

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

Included as a Component Unit of the State of Montana



MONTANA
STATE UNIVERSITY

Mountains & Minds



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MESSAGE from the PRESIDENT



Our goal at Montana State University is to open the doors to higher education for as many students as we can and, once they choose to walk through those doors, offer them a first-rate education that will set them up for a meaningful career and enable them to improve their lives and communities. We are laser-focused on that goal, and students and families are noticing: We saw a record 17,165 students enroll at MSU this fall. For each of those students who have chosen MSU, our faculty and staff are committed to helping them meet their educational and career goals and to providing support and resources for them at every step.

These investments in our students are paying dividends, and they are enjoying remarkable successes. For example, when Doriane Keiser, an associate member of the Fort Peck tribes, enrolled at MSU in 2021, she had a goal of one day going to graduate school to become a clinical psychologist with the hope of eventually returning to the Fort Peck Indian Reservation where she grew up to help improve individual and community mental health. In November, Doriane was awarded a

Rhodes Scholarship, a huge step in helping her make her dreams a reality. Doriane is MSU's 12th Rhodes Scholar and one of just 32 Americans selected for the world-renowned scholarship this year.

Our university is also incredibly proud of and invested in research. MSU's latest annual research expenditures totaled a record \$288.7 million. That comes chiefly in the form of grants that support both basic science and practical applications in fields from agriculture and cybersecurity to health and rural education. Our research efforts are broad. In fact, MSU is the largest research enterprise of any type in the state of Montana, and at our core we understand that research is about making a positive impact on our state and its people. The opportunities provided to students through research, as well as the economic, societal and health benefits that these projects have for our communities, are fundamental to our land-grant mission.

MSU's campus continues to evolve. In October, we opened a renovated and reinvigorated Veterans Park. The space honors veterans and serves as a place for all visitors to connect and reflect. We also celebrated the opening of a new outdoor classroom and gathering space at American Indian Hall. The space is dedicated to the late Blackfeet tribal elder and activist Elouise Cobell, who was educated at MSU and received an honorary doctorate in 2002. We also see major construction projects underway on campus, including Gianforte Hall, the future home of the Gianforte School of Computing; Jones Hall, a nursing education building that will house the Mark and Robyn Jones College of Nursing; MSU's Wool Lab, which will be part of the Combined State Laboratories Building; and a privately owned and operated hotel leased on MSU land. Planned future major construction projects include a major expansion at Montana PBS and a new building for fast-growing two-year programs at Gallatin College MSU.

Our student-athletes continue to make us proud. Our football team brought home the FCS national championship with a dramatic win over Illinois State, earning MSU's first national football title in 41 years and capping a glorious season that also included, for the first time ever, two Cat-Griz gridiron wins.

Achieving MSU's land-grant mission of education, research and outreach to communities would not be possible without the excellence and dedication of our faculty and staff. We are proud of the people and policies behind our financial strength, and we are grateful for the hard work of many who ensure the MSU campuses are good stewards of the resources made available to us for the benefit of our students. Thanks to their commitment — and to our incredible students — MSU shines across Montana, changing lives and communities every day.

Brock Tessman
President, Montana State University





KEY PERSONNEL

Montana University System Board of Regents

Todd Buchanan (Chair)
Loren Bough
Dean Folkvord
Carter Jasper (Student Regent)
Joyce Dombrowski
Heather Hoyer
Jeff Southworth

Ex Officio Members:
Clayton Christian, Commissioner of Higher Education
Greg Gianforte, Governor
Susie Hedalen, Superintendent of Public Instruction

University Administration

Brock Tessman President
Stefani Hicswa Chancellor, MSU Billings
Gregory Kegel Chancellor, MSU Northern
Stephanie Erdmann Dean & CEO, Great Falls College MSU
Sreekala Bajwa Vice President of Agriculture
Cody Stone Director, MSU Extension

Office of the Commissioner of Higher Education

Clayton Christian Commissioner of Higher Education
Joe Thiel Interim Deputy Commissioner, Academic, Research & Student Affairs
Tyler Trevor Deputy Commissioner for Budget & Planning and Chief of Staff
Kerry Davant Executive Director of Human Resources
Galen Hollenbaugh Deputy Commissioner, Government Relations & Public Affairs
Ali Bovingdon MUS Chief Legal Counsel

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 Financial Statements

Opinions

We have audited the financial statements of Montana State University, a component unit of the State of Montana, which are comprised of the Consolidated Statement of Net Position as of June 30, 2025, the related Consolidated Statement of Revenues, Expenses and Changes in Net Position, and Consolidated Statement of Cash Flows for the fiscal year then ended, and the University Component Units – Combined Statement of Financial Position as of June 30, 2025, or December 31, 2024, and the related University Component Units – Combined Statement of Activities for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Montana State University as of June 30, 2025, and the changes in net position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Montana State University Alumni Association, the Montana State University - Billings Foundation, the Montana State University - Northern Foundation, the Museum of the Rockies, Incorporated, and the Montana State University Bobcat Club. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for the component units of the university, 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 university 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 the Montana State University Alumni Association, the Montana State University - Billings Foundation, the Montana State University - Northern Foundation, the Museum of the Rockies, Incorporated, and the Montana State University Bobcat Club were not audited in accordance with *Government Auditing Standards*.

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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 university'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 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 university's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the university'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 Required Supplementary Information - Pensions, the Required Supplementary Information - Other Post-Employment Benefits, 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.

Other Information

Management is responsible for the other information. The other information comprises all information preceding the opinion and the unaudited supplemental information, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 December 23, 2025, on our consideration of the university's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 university's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (25-11).

Respectfully submitted,

/s/ Alexa O'Dell

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

MANAGEMENT'S DISCUSSION & ANALYSIS

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

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

OPERATIONS

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

Condensed Statements of Revenues, Expenses, and Changes in Net Position

(in millions)

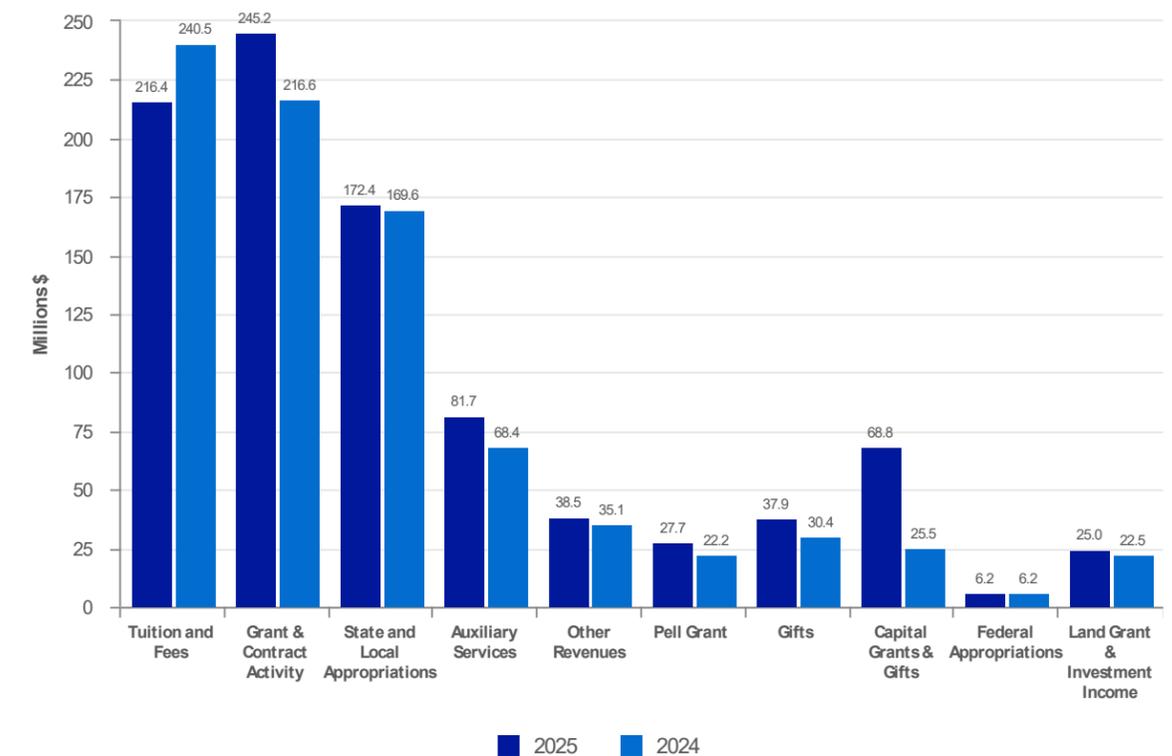
	2025	2024
Operating revenues	\$ 588.0	\$ 566.9
Operating expenses	796.5	774.6
Operating loss	\$ (208.5)	\$ (207.7)
Non-operating revenues and expenses (net)	254.2	237.8
Income before capital & other items	\$ 45.7	\$ 30.1
Capital & other items	68.6	25.5
Change in net position	\$ 114.3	\$ 55.6

Comparison of 2025 and 2024 Results of Operations

The University's net financial position increased \$114.3 million during fiscal year 2025. Large increases in research activity combined with strong Auxiliary revenues, steady state appropriations, and capital investments are contributing factors to the University's ability to increase its net position.

