1] Debt as a percentage of personal income equals total debt divided by total personal income from Schedule B-1.
Used calendar year for personal income and fiscal year for debt percentage calculation.
Numbers revised for prior years due to personal income estimate revisions.

[2] Debt per capita is calculated by dividing total debt by total population from Schedule D-1.
Numbers revised for prior years due to population estimate revisions.

[3] See Note 11 for further information pertaining to Debt Free 2023 Initiative.
Numbers revised for prior years due to population estimate revisions.

SCHEDULE D-1 - DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

	Calendar Year									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Population										
Montana (in thousands)	1,138	1,131	1,122	1,106	1,087	1,069	1,062	1,050	1,043	999
Percentage change	0.6 %	0.7 %	1.4 %	1.7 %	1.7 %	0.7 %	1.1 %	0.7 %	4.4 %	0.5 %
National (in thousands)	340,003	336,755	333,996	332,100	331,578	328,240	327,167	325,719	323,128	322,366
Percentage change	1.0 %	0.8 %	0.6 %	0.2 %	1.0 %	0.3 %	0.4 %	0.8 %	0.2 %	0.8 %
Total Personal Income										
Montana (in millions)	$78,742	$73,620	$68,477	$62,887	$57,660	$53,168	$50,055	$47,677	$44,773	$42,726
Percentage change	7.0 %	7.5 %	8.9 %	9.1 %	8.4 %	6.2 %	5.0 %	6.5 %	4.8 %	4.6 %
National (in billions) [2]	$19,404	$19,404	$18,804	$18,412	$19,607	$18,542	$17,573	$16,820	$15,913	$15,582
Percentage change [2]	— %	3.2 %	2.1 %	(6.1)%	5.7 %	5.5 %	4.5 %	5.7 %	2.1 %	6.1 %
Per Capita Personal Income										
Montana	$69,240	$64,989	$60,984	$53,952	$53,361	$49,747	$47,120	$45,385	$42,947	$41,204
Percentage change	6.5 %	6.6 %	13.0 %	1.1 %	7.3 %	5.6 %	3.8 %	5.7 %	4.2 %	3.3 %
National	$73,204	$69,810	$65,470	$55,477	$59,510	$56,490	$53,712	$51,640	$49,246	$48,322
Percentage change	4.9 %	6.6 %	18.0 %	(6.8)%	5.3 %	5.2 %	4.0 %	4.9 %	1.9 %	4.9 %
Resident Civilian Labor Force & Employment										
Civilian labor force	579,037	573,808	567,849	549,515	540,052	537,215	529,658	526,944	528,349	522,709
Employed	561,826	557,394	552,842	530,738	508,261	517,875	509,965	505,413	507,322	502,284
Unemployed	17,211	16,414	15,008	18,777	31,791	19,340	19,693	21,531	21,027	21,327
Unemployment rate	3.0 %	2.9 %	2.6 %	3.4 %	4.2 %	3.5 %	3.7 %	4.1 %	4.0 %	4.1 %
Nonfarm Wage and Salary Workers (in thousands)										
Goods-producing industries										
Natural Resources and Mining	6.6	7.3	6.7	6.7	6.7	7.3	7.4	6.9	6.8	8.2
Construction	37.3	37.0	36.2	33.1	30.6	30.0	28.5	27.8	25.7	26.5
Durable goods	13.2	13.2	13.5	12.7	11.9	12.2	11.9	11.9	11.8	11.7
Nondurable goods	8.3	8.6	8.8	8.7	8.5	8.8	8.5	8.2	8.0	7.4
Subtotal goods-producing industries	65.4	66.1	65.2	61.2	57.7	58.3	56.3	54.8	52.3	53.8
Service-producing industries										
Transp, communications, and utilities	19.2	19.0	19.2	18.8	18.4	18.6	25.1	24.9	25.5	24.8
Trade	82.4	81.8	80.5	77.8	73.8	75.5	76.7	76.4	77.3	76.1
Finance, insurance, and real estate	27.4	28.0	35.4	33.4	32.3	32.6	25.4	24.7	24.5	23.8
Service	233.0	228.0	221.0	211.8	198.4	208.6	206.9	204.2	195.7	191.9
State and local government	78.8	77.8	76.8	76.8	75.5	77.5	77.6	78.6	80.2	77.4
Federal government	14.3	14.1	13.2	13.4	13.6	13.3	13.3	13.1	12.6	13.0
Subtotal service-producing industries	455.1	448.7	446.1	432.0	412.0	426.1	425.0	421.9	415.8	407.0
Total Nonfarm Wage and Salary Employment	520.5	514.8	511.3	493.2	469.7	484.4	481.3	476.7	468.1	460.8