Operating revenues contain the majority of the University's income, and increased \$21.0 million, or 3.7%, from 2024 to 2025. Reported net tuition and fee revenue for 2025 is being impacted by a change to the scholarship discount allowance. This change in guidance from the National Association of College and University Business Officers (NACUBO) more accurately estimates and allocates the scholarship discount between tuition and fees and auxiliary services. The scholarship allowance includes all waivers, scholarships, federal aid, and other student support that reduces the overall cost to students. Additionally, the updated methodology now allocates more allowance to tuition and fees and less allowance to room & board, resulting in a decrease in tuition and fees and increase in auxiliary revenue.

Revenue Comparison



For clarity, the table below shows the outcome for 2024 if the new methodology had been used. From an institutional perspective, cash is collected for many of these items and that is reflected in the overall cash flow statement. Overall, MSU experienced stable enrollment and an increased FTE. The outcome for 2025 is approximately \$216.4 million in tuition and fees. Tuition rates for 2025 were increased by 4.0% for resident undergraduate and graduate students and 6.0% for nonresident undergraduate and graduate students at all 4 campuses.

	2025 New Method	2024 Old Method	2024 New Method
Revenue			
Tuition and Fees	\$216.4	\$240.5	\$217.1
Auxiliary Services	81.7	68.4	76.5
Total Revenue	298.1	308.9	293.6
Expense			
Scholarships and Fellowships	16.3	30.2	14.9
Total Net of Change	\$281.8	\$278.7	\$278.7

The number of annual full-time-equivalent students enrolled increased from 19,716 to 20,204. Three of the four MSU campuses had increased enrollments, with MSU-Billings experiencing a small decline of 28 FTE.

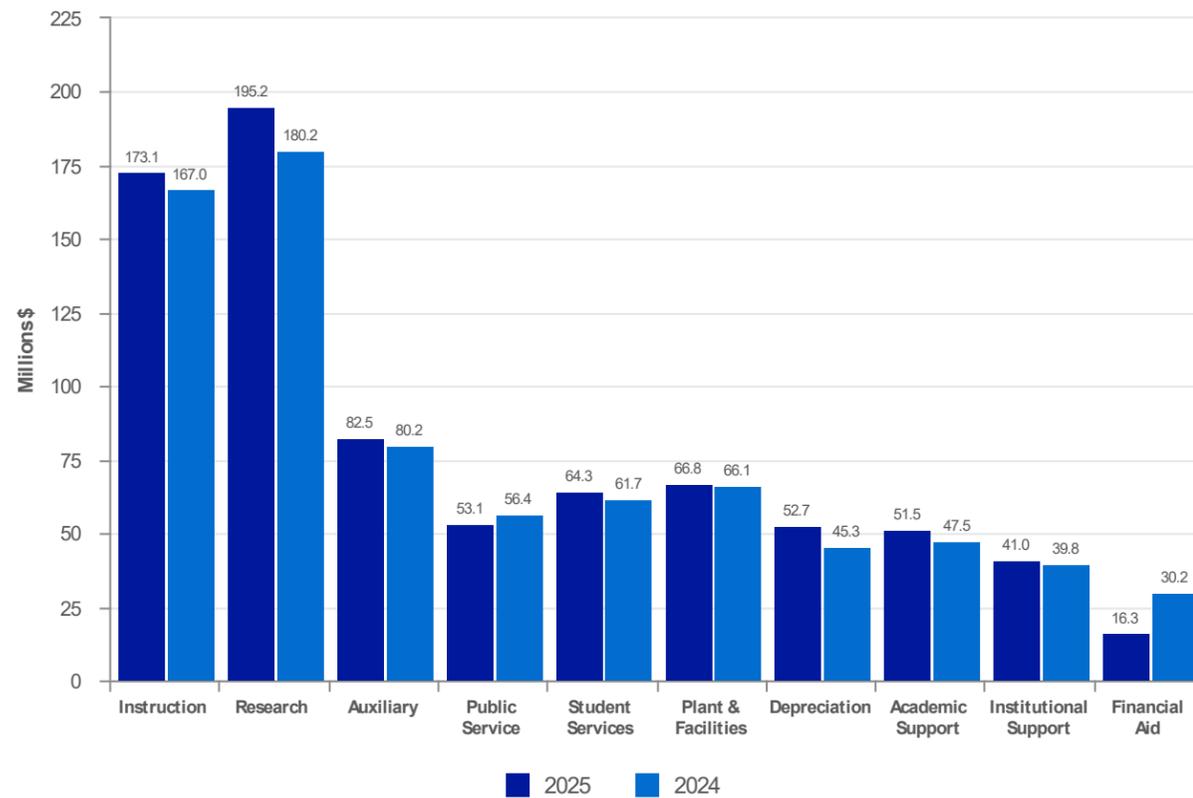
Grant and contract operating revenues, including facility and administrative cost recoveries, increased 13.20%, to \$245.2 million, compared with 2024 revenues of \$216.6 million. The increase in grant revenues is due to a proactive approach in seeking out grant opportunities and a high level of grant applications being awarded, with the largest increase in grants coming from Department of Defense funding.

Auxiliary services revenue experienced an increase of \$13.2 million, or 19.3%, due to an increase in room & board rates of 8.0% from 2024 to 2025. Occupancy rates within our housing facilities continue to be high with live-on requirement for freshman as well as more returning students choosing to live on-campus. Auxiliary revenue was also impacted by the change in the scholarship discounting allowance as described above. The addition of the Chik-Fil-A franchise and student health fee increases for health and dental services contributed to a \$2.8 million (27.2%) increase in other auxiliary revenue.

Net non-operating revenue increased \$16.4 million from 2024 to 2025. The Universities received an increase in State and local appropriations of \$2.8 million, or 1.7%, from 2024. The state appropriations increase totaled \$6.7 million for 2025, which was offset by a decline of \$5 million in Higher Education Other Revenue. In 2024, funds to pay off a state loan were provided on a one-time basis. The standard general fund appropriation increase was driven by the 4% legislative pay plan increase that was partially funded by the state.

Capital and other items increased from \$25.5 million in 2024 to \$68.5 million in 2025, an increase of \$43.0 million. The change is driven by an increase in non-state capital contributions of \$38.5 million for multiple building projects including Gianforte Hall, the five Mark & Robyn Jones College of Nursing buildings, and the Kennedy-Stark Athletic Center. These capital additions have been funded with private donor funds. There was also an increase of \$4.7 million in capital contributions from the state for Long Range Building Program maintenance projects.

Expense Comparison



Operating expenses increased \$21.9 million, or 2.82%, from 2024 to 2025. Operating expenses were up across most categories with the exception of public service, auxiliary, and plant & facilities which remained fairly flat. There was a decrease in financial aid due to the change in the scholarship discount calculation. This reduction in expense was offset with a reduction in tuition and fee revenue. Compensation and benefits and maintenance costs were the main drivers of expenditure increases in each area.

Compensation and benefits expenses increased \$21.9 million, or 4.8%, from 2024 to 2025. A legislative pay plan increase of 4% or \$1.50/hr effective at the start of fiscal year 2025, led to increased expenditures in this category along with lower vacancy rates. Maintenance expenses increased by 15.2% or \$5.8 million. The maintenance cost increases are due to deferred maintenance investments in multiple areas.

Research expenses increased significantly in FY25 by \$15.0 million, or 8.3%. Increases in research expenditures for compensation and benefits of \$9.4 million and contracted services of \$6.3 million contributed to a record year for research expenditures at MSU.

NET POSITION

The **Statement of Net Position** is presented in a classified format, which differentiates between current and non-current assets and liabilities, deferred outflows and deferred inflows, and also categorizes net position (formerly called “fund balance”) into four categories. The University’s overall financial position increased by \$114.3 million from 2024 to 2025, as discussed below.

Condensed Statements of Net Position (in millions)

	2025	2024
ASSETS		
Current assets	\$ 459.5	\$ 412.7
Capital assets, net	768.3	672.1
Other noncurrent assets	78.5	74.4
Total assets	\$ 1,306.3	\$ 1,159.2
DEFERRED OUTFLOWS		
	86.9	79.3
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,393.2	\$ 1,238.5
LIABILITIES		
Current liabilities	\$ 140.3	\$ 117.7
Noncurrent liabilities	415.2	403.5
Total liabilities	\$ 555.5	\$ 521.2
DEFERRED INFLOWS		
	\$ 56.1	\$ 50.0
NET POSITION		
Net investment in capital assets	\$ 544.5	\$ 434.6
Restricted, non-expendable	10.1	10.0
Restricted, expendable	24.7	26.4
Unrestricted	202.3	196.3
Total net position	\$ 781.6	\$ 667.3
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 1,393.2	\$ 1,238.5

Comparison of 2025 and 2024 Net Position

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

The increase of \$46.8 million in current assets resulted from two main changes. The first is an increase of \$14.9 million in cash and cash equivalents driven by strong enrollments and record research activity. The second is an increase of \$32.5 million in receivables, driven by grants and contracts receivables. There is often a lag in receiving reimbursement from the Department of Defense, which makes up the largest portion of our grant expenditures.

Capital assets, net increased \$96.2 million, resulting from asset additions of \$104.1 million, including \$15.3 million in furniture and equipment, \$132.4 million in construction work-in-progress, and \$3.2 million in subscription based information technology arrangements per GASB 96. Asset additions were offset by depreciation and amortization expense of \$52.7 million. \$103.9 million was transferred from construction work-in-progress to building improvements, building, and land improvements. These transfers were for completion of various projects across campus including the Facilities Yard, Stadium Parking Improvements, Kennedy-Stark Athletic Center, and Grant Street improvements. Construction work-in-progress is related to Gianforte Hall and the five nursing buildings.