[1] Previous population numbers are from U.S. Census projections. These projections are no longer available. 2016 and forward population numbers are from U. S. Census estimates.

[2] 2024 Total Personal Income (National) is based on 2023 data, which is the most recent information available as of the issuance of this report.

Sources: Population Division, U.S. Census Bureau
Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce
Bureau of Labor Statistics, U.S. Department of Labor

Notes: Total personal income is comprised of earned income, dividends, interest and rents, and government transfer payments. Per capita income is calculated by dividing personal income by population; amounts may not be exact due to rounding.
Numbers for prior years revised due to releases of updated data.
CY2023 data updated in 2025 as CY2024 data had been originally input. CY2024 data used for current.

SCHEDULE D-2 - PRINCIPAL EMPLOYERS
Current Calendar Year and Nine Calendar Years Ago

	2024			2015		
Employer	**Employees [1]**	**Rank**	**Percentage of Total State Employment [2]**	**Employees**	**Rank**	**Percentage of Total State Employment [2]**
State of Montana	22,500-23,000	1	4.49 %	23,000-23,500	1	5.28 %
Federal Government	13500-14000	2	2.71	12,000-12,500	2	2.78
Wal-Mart	5,000-5,500	3	1.03	4,000-4,500	3	0.97
Billings Clinic	4,000-4,500	4	0.84	3,500-4,000	4	0.85
Town Pump	4,000-4,500	5	0.84	2,500-3,000	5	0.62
Kalispell Regional Hospital	3,000-3,500	6	0.64	2,000-2,500	8	0.51
Albertsons	2,500-3,000	7	0.54	2,000-2,500	6	0.51
Benefis Healthcare	2,500-3,000	8	0.54	2,000-2,500	7	0.51
St. Patrick Hospital	2,000-2,500	9	0.44	1,500-2,000	10	0.40
Bozeman Health Deaconess	2,000-2,500	10	0.44			
St. Vincent Health (Intermountain Health)				1,500-2,000	9	0.40
Total Statewide Employment	505,662			440,076		

Sources: Montana Department of Labor
Bureau of Labor Statistics, U.S. Department of Labor

Notes: [1] Number of employees based on March 2015 and 2024 data.
[2] Percentage of total state employment based on the midpoints in the ranges given.

SCHEDULE E-1 - FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
Function/Program	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental:										
General government	2,673	2,601	2,559	2,522	2,564	2,659	2,676	2,951	3,003	2,979
Public safety/corrections	3,218	3,209	3,199	3,135	3,105	3,091	3,050	2,673	2,667	2,656
Transportation	2,172	2,171	2,164	2,156	2,132	2,126	2,132	2,127	2,194	2,194
Health/social services	3,044	3,036	3,031	3,006	2,982	2,975	3,086	3,053	3,106	3,040
Education/cultural	505	494	485	486	476	466	518	510	519	501
Resource/recreation/environment	2,469	2,433	2,295	2,217	2,168	2,161	2,187	2,173	2,105	2,065
Total governmental	14,081	13,944	13,733	13,522	13,427	13,478	13,649	13,487	13,594	13,435
Business-type:										
Liquor Stores	36	35	33	33	32	33	32	33	33	33
State Lottery	37	37	36	36	37	37	32	32	32	32
Municipal Finance Programs	3	3	4	4	4	4	4	4	4	4
Hail Insurance	4	4	7	7	7	7	8	6	5	6
General Government Services	142	148	102	101	99	98	100	101	101	112
Prison Funds	39	40	39	40	41	41	40	40	40	40
MUS Group Insurance	10	10	10	7	7	7	7	7	7	6
MUS Workers Compensation	1	1	1	1	1	1	1	1	1	1
Total business-type	272	278	232	229	228	228	224	224	223	234
Fiduciary:										
Pension Trust	81	80	80	72	71	71	71	71	71	70
Total fiduciary	81	80	80	72	71	71	71	71	71	70
Component unit:										
Montana Board of Housing	85	103	104	96	66	56	56	56	55	54
Facility Finance Authority	4	4	4	3	3	3	3	3	3	3
State Compensation Insurance (New Fund)	287	291	295	294	306	307	307	307	307	307
Montana State University	2,915	2,868	5,049	5,464	5,341	5,341	5,023	4,930	4,960	4,945
University of Montana	1,869	1,757	3,457	3,657	3,612	3,612	3,666	3,771	3,848	3,844
Total component unit	5,160	5,023	8,909	9,514	9,328	9,319	9,055	9,067	9,173	9,153
Total full-time equivalent employees	19,594	19,325	22,954	23,337	23,054	23,096	22,999	22,849	23,061	22,892