Further detail on capital, leases, and other non-current assets can be found in Note 7.

Equipment additions totaled \$15.3 million during 2025. Research and instruction in the sciences require a substantial equipment investment, and many specialized pieces of equipment are grant funded. The opening of the wellness center also impacted furniture and equipment as many pieces of medical and fitness equipment were a part of the new construction.

Other noncurrent assets include endowment fund and other long term investments, student loans receivable, and donated funds restricted to use for facility construction. The balance of Other Noncurrent Assets increased by 5.6% to \$78.5 million in 2025, primarily due to an increase in non-current lease receivables of \$5.1 million related to the renewal of the MSU-Bookstore lease for 15 years beginning on July 1, 2024.

Deferred outflows represent the University's deferred loss on debt refundings and pension and OPEB related balances. The deferred loss on debt refunding represents the excess of the reacquisition price of refunded debt over its net carrying amount. The outstanding deferred loss on refunding balances are related to Series 2017D and 2021H. Pension and OPEB deferred outflows are the portion of the net pension and OPEB liabilities not included as expenses and include employer contributions and transactions subsequent to the measurement date of the liabilities. See Note 14 for further information on pensions and OPEB.

Current liabilities include payroll and related liabilities, amounts payable to suppliers for goods and services received, cash received for which the University has not yet earned the related revenue, securities lending liability, and debt principal payments due within one year. The balance increased \$22.7 million, or 19.3%, from 2024 to 2025. This includes an \$8.3 million increase in short-term bonds payable, due to the Series 2024K-2 and 2024K-3 issuances which are both 5-year bridge loans that will be repaid with donor pledges. Deferred revenue increased by \$7.9 million, or 46.9% over the last year, driven by summer session payments received in 2024 but deferred to 2025. The total increase related to summer session was \$3.78 million. Both tuition and fees increase significantly in the 2nd year of a biennium as the increases are not approved in time to be effective in year 1 (2024). Grants and contract payments received in advance accounted for a \$2.5 million increase in deferred revenue as well. Finally, with increased compensation obligations, the current portion of compensated absences increased 10.0%, or \$1.3 million.

Noncurrent liabilities include debt and advance liabilities, the amount of compensated absence liability estimated to be payable after a one-year period,

and amounts which will be payable to the Federal government as the University collects repayments from loans outstanding under the Federal Perkins Loan or Nursing Loan programs. Noncurrent liability balances increased \$11.7 million, or 2.9%, resulting primarily from a \$9.3 million increase in debt, capital lease, and other obligations (Note 10).

Deferred Inflows include amounts related to lease receivables and pension and OPEB balances. The lease receivable portion is initially recorded at the lease receivable plus any payments received on or before the commencement of the lease that relate to future periods. This will be recognized as revenue over the life of the lease. The OPEB and pension portion includes amounts related to changes in estimates and assumptions which have occurred since the last actuarial valuation for defined benefit pension and OPEB plans. These will be amortized to expense over a period as determined by actuarial calculations for each of the plans, as discussed in Note 14.

Net investment in capital assets consist of the historical acquisition value of capital assets, reduced by both accumulated depreciation expense charged against assets and debt balances related to capital assets. This balance increases as assets are acquired and debt is repaid, and decreases as assets are depreciated and debt is incurred. Overall balances in net investment in capital assets increased \$110.0 million in 2025.

Restricted, non-expendable balances must be held in perpetuity, and include endowment principal as well as certain balances in student loan funds. Balances remained stable between fiscal years 2024 and 2025.

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

Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets are designated for specific purposes as described in the notes to the financial statements, and include funds accumulated for employee termination payouts, scholarships, facility renewal and replacement, and certain student projects. Balances in unrestricted net position increased by \$5.9 million in comparison to fiscal year 2024. This growth was driven by strong enrollments and related tuition revenues and record research activities.



CASH FLOWS

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

Condensed Statements of Cash Flows (in millions)

	2025	2024
Cash provided/(used) by:		
Operating activities, net	\$ (176.4)	\$ (146.0)
Noncapital financing activities, net	237.6	219.6
Capital and related financing activities, net	(66.9)	(77.6)
Investing activities, net	20.5	21.8
Net change in cash & equivalents	\$ 14.9	\$ 17.8
Cash & equivalents, beginning of year	342.4	324.6
Cash & equivalents, end of year	\$ 357.3	\$ 342.4

Comparison of 2025 and 2024 Cash Flows

Operating activities in fiscal year 2025 used \$176.4 million in cash and the University realized an operating loss of \$208.5 million. In 2024, the University expended \$146.0 million in cash for operating activities and realized an operating loss of \$207.7 million. Comparatively, depreciation and amortization expenses in 2025 amounted to \$52.7 million compared to \$45.3 million in 2024.

Noncapital financing activities provided \$237.6 million in positive cash flows to the University, resulting from \$172.4 million in state and local appropriations, \$27.7 million in federal Pell grant revenue, \$37.9 million in expendable gifts, and \$3.3 million of land grant income. In 2024, noncapital financing activities provided \$219.6 million in cash, resulting from \$169.6 million in state and local appropriations, \$22.2 million in federal Pell grant revenue, \$30.4 million in expendable gifts, and \$3.0 million of land grant income.

Capital and related financing activities used \$66.9 million in cash, resulting primarily from cash expended on capital assets of \$97.2 million (see Note 7 to the financial statements), principal debt repayments of \$9.2 million, and interest payments of \$9.6 million. In 2024, these activities netted \$77.6 million of cash outflow, resulting primarily from cash expended on capital assets of \$67.3 million, principal debt repayments of \$8.8 million, and interest payments of \$8.1 million.

DEBT AND ADVANCES

As of June 30, 2025, the University had approximately \$265.6 million in outstanding bond, note, and lease principal, compared with \$242.0 million at June 30, 2024 (see Note 10 to the financial statements). The balance increased due to the issuance of Series 2024K-2 and Series 2024K-3 bonds. Intercap debt is issued at a variable rate, reset each February, and as of June 30, 2025, was 5.00%. As of June 30, 2025, the University's bonds are rated Aa3 by Moody's Investor Services and AA- by Standard and Poor's.

ECONOMIC OUTLOOK

Montana State University set a record for headcount enrollment in the fall of 2025 at 17,165 students, a slight increase over the prior fall. The record marked the fifth year in a row of enrollment growth at the campus, which itself followed 11 years of growth from 2007 to 2018. Looking forward, enrollment is expected to remain stable due to devoting careful attention to maintaining an appropriate mix of in- and out-of-state students, initiatives to increase retention, and structured tutoring and mentoring opportunities.

MSU's retention of students, and their persistence to graduation, has been another area of strength. MSU saw 81.8% of its first-time, full-time students return for a second fall term in 2025, a record. When all new students are counted — including full-time, part-time and transfers — the retention rate was 75.4%, one of the highest rates seen in at least 15 years. Research has shown that students returning for their second year is a key indicator for future success in college.

The university set a record for full-time equivalent, or FTE, enrollment for the fall of 2025 with 15,785. That number is calculated by taking the total number of credits that MSU students are enrolled in and dividing by a full-time credit load — 15. It is a sign that more MSU students are taking more courses per semester, which is key to graduating on time. MSU has long urged students to take advantage of state tuition rules by enrolling in 15 or more credits per semester to save money, an initiative called the Freshman 15. This fall, 87% of new, first-time students and 69% of all undergraduates enrolled in 15 or more credits — both record numbers.

MSU is graduating more students and doing so in a shorter period than at any time in modern history — meaning more students enter their post-graduation work lives and pursuits earlier. This fall, MSU recorded increases in its four- and five-year graduation rates, which rose to 41.4% and 56.4% respectively. The six-year rate also saw an increase to 59%. From fall 2024 to fall 2025, the university awarded 3,657 degrees.

Record demand continues for Gallatin College MSU programs, which offer career technical education and vocational training. That demand is expected to remain strong as the city and the county both experience unprecedented population and economic growth. The university currently leases off-campus spaces for the majority of programs offered at Gallatin College MSU. Due to the college's continued growth, the university has sought a new building for Gallatin College MSU for years, which will allow its students to learn at the main MSU campus, providing easier access to important services such as the library, tutoring, and wellness. House Bill 5, passed by the 2023 Legislature, provided \$23.5 million for a Gallatin College MSU building, provided that MSU raises the other needed \$22.5 million. MSU has successfully raised these funds and will work with the state to begin the design and construction process on the new building.