Source: Statewide Accounting, Budgeting, and Human Resource System

SCHEDULE E-2 - OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	**2025**	**2024**	**2023**	**2022**	**2021**
Governmental activities:					
General government					
Department of Revenue					
Electronically-filed income tax returns	576,357	579,000	569,800	556,565	583,570
Paper-filed income tax returns	31,032	36,500	44,700	38,400	49,000
Judiciary					
Supreme Court total filings [1]	726	760	749	755	660
District Court total filings [1]	56,983	57,664	55,953	54,672	61,589
Public safety/corrections					
Department of Corrections					
Incarcerated offenders	3,422	2,958	2,778	2,773	2,526
Supervised offenders	10,366	10,079	9,836	9,593	10,425
Department of Justice					
Drivers licenses issued	201,315	215,234	175,513	162,803	143,312
Vehicles registered [2]	2,577,062	3,803,353	3,203,413	3,053,644	2,902,959
Department of Military Affairs (Army Program Facilities Office)					
Work orders received	2,381	2,241	2,088	2,286	2,271
Work orders completed	1,831	1,958	1,811	2,004	1,868
Work orders unfunded or not completed	550	283	277	282	403
Transportation					
Department of Transportation					
Paved roads (miles)	21,280	20,639	20,540	20,788	20,689
Unpaved roads (miles)	53,075	53,075	53,130	53,974	54,026
Health/social services					
Department of Public Health and Human Services					
Senior citizens receiving personal long-term care assist.	3,580	3,368	3,858	3,532	3,532
Number of households provided with energy assist.	15,291	16,948	17,661	16,801	16,601
Education/cultural					
Office of Public Instruction					
K-12 public school enrollment	144,579	148,585	150,573	145,632	145,632
Public schools	821	821	826	826	826
Commissioner of Higher Education					
Total enrollment for Montana University System 4-year Colleges	28,623	28,010	27,545	27,175	27,495
Total enrollment for Montana University System 2-year Colleges	4,609	4,385	4,315	3,920	3,850
Resource/recreation/environment					
Department of Natural Resources and Conservation					
Revenue generated on state trust lands (millions of dollars)	$ 151.48	$ 163.45	$ 199.29	$ 119.29	$ 107.3
Oil production (millions of bbls)	27.73	23.9	20.59	20.25	21.21
Gas production (millions of mcf)	37.47	38.89	42.89	36.5	38
Department of Fish, Wildlife and Parks					
License and permit sales [2]	$ 3,500,000	$ 3,463,556	$ 3,250,990	$ 3,102,571	$ 3,246,322
State park visitation (millions)	3.5	3.1	3.05	3.08	3.58

Fiscal Year				
2020	2019	2018	2017	2016
479,282	501,710	494,664	490,237	490,050
44,000	57,750	73,204	76,428	83,831
597	736	726	758	850
60,602	59,607	58,350	50,355	57,000
2,545	2,785	2,865	2,719	2,605
10,425	12,122	12,451	11,626	11,106
143,629	164,059	173,857	174,858	180,445
2,767,720	2,955,987	2,573,106	2,749,855	2,648,484
2,388	2,773	2,684	3,102	2,907
1,902	2,244	2,449	3,127	2,842
486	529	265	158	138
20,326	20,203	20,150	19,534	20,002
54,305	54,353	54,397	56,229	55,981
3,348	3,631	3,291	3,326	3,321
18,754	19,893	19,908	19,617	19,312
149,181	147,785	146,772	146,375	144,316
826	823	821	821	799
28,854	29,694	30,580	31,089	30,968
4,155	4,457	4,597	4,794	4,895
$ 92.07	$ 99.2	$ 87.4	$ 86.2	$ 95.89
20.5	19.25	20.21	21.58	21.53
40	40.36	43.03	39.79	29
$ 2,931,119	$ 2,656,068	$ 2,514,748	$ 2,103,209	$ 2,003,119
2.97	2.62	2.51	2.62	2.66

SCHEDULE E-2 - OPERATING INDICATORS BY FUNCTION/PROGRAM - Continued
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	**2025**	**2024**	**2023**	**2022**	**2021**
Governmental activities (continued):					
Resource/recreation/environment (continued)					
Department of Environmental Quality					
Environmental permits and licenses [4]	6,001	8,375	7,159	7,988	5,878
Environmental violations [4]	2,197	3,448	2,904	2,399	1,169
Economic development/assistance					
Department of Commerce (Community Development)					
Treasure State Endowment Project – applications	—	44	—	52	—
Treasure State Endowment Project – construction awards [5]	39	—	49	—	48
Community Development Block Grant – public facility applications	12	9	9	12	9
Community Development Block Grant – public facility awards	3	6	6	8	3
Business-type activities:					
Unemployment Insurance					
Department of Labor					
Initial claims	35,962	32,048	38,081	25,134	39,751
Average weekly benefit (dollars)	$ 454.57	$ 460.44	$ 488.97	$ 458.87	$ 470.53
Exhaustion rate (percent)	34.1 %	32.1 %	30.4 %	27.1 %	100.0 %
Liquor Stores					
Department of Revenue					
Liquor licenses issued	5,852	5,852	5,814	5,173	5,304
Liquor cases distributed	1,100,565	1,096,042	1,085,816	1,095,693	1,069,716
State Lottery					
Department of Administration					
Total dollars in ticket sales (millions of dollars)	$ 148	$ 154	$ 148	$ 116	$ 112
Transfer to the General Fund (millions of dollars) [6]	$ 19	$ 17	$ 21	$ 13	$ 11
General Government Services					
Department of Commerce (HUD Section 8)					
Applications reviewed – homebuyers assistance (dollars) [3]	$ —	$ —	$ 200,000	$ —	$ 800,000
Grants awarded – homebuyers assistance (dollars) [3]	$ —	$ —	$ 200,000	$ —	$ 800,000

N/A = not available

Sources: Governor's Office of Budget and Program Planning, Biennium Executive Budget
Montana Departments of Administration, Justice, Military Affairs, and Transportation
Montana Commissioner of Higher Education
Unemployment Insurance Data Summary, Employment & Training Administration, U.S. Department of Labor

Notes: [1] Operating indicators are reported on a calendar-year basis.
[2] Licenses and permit sales reported by license year.
[3] Reporting method includes both single and multiple family assistance.
[4] Fiscal Year 2024 values updated in 2025 with updated information.
[5] Fiscal year 2017, 2019, 2021 and 2023 values updated in 2025 with corrected information.
[6] Transfers to the General Fund from the State Lottery were restated for 2020 through 2024. See error in Note 2.