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

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



FINANCIAL STATEMENTS

Consolidated Statement of Net Position

FOR THE YEAR ENDED JUNE 30, 2025

	2025
ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 357,260,187
Securities lending collateral	9,834,419
Accounts and grants receivable, net (Note 3)	19,548,549
Lease receivable	319,581
Amounts receivable from Federal government	61,805,612
Amounts receivable from primary government	316,704
Loans receivable, net (Note 6)	1,081,097
Inventories (Note 4)	3,101,157
Prepaid expenses and other current assets (Note 5)	6,255,222
Total current assets	\$ 459,522,527
Noncurrent assets	
Restricted cash and cash equivalents	\$ 87,989
Restricted investments	8,546,165
Loans receivable, net (Note 6)	5,084,444
Investments	59,269,419
Capital assets, net (Note 7)	768,338,542
Lease receivable non-current	4,983,489
Other noncurrent assets (Note 7)	531,211
Total noncurrent assets	\$ 846,841,259
Total assets	\$ 1,306,363,786
DEFERRED OUTFLOWS	
Deferred loss on debt refunding (Note 11)	\$ 3,256,713
Deferred pension and OPEB outflows (Note 14)	83,595,112
Total deferred outflows	\$ 86,851,825
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,393,215,611

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

Consolidated Statement of Net Position (continued)

FOR THE YEAR ENDED JUNE 30, 2025

	2025
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities (Note 8)	\$ 56,496,912
Advances (current) and other amounts payable to primary government	1,258,009
Amounts payable to other State of Montana component units	656,505
Securities lending liability	9,834,419
Property held in trust for others	2,904,480
Unearned revenues (Note 9)	24,793,924
Current portion compensated absences	14,600,636
Current portion debt and lease obligations (Note 10)	29,796,392
Total current liabilities	\$ 140,341,277
Noncurrent liabilities:	
Advances from primary government	\$ 4,233,147
Debt, lease, and other obligations (Note 10)	235,799,474
Compensated absences	30,141,507
OPEB implicit rate subsidy	23,423,267
Net pension liability	114,183,593
Due to Federal government (Note 6)	7,369,086
Total noncurrent liabilities	\$ 415,150,074
Total liabilities	\$ 555,491,351
DEFERRED INFLOWS	
Deferred Inflows-Pension and OPEB (Note 14)	\$ 50,964,553
Deferred Inflows-Leases	5,122,811
Total deferred inflows	\$ 56,087,364
NET POSITION	
Net investment in capital assets	\$ 544,554,003
Restricted - nonexpendable	10,060,239
Restricted - expendable	24,734,708
Unrestricted (Note 12)	202,287,946
Total net position	\$ 781,636,896
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,393,215,611

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

Combined Statement of Financial Position - Component Units

FOR THE YEAR ENDED JUNE 30, 2025 OR DECEMBER 31, 2024

Assets:	
Cash and cash equivalents	\$ 6,125,777
Short-Term Investments	0
Accrued dividends and interest	18,761
Investments	524,166,740
Amounts due from the institution or other MSU component units	0
Contributions receivable, net of allowance	84,341,167
Contracts, notes and other receivables	27,643,521
Non-depreciable capital assets	6,860,083
Depreciable capital assets, net	15,145,252
Other assets	2,134,006
Total assets	<u>\$ 666,435,307</u>
Liabilities and net assets:	
Liabilities	
Accounts payable	\$ 955,811
Accrued expenses and other liabilities	3,660,371
Compensated absences	216,074
Notes and bonds payable	1,988,156
Amounts due to the institution or other MSU component units	1,798,827
Liabilities to external beneficiaries	6,948,405
Custodial funds	13,769,695
Total liabilities	<u>\$ 29,337,339</u>
Net assets	
Without donor restrictions - undesignated	\$ 22,473,859
Without donor restrictions - designated	29,682,555
With restrictions	584,941,554
Total net assets	<u>\$ 637,097,968</u>
Total liabilities and net assets	<u>\$ 666,435,307</u>

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

Consolidated Statement of Revenues, Expenses, and Changes in Net Position

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>
OPERATING REVENUES	
Tuition and fees (net of \$98,113,508 scholarship discount)	\$ 216,380,316
Federal appropriations	6,160,803
Federal grants and contracts	190,741,835
State grants and contracts	6,437,186
Non-governmental grants and contracts	13,506,329
Grant and contract facilities and administrative cost recoveries	34,491,113
Educational, public service and outreach revenues	34,084,722
Auxiliary revenues:	
Housing (net of \$1,909,453 scholarship discount)	32,927,983
Food services (net of \$1,884,770 scholarship discount)	35,894,957
Other auxiliary sales and services (net of \$108,621 scholarship discount)	12,900,099
Interest earned on loans	46,500
Other operating revenues	4,409,886
Total operating revenues	<u>\$ 587,981,729</u>
OPERATING EXPENSES	
Compensation and benefits, including pensions (Note 14)	\$ 476,719,368
OPEB amortization (Note 15)	986,329
Operating expenses (Note 13)	249,716,567
Scholarships and fellowships (net of \$102,016,352 scholarship discount)	16,308,530
Depreciation and amortization	52,740,077
Total operating expenses	<u>\$ 796,470,871</u>
Operating loss	<u>\$ (208,489,142)</u>
NONOPERATING REVENUES (EXPENSES)	
State and local appropriations	\$ 172,431,898
Federal Pell grant revenue	27,705,230
Land grant income (pledged as security for repayment of bonds)	3,304,805
Gifts (expendable)	37,868,724
Investment income (loss)	21,667,619
Interest expense	(8,752,590)
Net non operating revenues (expenses)	<u>\$ 254,225,686</u>
Income before other revenues, expenses, gains and losses	<u>\$ 45,736,544</u>
Loss on disposals of capital assets	(296,209)
Additions to permanent endowment	7,743
Capital gifts, grants and contributions	68,829,692
Change in net position	<u>\$ 114,277,770</u>
Net position, beginning of year	667,359,126
Net position, end of year	<u>\$ 781,636,896</u>

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

Combined Statement of Activities - Component Units

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025 OR DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 1,710,473	\$ 131,239,858	\$ 132,950,331
Investment, interest and dividend income	5,400,869	4,881,267	10,282,136
Net realized and unrealized gain (loss) on investments	3,088,757	25,562,387	28,651,144
Contract support and contributions from University	2,407,204	—	2,407,204
Special events	1,109,105	95,790	1,204,895
Other income	16,851,145	(6,148,595)	10,702,550
Net assets released from restrictions	79,743,699	(79,743,699)	—
Total revenues	\$ 110,311,252	\$ 75,887,008	\$ 186,198,260
Expenses:			
Program services			
University support	\$ 69,588,431	\$ —	\$ 69,588,431
Academic and institutional	2,665,590	—	2,665,590
Scholarships and awards	13,484,945	—	13,484,945
Total program services expense	\$ 85,738,966	\$ —	\$ 85,738,966
Operating expenses			
Fundraising efforts	\$ 6,344,684	\$ —	\$ 6,344,684
General and administrative	6,350,056	—	6,350,056
Other miscellaneous	2,695,051	—	2,695,051
Total operating expenses	\$ 15,389,791	\$ —	\$ 15,389,791
Change in net assets before nonoperating items	\$ 9,182,495	\$ 75,887,008	\$ 85,069,503
Nonoperating expenses			
Payments to beneficiaries and change in liabilities to external beneficiaries	\$ 18,019	\$ 2,651,882	\$ 2,669,901
Change in net assets	\$ 9,200,514	\$ 78,538,890	\$ 87,739,404
Net assets, beginning of year, as previously stated	\$ 42,955,900	\$ 504,724,939	\$ 547,680,839
Restatement of beginning net assets	\$ —	\$ 1,677,725	\$ 1,677,725
Net assets, beginning of year, as restated	\$ 42,955,900	\$ 506,402,664	\$ 549,358,564
Net assets, end of year	\$ 52,156,414	\$ 584,941,554	\$ 637,097,968

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

Consolidated Statement of Cash Flows

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

	2025
Cash flows from operating activities:	
Tuition and fees	\$ 214,619,894
Federal appropriations	6,164,153
Federal grants and contracts	170,441,480
State grants and contracts	7,738,802
Private grants and contracts	12,423,398
Grant and contract facilities and administrative cost recoveries	30,158,800
Educational, public service and outreach revenues	23,670,939
Sales and services of auxiliary enterprises	81,117,544
Interest on loans receivable	46,500
Other operating receipts	12,366,695
Compensation and benefits	(473,418,820)
Operating expenses	(247,078,617)
Scholarships and fellowships	(16,308,530)
Loans made to students and federal loan funds repaid	90,669
Loan payments received	1,603,776
Net cash used in operating activities	\$ (176,363,317)
Cash flows from noncapital financing activities:	
Receipts (disbursements) of funds held in trust for others	\$ 1,457,853
Direct lending proceeds	68,674,777
Direct lending disbursements	(68,674,777)
State and local appropriations	172,431,898
Federal CARES Act Grant	(4,955,434)
Federal Pell grant funds received	27,705,230
Gifts and contributions	37,868,724
Land grant income (see Note 2)	3,304,805
Repayment of long-term operating advance from primary government	(218,833)
Additions to permanent endowment	7,743
Net cash provided by noncapital financing activities	\$ 237,601,986
Cash flows from capital financing activities:	
Purchase of capital assets	\$ (97,152,430)
Proceeds from sale of capital assets	7,560,214
Gifts restricted for capital purchase	—
Other capital financing activities	33,104
Proceeds from borrowings	43,715,000
Debt principal repayment	(9,249,144)
Advances from primary government	(42,395)
Repayment of advances from primary government	(2,099,369)
Interest paid	(9,627,828)
Net cash provided by (used in) capital financing activities	\$ (66,862,848)
Cash flows from investing activities:	
Purchase of investments	\$ —
Proceeds from sale of investments	—
Investment income	20,519,663
Net cash provided by (used in) investing activities	\$ 20,519,663
Net change in cash and cash equivalents	\$ 14,895,483
Cash and equivalents at beginning of year	342,452,693
Cash and equivalents at end of year	\$ 357,348,176

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

Consolidated Statement of Cash Flows (continued)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

Reconciliation of Operating Loss to Net Cash Used in Operations

	<u>2025</u>
Operating loss	\$ (208,489,142)
Noncash income and expense:	
Depreciation and amortization on capital assets	52,740,078
Provision for uncollectible accounts	258,416
Changes in operating assets and liabilities, deferred inflows and deferred outflows:	
Accounts and grants receivable	(35,956,436)
Loans receivable	1,297,995
Inventories	(204,020)
Prepaid expenses	(1,005,553)
Accounts payable and other accrued liabilities	7,221,423
Net pension obligation and related deferred inflows and outflows	(223,049)
Unearned revenue	7,920,643
Compensated absences	1,532,477
Amounts due to Federal government	(1,456,148)
Net cash used in operations	<u>\$ (176,363,317)</u>

Schedule of noncash financing and investing activities

	<u>2025</u>
Capital assets contributed to the University	\$ 60,720,204
Capital assets acquired through issuance of lease obligations	8,844,291
Bond issue costs, discounts, premiums and deferred loss on refunding amortized or written off to interest expense (net)	1,095,051
Net increase (decrease) in fair value of investments	1,019,162

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

	<u>2025</u>
Cash and cash equivalents classified as current assets	\$ 357,260,187
Cash and cash equivalents classified as noncurrent assets	87,989
Total cash and cash equivalents as reported on the Statements of Cash Flows	<u>\$ 357,348,176</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

ORGANIZATION

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

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

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

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*. The statement was clarified by the issuance of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*, which modifies certain requirements for inclusion of component units

in the financial reporting entity. The statements require that a legally tax exempt organization be reported as a component unit of a reporting entity if the economic resources received or held by these organizations are entirely or virtually entirely for the direct benefit of the reporting entity or its component units, and the reporting entity is entitled to, or has the means to otherwise access, a majority of the economic resources received or held by the separate organization. The resources of the separate organization must also be significant to the reporting entity. In addition, organizations are evaluated for inclusion if they are closely related to, or financially integrated with, the reporting entity, and qualify as presenting a financial benefit or burden relationship. The University has established a threshold minimum of 1% - 2% of consolidated net position or 1% - 2% of consolidated revenues as an initial requirement for inclusion of an organization as a component unit in its financial statements. Other entities may be included, though, if the University determines that to exclude the entity would be misleading, according to clarified criteria presented on statement No. 61. For further discussion of component units, see Note 19.

BASIS OF PRESENTATION

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Compensated absences – During the year ended June 30, 2024, the University adopted GASB Statement No. 101, *Compensated Absences*. Eligible University employees earn a minimum of 8 hours sick and 10 hours annual leave for each month worked, with additional annual leave accruals based on longevity, up to 16 hours per month worked. Eligible employees may accumulate annual leave up to twice their annual accrual, while sick leave may accumulate without limitation. Twenty-five percent of accumulated sick leave earned after July 1, 1971 and 100 percent of accumulated annual leave, if not used during employment, is paid upon termination.

Other Post-Employment Benefits (OPEB) – During the year ended June 30, 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The University allows retirees to participate in the Montana University System's self-funded health insurance plan by paying an amount considered by the University to cover their full costs (as calculated using the pooled risk of retirees and active employees). An actuarial study determined that this blended rate structure results in an implicit rate subsidy to retirees, who are considered to be a higher-cost pool of participants. The unfunded actuarial accrued liability is amortized over a 20-year period on an open basis beginning December 31, 2017. The state has not mandated funding of the liability. See Note 14 for further details.

Pensions – During the year ended June 30, 2015, the University adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the University to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions. See Note 14 for further information on pensions.

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

- **Net investment in capital assets** – this represents the University's total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted, non-expendable** – this represents net balances subject to externally imposed stipulations requiring permanent maintenance. Such assets include the University's permanent endowment funds.
- **Restricted, expendable** – this represents balances whose use by the University is subject to externally imposed stipulations as to use of the assets.
- **Unrestricted** – this represents balances that are not subject to externally imposed stipulations. Unrestricted balances may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted balances are designated for specific purposes as described in Note 12.

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

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

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

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

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

During the year ended June 30, 2025, the University implemented a change to the discount estimate methodology based on NACUBO advisory AR 2023-01. The change moves from the Alternate Method presented in NACUBO advisory 2000-05, which estimated the financial aid expense based on all disbursements to students (including refunds and loan payments). The new method calculates and allocates the discount directly by student and by term. This results in a more accurate estimate of the discount and a more accurate allocation between tuition and auxiliary revenue. The change resulted in a decrease in tuition and fees revenue, an increase in auxiliary revenue, and a decrease in scholarship and fellowship expense.

Accounting standards recently adopted – During the year ended June 30, 2025, the University adopted GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The University's assessment is discussed in detail in Note 15.

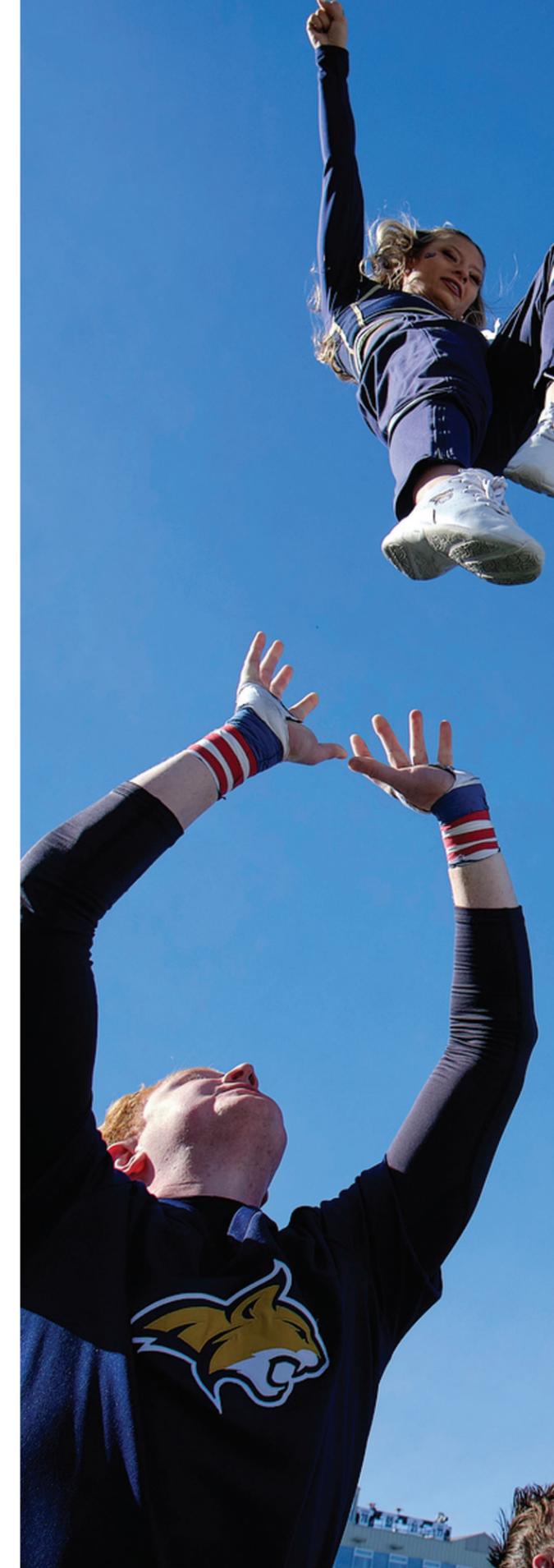
NOTE 2 – CASH DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

Cash deposits – The University must comply with State statutes, which generally require that cash and investments remain on deposit with the State treasury, and as such are subject to the State's investment policies. Certain exceptions exist, which allow funds to be placed on deposit with trustees to satisfy bond covenants or to maximize investment earnings through placing certain funds with recognized University foundations. Deposits with the State treasury and other financial institutions totaled \$100,329,482 at June 30, 2025.

Cash equivalents – These amounts consist of cash held by trustees as well as \$208,645,862 of the amount invested in the Short Term Investment Pool (STIP) with the BOI at June 30, 2025.

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

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



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

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

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

Cash equivalents and investments consisted of the following at June 30, 2025:

Security Type	Fair Value	Moody’s Credit Quality Rating at June 30, 2025	Effective Duration (years) or Weighted Average Maturity (days) at June 30, 2025	Basis of Valuation or Fair Value Level	Liquidity of NAV Assets
State of Montana Short Term Investment Pool	\$ 208,645,862	NR ³	Weighted average maturity for the pool: 58 days	Net Asset Value	Daily
U. S. Bank Money Market Funds collateralized by U.S. Bank pool, not in the University’s name)	\$ 46,869,295	P-1	N/A	Cash equivalents, carried at amortized cost	
State of Montana Trust Fund Investment Pool ¹	\$ 56,912,724	NR ³	6.38	Net Asset Value	Monthly
Foundation Pooled Cash Equivalents and Investments ^{1 2}	\$ 10,896,833	NR ³	N/A ²	Net Asset Value	No formal liquidity agreement

1 TFIP and Foundation investments are intended to be permanent investments.

2 The Foundation investment pool is not considered a debt pool, and as such, a duration calculation is not applicable.

3 Not rated

Investments Recorded at Net Asset Value

State of Montana Short Term Investment Pool (STIP) and State of Montana Trust Fund Investment Pool (TFIP)

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

Foundation investment pools – Foundation pools are external investment pools managed by the MSU Alumni Foundation, the MSU-Billings Foundation, and the MSU-Northern Foundation. The University’s investment in these pools is intended to be permanent, for endowment and quasi-endowment funds, which make up the majority of the balance; as such, a liquidity term has not been formally established for these funds. Financial statements of the foundations, which are all component units, which include relevant investment disclosures, can be found as discussed in Note 19.