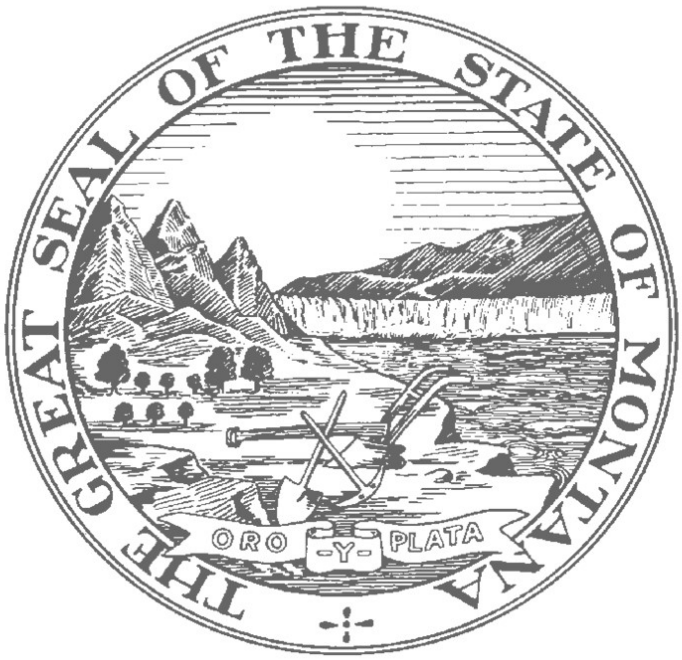
Fiscal Year				
2020	2019	2018	2017	2016
7,249	7,568	7,386	11,311	9,162
3,030	2,716	4,670	4,158	4,305
48	—	51	—	60
—	51	—	38	—
19	12	6	12	—
15	22	6	7	7
182,034	46,252	48,061	51,106	55,565
$ 347.35	$ 383.63	$ 344.73	$ 337.45	$ 324.61
41.7 %	33.3 %	35 %	34 %	34.7 %
5,521	5,543	5,387	5,373	5,200
935,539	858,486	833,694	807,125	792,463
$ 60	$ 60	$ 56	$ 52	$ 60
$ 8	$ 12	$ 10	$ 9	$ 13
$ 600,000	$ 600,000	$ 600,000	$ 600,000	$1,332,068
$ 600,000	$ 600,000	$ 600,000	$ 600,000	$1,332,068

SCHEDULE E-3 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year				
Function/Program	**2025**	**2024**	**2023**	**2022**	**2021**
Governmental activities:					
General government					
Department of Administration					
Buildings	57	57	57	57	57
Data processing equipment	1,803	1,762	1,677	1,620	1,585
Judiciary					
Vehicles	42	42	34	34	34
Public safety/corrections					
Department of Corrections					
Vehicles	129	126	119	72	108
Buildings	191	185	186	185	183
Department of Justice					
Vehicles	677	706	646	675	670
Laboratory/scientific equipment	282	295	285	286	280
Transportation					
Department of Transportation					
Vehicles	2,500	2,330	2,257	2,146	2,345
Buildings	960	947	945	941	912
Health/social services					
Department of Public Health and Human Services					
Vehicles	161	159	162	154	106
Buildings	140	140	140	140	155
Education/cultural					
Historical Society					
Buildings	5	5	5	5	5
Resource/recreation/environment					
Department of Natural Resources and Conservation					
Vehicles	1,239	1,200	1,114	1,129	1,126
Buildings	99	99	97	97	97
Department of Fish, Wildlife and Parks					
Vehicles	2,645	2,606	2,523	2,455	2,594
Buildings	970	972	965	964	959
Department of Environmental Quality					
Vehicles	33	30	29	31	32
Laboratory/scientific equipment	229	228	228	265	309
Economic development/assistance					
Department of Commerce					
Buildings	14	14	6	6	6
Business-type activities:					
State Lottery					
Department of Administration					
Vehicles	11	12	12	13	13
General government services					
Department of Administration					
Vehicles	83	85	83	63	81
Prison funds					
Department of Corrections					
Vehicles	95	95	87	71	99

Sources: Statewide Accounting, Budgeting, and Human Resource System
Vehicle Exposure and Commercial Property Schedules, Risk Management and Tort Defense Division
Department of Administration

Fiscal Year				
2020	2019	2018	2017	2016
57	57	57	59	59
1,540	1,509	1,463	1,115	1,710
21	23	15	15	14
97	97	93	93	131
182	182	182	182	182
631	649	647	641	622
283	291	280	284	289
2,285	2,192	2,114	2,156	2,083
910	900	904	985	978
101	104	105	140	125
154	154	154	154	154
5	5	5	5	5
1,119	1,048	1,001	959	942
98	88	91	90	88
2,610	2,618	2,664	2,541	2,540
956	950	941	871	865
40	40	40	46	48
317	319	316	420	407
6	6	6	4	4
12	11	10	10	10
80	64	60	58	61
98	92	91	89	89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