Endowment spending policy – The State of Montana has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). A majority of the University’s endowment funds are managed by the MSU Alumni Foundation, in accord with their spending policy, which conforms to UPMIFA. The Foundation’s spending policy is based on a 12-quarter weighted average net earnings plus the value of the corpus at fiscal year-end multiplied by a 4% spending rate. Certain limits are applied: assuming there is not a prohibition in the donor agreement against the use of the original gift, spending is curtailed when the value of the endowment drops to the 80% of the original contribution amount. Both realized and unrealized earnings are recorded for the endowment funds.

Securities lending transactions – The BOI is authorized by law to lend its securities, and has contracted with its custodial bank, to lend the BOI’s securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30th, markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The BOI and the bank split the earnings 85% and 15% respectively on security lending activities. The BOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the BOI’s credit risk exposure to the borrowers. The custodial bank cannot sell collateral unless the borrower defaults. The University’s allocated portion of security lending cash collateral was \$9,834,419 at June 30, 2025.

During the fiscal year, the custodial bank loaned the BOI’s public securities and received as collateral: U.S. dollar cash; U.S. Government and government sponsored agency securities; U.S. corporate debt securities and structured securities; sovereign debt securities; and debt securities issued by certain supra-national agencies amongst other instruments.

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

The Navigator portfolio had an average duration of 21 days and an average weighted final maturity of 103 days in 2025.

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

Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. With the exception of the U.S. government securities, all BOI STIP and TFIP fixed income instruments have credit risk as measured by a nationally recognized statistical rating organization (NRSRO). All STIP money market investments are in U.S. government money markets. Cash held by trustees are invested in money market funds that have received AAA credit quality ratings from three NRSRO’s: Moody’s; Standard and Poor’s; and Fitch.

U.S. government securities are guaranteed directly or indirectly by the U.S. government. 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 quality.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University holds funds at the BOI, in addition to its foundations and trustee. Per BOI policy, the BOI’s custodial bank must be rated at a minimum at the 6th highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) on an annual basis.

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

For funds held by the University's foundations or its trustee for cases where bond proceeds are held in accordance with restrictions set forth in the University's bond indenture, a specific custodial credit risk policy has not been adopted. Information with respect to pooled investments held at the MSU Foundation is included in Note 19 of the financial statements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. The University invests funds at the BOI, specifically with TFIP and STIP, where concentration of credit risk is addressed with all investment policy statements as set by the BOI. The University also invests certain funds with its Foundations and trustees, where a concentration of credit risk policy has not been adopted by the University. Information regarding Foundation investments is available as described in Note 19 to the financial statements.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University invests funds with the BOI, which addresses interest rate risk in the investment policy statements as set by the BOI. Although the STIP investments held by the BOI have been rated by investment security type, STIP, as an external investment pool, has not been 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.

The BOI has selected the effective duration method as a measure of interest rate risk for all fixed income portfolios. The TFIP investment policy requires average duration of the non-core income asset class will be maintained in a range within 25% of the index duration. The TFIP investment policy requires the average duration of any internally managed portfolio will be maintained in a range within 20% of the benchmark duration.

For funds held by the University's foundations or its trustee for cases where bond proceeds are held in accordance with restrictions set forth in the University's bond indenture, a specific interest rate risk policy has not been adopted by the University.

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

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

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

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

NOTE 3 – ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	2025
Accounts receivable	\$ 10,014,812
Other receivables, including private grants and contracts	15,323,809
Gross accounts and grants receivable	\$ 25,338,621
Less allowance for uncollectible accounts	(5,790,072)
Net accounts and grants receivable	\$ 19,548,549

NOTE 4 – INVENTORIES

Inventories consisted of the following as of June 30:

	2025
Bookstore	\$ 545,395
Food services	354,448
Facilities services	899,182
Livestock	814,276
Other	487,856
Total inventories	\$ 3,101,157

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses consisted of the following as of June 30:

	2025
Library subscriptions	\$ 1,896,504
Other (including summer session payments)	4,358,718
Total prepaid expenses	\$ 6,255,222

NOTE 6 – LOANS RECEIVABLE

Student loans made under the Federal Perkins Loan Program constitute the majority of the University's loan balances. Included in non-current liabilities as of June 30, 2025 related to the program is \$7,369,086 that will be repayable to the Federal government as loans are repaid to the University by students. Students whose loans were approved and for whom the first installment disbursed prior to September 30, 2017, continued to receive loans throughout the 2017-2018 academic year. Hereafter, no new loans will be disbursed due to the elimination of the program by the Federal government.

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

NOTE 7 – CAPITAL, LEASES, AND OTHER NON-CURRENT ASSETS

Following are the changes in capital assets during the year ended June 30, 2025:

	Balance July 1, 2024		Additions	Retirements	Transfers	Balance June 30, 2025	
Capital assets not being depreciated:							
Land	\$ 8,299,720	\$ —	\$ —	\$ —	\$ —	\$ 8,299,720	
Museum and fine art	6,213,622	180,000	—	—	—	6,393,622	
Library special collections	3,903,113	—	—	—	—	3,903,113	
Livestock for education	4,515,508	77,600	—	—	—	4,593,108	
Construction work-in-progress	97,167,419	132,350,735	(29,558)	(103,902,888)		125,585,708	
Total capital assets not being depreciated	\$ 120,099,383	\$ 132,608,335	\$ (29,558)	\$ (103,902,888)	\$	\$ 148,775,272	
Other capital assets:							
Furniture and equipment	\$ 209,035,417	\$ 15,309,631	\$ (14,575,518)	\$ 845,076	\$	\$ 210,614,606	
Library materials	68,746,992	604,660	(687,323)	—		68,664,328	
Buildings	580,323,108	—	—	21,033,770		601,356,878	
Building improvements	317,204,610	2,075,746	—	58,514,238		377,794,593	
Land improvements	36,755,927	1,212,202	—	23,116,474		61,084,603	
Infrastructure	45,121,634	—	—	—		45,121,634	
Leasehold Improvements	8,667,986	—	(966,398)	393,330		8,094,918	
Intangible Right to Use Equipment	632,593	6,294	(146,117)	—		492,769	
Intangible Right to Use Bldg	48,049,919	1,818,438	(9,133,683)	—		40,734,674	
Intg Right to Use SBITA	10,362,775	3,192,800	(1,566,139)	—		11,989,436	
Total capital assets being depreciated	\$ 1,324,900,961	\$ 24,219,770	\$ (27,075,178)	\$ 103,902,888	\$	\$ 1,425,948,441	
Less accumulated depreciation for:							
Furniture and equipment	\$ (152,875,588)	\$ (11,092,595)	\$ 14,201,223	\$ —	\$	\$ (149,766,959)	
Library materials	(62,941,106)	(1,051,497)	687,522	—		(63,305,082)	
Buildings	(233,259,160)	(12,850,425)	—	—		(246,109,584)	
Building Improvements	(249,281,372)	(12,116,611)	—	—		(261,397,983)	
Land Improvements	(22,063,045)	(1,892,145)	—	—		(23,955,189)	
Infrastructure	(30,478,137)	(363,139)	—	—		(30,841,276)	
Leasehold Improvement	(5,159,451)	(397,642)	966,398	—		(4,590,694)	
Intangible Right to Use Equipment	(207,600)	(147,148)	129,721	—		(225,027)	
Intangible Right to Use Bldg	(12,091,298)	(8,754,599)	1,697,310	—		(19,148,588)	
Accum Amort Intang Right to Use SBITA	(4,567,818)	(4,067,260)	1,566,139	—		(7,068,939)	
Total Accumulated Depreciation	\$ (772,924,574)	\$ (52,733,060)	\$ 19,248,312	\$ —	\$	\$ (806,409,322)	
Other capital assets, net	\$ 551,976,387	\$ (28,513,291)	\$ (7,826,866)	\$ 103,902,888	\$	\$ 619,539,119	
Intangible assets, net	31,169	(7,017)	—	—	\$	24,152	
Capital Assets, net	\$ 672,106,939	\$ 104,088,028	\$ (7,856,424)	\$ —	\$	\$ 768,338,542	

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

Lease receivables – The University's lease receivables are associated with the leasing of building space. For the fiscal year ended June 30, 2025, total lease revenue was \$556,898, and the related interest revenue was \$234,089.

Other non-current assets – As of June 30, 2025, other non-current assets of \$0.5 million include a receivable from the MSU Alumni Foundation related to a key employee deferred compensation plan as described in Note 14 in addition to strategic reserves and repair and renovation funds.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2025
Compensation, benefits and related liabilities	\$ 21,711,200
Accrued interest expense	1,035,816
Accounts and deposits payable	33,749,896
Total	\$ 56,496,912

NOTE 9 – UNEARNED REVENUES

Unearned revenues consisted of the following as of June 30:

	2025
Grant and contract funds received in advance	\$ 10,629,193
Summer session payments received in advance	9,980,150
Other unearned revenues	4,184,581
Total	\$ 24,793,924



NOTE 10 – NON-CURRENT LIABILITIES

Following are the changes in non-current liabilities for the year ended June 30, 2025:

	June 30, 2024	Additions	Reductions	June 30, 2025	Amounts due within one year
Bonds, notes payable, and lease obligations					
Bonds payable, net of discount	\$184,027,974	\$—	\$(10,093,604)	\$173,934,370	\$8,920,000
Bonds payable, direct placement	14,725,000	43,715,000	(680,000)	57,760,000	8,685,000
Notes and other long-term liabilities	352,402	—	(155,133)	197,269	—
Lease obligations	37,869,965	1,895,243	(11,397,652)	28,367,556	9,995,135
SBITA obligations	4,988,279	2,951,920	(2,603,528)	5,336,671	2,196,257
Total bonds, notes payable, and lease obligations	\$241,963,620	\$48,562,163	\$(24,929,917)	\$265,595,866	\$29,796,392
Compensated absence liability	43,054,533	1,687,610*	—	44,742,143	14,600,636
Advances from primary government – InterCap	6,366,379	—	(2,032,981)	4,333,398	810,296
Advances from primary government - DEQ	1,375,584	—	(327,612)	1,047,972	337,918
Amounts due to Federal government	8,825,233	14,888	(1,471,035)	7,369,086	—
OPEB liability— implicit rate subsidy for retiree health insurance	21,701,011	2,059,401	(337,146)	23,423,266	—
Net pension liability	110,317,648	24,101,100	(20,235,155)	114,183,593	—
Total NonCurrent Liabilities	\$433,604,008	\$76,425,162	\$(49,333,846)	\$460,695,324	\$45,545,242

*The change in the compensated absences liability is presented as a net change.

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

Bonds payable, direct placement - The University incurred an additional \$43.72 million in direct placement bonds to support the construction of the Kennedy-Stark Athletic Center and the five Mark & Robyn Jones College of Nursing buildings so they could be completed while the associated pledges would continue to come in over the next 5 years. The donor pledged revenues will be utilized to repay these bonds.

Lease obligations – The University's lease obligations are associated with the leasing of copiers and space for offices, labs, and radio towers. As of June 30, 2025, the University has future minimum lease commitments payable for the following years ended:

June 30,	Principal	Interest	Total
2026	\$9,995,135	\$579,361	\$10,574,502
2027	3,784,828	442,773	4,227,599
2028	3,546,317	368,971	3,915,288
2029	3,003,899	304,762	3,308,661
2030	1,881,504	248,824	2,130,328
2031 - 2035	3,835,277	856,801	4,692,078
2036 - 2040	2,230,565	253,360	2,483,926
2041 - 2045	90,031	2,322	92,353
Total payments	\$28,367,556	\$3,057,174	\$31,424,735

Subscription-based Information Technology Arrangements (SBITAs) – The University's SBITA obligations are associated with software subscription and contract costs for service-based fees paid to vendors for time-limited access to software platforms essential to program and administrative functions. As of June 30, 2025, the University has future minimum SBITA commitments payable for the following years ended:

June 30,	Principal	Interest	Total
2026	\$2,196,257	\$192,158	\$2,388,415
2027	1,964,364	87,466	2,051,831
2028	791,211	29,002	820,213
2029	384,839	1,844	386,683
Total payments	\$5,336,671	\$310,470	\$5,647,142

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

The following chart details the amount of revenue bond principal outstanding as of June 30, 2025.

	Coupon rate	Principal Outstanding
Series 2017 D	2.250%-5.000%	\$6,820,000
Series 2018 E	3.000%-5.000%	40,685,000
Series 2023 J	5.000%	12,665,000
Series 2021 G	3.000%-5.000%	42,395,000
Series 2021 H	0.929%-2.797%	60,300,000
Series 2022 I	2.910%	8,085,000
Series 2024 K-1	3.950%	5,960,000
Series 2024 K-2	4.070%	8,545,000
Series 2024 K-3	4.070%	35,170,000
Total Principal Outstanding		\$220,625,000

Revenue bonds are payable for the Fiscal Years Ending June 30 as follows:

	Bonds Payable		Direct Placement Bonds		Total
	Principal	Interest	Principal	Interest	
2026	\$8,920,000	\$5,701,971	\$8,685,000	\$2,099,311	\$25,406,282
2027	8,195,000	5,449,013	9,060,000	1,738,402	24,442,415
2028	8,505,000	5,184,707	9,440,000	1,364,163	24,493,870
2029	6,960,000	4,915,965	9,845,000	969,666	22,690,631
2030	7,165,000	4,678,352	10,275,000	560,229	22,678,581
2031 - 2035	39,915,000	19,324,967	4,245,000	1,398,066	64,883,033
2036 - 2040	34,180,000	12,476,816	5,040,000	610,706	52,307,522
2041 - 2045	36,180,000	5,857,766	1,170,000	34,338	43,242,104
2046 - 2050	12,845,000	626,163	—	—	13,471,163
Total cash requirements	\$162,865,000	\$64,215,720	\$57,760,000	\$8,774,881	\$293,615,601
Unamortized premium (discount) net	11,069,370		—		
Bond payable, net	\$173,934,370		\$57,760,000		

Description of bonded indebtedness

Series D 2017, July 25, 2017 – The University issued its Series D refunding debt in the principal amount of \$21.0 million. The proceeds were used for a current refunding of the Series K 2006 Facilities Refunding Revenue Bonds and an advance refunding of the Series M 2011 Facilities Improvement Revenue Bonds with stated maturities in 2022 and thereafter. The refunding resulted in an economic gain to the University of \$1.3 million. The proceeds of the Series D 2017 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal of and interest on all \$8.3 million of the Series K 2006 and \$12.7 million of the Series M 2011 bonds with maturities in the year 2022 and thereafter. The refunded Series K 2006 bonds are no longer considered to be outstanding under the Indenture. The portion of the Series M bonds that were not refunded totals \$0.9 million. A portion of the Series D bonds matured in November 2021. The portion of Series D still outstanding include:

Maturity Date	Principal
11/15/2025	\$ 2,150,000
11/15/2026	\$ 2,225,000
11/15/2027	\$ 2,305,000

Series E 2018, February 8, 2018 – The University issued \$44.8 million of Series E 2018 Facilities Improvement Revenue Bonds to fund the construction of a new residence hall on the Bozeman Campus. Payments are scheduled each May and November through November 2047. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series G 2021, October 19, 2021 – In October 2021, the University issued its Series G 2021 tax-exempt bonds in the amount of \$45.6 million. Proceeds of \$12.4 million were used to refund the Series C 2016 Facilities Improvement Revenue draw-down bonds. The refunding resulted in an economic gain to the University of \$1.0 million. The proceeds of the Series G 2021 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due at maturity or upon redemption, the principal of and interest on the \$12.4 million Series C 2016 bonds in the year 2022 and thereafter. The refunded Series C 2016 bonds are no longer considered to be outstanding under the indenture. Proceeds of \$33.2 million were used to fund the construction of the Wellness Center on the Bozeman campus. Payments are scheduled for each

May and November through November 2046. Bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series H 2021, October 19, 2021 – In October 2021, the University issued its Series H 2021 refunding taxable debt in the amount of \$72.1 million. The proceeds were used for an advanced refunding of the Series N 2012 bonds, the Series O 2012 bonds, and the Series A 2013 bonds with stated maturities in 2022 and thereafter. The refunding resulted in an economic gain to the University of \$.8 million for Series N 2012, \$.2 million for Series O 2012, and \$8.2 million for Series A 2013. The proceeds of the Series H 2021 bonds were used to acquire direct general obligations, the maturing principal and interest on which are calculated to be sufficient to pay, when due, at maturity or upon redemption, the principal and interest on all Series N 2012, Series O 2012 and Series A 2013 bonds with maturities in 2022 and thereafter. Series N 2012, Series O 2012 and Series A 2013 are no longer considered to be outstanding under the indenture.

Series I 2022, March 25, 2022 – In March 2022, the University closed on its Series I 2022 General Revenue bonds for \$9.1 million, which were issued to acquire a research building on the Bozeman campus. The bonds are a direct placement with First Security Bank of Bozeman. Payments are scheduled each May and November through November 2041. The bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16.

Series J 2023, June 22, 2023 – In June 2023, the University issued its Series J refunding debt in the principal amount of \$14.4 million. The proceeds were used for a refunding of the Series F 2018 Facilities Refunding Revenue Bonds with stated maturities in the year 2023 and thereafter. The refunding resulted in an economic loss of \$4,552. Payments are scheduled for each May and November through November 2035. Bonds are secured by a first lien on and pledge of the net pledged revenues, as described in Note 16. The refunded F 2018 bonds are no longer considered to be outstanding per the indenture.

Series K-1 2024, June 25, 2024 - In June 2024, the University closed on its Series K-1 2024 General Revenue bonds for \$6.3 million, which were issued to finance the construction of parking improvements on the Bozeman campus. The bonds are a direct placement with TrailWest Bank. Payments are scheduled each May and November through November 2039. The bonds are secured by a first lien on and pledge of net pledged revenues, as described in Note 16.

Series K-2 2024, July 25, 2024 - In July 2024, the University closed on its Series K-2 2024 General Revenue bonds for \$8.6 million, which were issued to finance the construction of an indoor athletic facility to support student athletes on the Bozeman campus. The bonds are a direct placement with TD Bank. Payments are scheduled each May and November through November 2029. Payments are made with received donor pledges and are also secured by a first lien on and pledge of net pledged revenues, as described in Note 16,

Series K-3 2024, July 25, 2024 - In July 2024, the University closed on its Series K-3 2024 General Revenue bonds for \$35.2 million, which were issued to finance the construction of five academic buildings to serve the Mark and Robyn Jones College of Nursing in Billings, Bozeman, Great Falls, Kalispell, and Missoula, Montana. The bonds are a direct placement with TD Bank. Payments are scheduled each May and November through November 2029. Payments are made with received donor pledges and are also secured by a first lien on and pledge of revenues, as described in Note 16.

Deferred Loss on Debt Refunding – Deferred loss on debt refunding is the excess of the reacquisition price of refunded debt over its net carrying amount. Deferred loss on debt refunding was \$3.3 million as of June 30, 2025. Though the transactions resulted in an accounting loss, the refundings resulted in an economic gain, in that future principal plus interest (including issuance costs) will be less than the principal and interest that would have been paid had the original debt been paid out to its scheduled maturity. This occurs due to lower interest costs over the life of the debt.

Advances payable to primary government – The University participates in the State’s Intercap loan program. Intercap loans contain a variable interest rate, which is based on the underlying bond rate of the BOI Intercap bonds, and is adjusted each February. The rate as of June 30, 2025 was 5.00%. Intercap loans are secured by the pledge of net income from revenue-producing facilities and student fees.

During fiscal year 2024, the Office of the Governor paid in full the debt for the Montana Science and Technology Alliance (MSTA). This advance was made during the mid-1990s by the MSTA to stimulate research and create activities in Montana. Such loans were subsequently assumed by the State of Montana Board of Investments. As of June 30, 2024, there was no outstanding balance on this debt.

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

Amounts due to the State of Montana are scheduled to be repaid for each of the Years Ending June 30 as follows:

	Intercap Loans		DEQ SBCEP		Total
	Principal	Interest	Principal	Interest	
2026	\$810,296	\$206,502	\$337,918	\$32,115	\$1,386,831
2027	673,814	165,765	184,715	21,494	1,045,788
2028	485,762	135,780	143,539	15,761	780,842
2029	450,058	112,537	147,837	11,462	721,894
2030	461,425	89,890	48,547	7,016	606,878
2031 - 2035	1,387,358	159,718	144,260	17,375	1,708,711
2036 - 2040	64,685	3,258	41,156	1,861	110,960
Total	\$4,333,398	\$873,450	\$1,047,972	\$107,084	\$6,361,904

NOTE 12 – NET POSITION

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

	2025
Board of Regents' approved reserves	\$ 53,061,241
Other designated purposes	149,226,705
Total unrestricted net position	\$ 202,287,946

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

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

	2025
Restricted - nonexpendable:	
Endowments	\$ 8,586,675
Loans	1,473,565
Total restricted - nonexpendable	\$ 10,060,239
Restricted - expendable:	
Scholarships	\$ 3,724,269
Research and other	16,117,408
Loans	396,856
Construction and renewal of plant facilities	3,718,117
Debt retirement	778,058
Total restricted - expendable	\$ 24,734,708

NOTE 13 – OPERATING EXPENSES

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

	2025
Instruction	\$ 173,096,432
Research	195,178,055
Public service	53,121,405
Academic support	51,496,259
Student services	64,259,633
Institutional support	41,009,195
Plant-related expenses	66,797,112
Auxiliary enterprises	82,461,823
Scholarships and fellowships	16,310,880
Depreciation and amortization	52,740,077
Total	\$ 796,470,871

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

	2025
Compensation and benefits	\$ 456,540,442
Pension	20,178,926
OPEB	986,329
Supplies and service	145,857,907
Travel	16,573,692
Utilities	11,213,881
Other operating expenses	76,071,087
Scholarship and fellowships	16,308,530
Depreciation and amortization	52,740,077
Total	\$ 796,470,871

NOTE 14 – RETIREMENT, TERMINATION AND OTHER POST-EMPLOYMENT BENEFITS

Retirement Plans

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

There are very few employees participating in the CSRS and currently no employees participating in the FERS plan. In addition, information is not available from the federal plan administrator with respect to the proportionate share for these employees. Due to the limited number of personnel involved, disclosure for these plans will be presented as if they were defined contribution plans.

MUS-RP – The MUS-RP is a defined contribution plan, established in 1988 under authority of Title 19, Chapter 21, MCA and is underwritten by the Teachers' Insurance and Annuity Association (TIAA). Benefits at retirement depend upon the amount of investment gains and losses and the employee's life expectancy at retirement. Under the MUS-RP, each employee enters into an individual contract with TIAA. The University records employee/employer contributions, and remits monies to TIAA. Combined contributions cannot exceed 13% of the participants' compensation (MCA §19-21-203). Individuals are immediately vested with contributions.

Annual reports that include financial statements and required supplemental information on the plan are available from TIAA, 730 Third Avenue, New York, New York 10017-3206, phone 1-800-842-2733.

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

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

PERS-DCRP – This plan is administered by the Public Employees Retirement Board and is reported as multiple-employer plan established July 1, 2002, governed by Title 19, chapters 2 & 3, MCA. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Member and employer contribution rates are specified by state

law as a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The state Legislature has the authority to establish and amend contribution rates. Benefits are dependent upon eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after 5 years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per 19-3-2117(5), MCA. Such forfeitures are used to cover the administrative expenses of the PERS-DCRP.

Key Employee Plans – One defined benefit plan and two defined contribution plans existed for a key employee of the University. The defined benefit plan and one defined contribution plan each will provide \$500,000 plus applicable employer payroll taxes. The MSU Alumni Foundation has reimbursed the University \$500,000, contributing \$100,000 in each of the years 2020 thru 2024. Upon retirement of the employee, the MSU Alumni Foundation will contribute the additional \$500,000 for a combined total \$1,000,000 base wage of the plans. Expenses associated with the plan have been fully accrued. The University is funding the plan with an outside administrator, to the extent that the IRS allows tax-advantaged contributions, with certain contributions occurring during the employee's tenure and others which may occur within up to 5 years after retirement. Because the University is funding a substantial proportion of the plan with reimbursement occurring from the MSU Alumni Foundation, a significant liability and effect on net position does not exist; therefore, balances related to these plans are not included within the net pension liability calculations or other disclosures below. The remaining defined contribution plan exists to provide \$56,600 annually in deferred compensation to the key employee. The retirement of this key employee occurred on June 30, 2025.

A new defined contribution plan for a second key employee exists, beginning on July 1, 2025, that will provide \$75,000 annually in deferred compensation to an existing retirement plan.

Pension data for the year ended June 30, 2025 for defined contribution and federal plans is as follows. Employer contributions for these plans are included within compensation and benefits in the accompanying financial statements.

	MUS-RP	CSRS	PERS- DCRP
Covered payroll*	\$209,799,687	\$138,085	\$6,261,263
Employer contributions/expense	\$13,143,444	\$9,155	\$574,158
% of covered payroll	6.07% - 6.29%	6.63%	9.17%
Employee contributions	\$14,952,906	\$9,155	\$494,640
% of covered payroll	7.07% - 7.13%	6.63%	7.90%

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

Total payroll for 2025 was \$315,938,732. Amounts contributed to retirement plans during the past three years were equal to the required contribution each year. Federal plan administrators have not provided information with respect to net pension liability. Because only one individual employed by the University participates in this plan, the University believes the balances are not material to its financial position or results of operations.

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

	MUS-RP	CSRS	FERS	PERS- DCRP
2021	23,514,881	30,011	7,190	636,123
2022	23,255,294	29,689	8,394	582,303
2023	24,608,094	29,814	8,516	759,768
2024	26,441,157	26,266	8,918	951,468
2025	28,096,350	18,311	—	1,068,798

Defined Benefit Plans

Following is the total of the University's share of balances for material defined benefit plans as of and for the year ended June 30, 2025:

	TRS	PERS	GWPORS	Total
Net Pension Liability	\$9,990,191	\$103,298,611	\$894,791	\$114,183,593
Deferred Outflows of Resources	23,546,024	21,352,914	1,545,688	46,444,626
Deferred Inflows of Resources	553,591	2,351,159	1,853,070	4,757,820
Pension Expense (including state share paid on behalf of the University)	6,810,849	13,131,098	237,015	20,178,962

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

Teachers' Retirement System (TRS)

TRS Plan Description

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

TRS Eligibility for Participation

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

TRS Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in a single-tiered plan ("Tier One"). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation. Average final compensation (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 average final compensation (as opposed to 3-year AFC in Tier One)
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One)
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One)
- Tier Two has a one percent higher normal employee contribution rate (though a temporary 1% supplemental employee contribution rate is also now currently in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation - 1.85% x AFC x years of creditable service - for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than 1.6667 x AFC x years of creditable service)

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members, the GABA is a variable rate between 0.50% and 1.50% 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.

For the years ending June 30, 2025 and June 30, 2024, the University's net pension liability (NPL) related to TRS was as follows:

			Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
	2025	2024	2025	2024	
University Proportionate Share	\$9,990,191	\$10,853,260	0.54%	0.56%	(0.02)%
State of Montana Proportionate Share associated with the University	2,764,852	3,079,416	0.15%	0.16%	(0.01)%
Total	\$12,755,043	\$13,932,676	0.69%	0.72%	(0.03)%

The NPL was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on the university's contributions received by TRS during the measurement period July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of TRS' participating employers.

TRS Changes in Actuarial Assumptions and Other Inputs

There have been no changes in actuarial assumptions since the previous measurement date.

TRS Changes in benefit terms

There have been no changes in benefit terms since the previous measurement date.

TRS Changes Between the Measurement Date and the Reporting Date

Between the measurement date of the collective net pension liability and the University's reporting date, there were no changes that are expected to have a significant effect on the University's proportionate share of collective net pension liability.

TRS Pension Expense

The University's pension expense related to TRS was as follows for the year ended June 30, 2025:

University expense	\$6,662,129
State of Montana expense/ University revenue recognized	148,720
Total	\$6,810,849

TRS Deferred Inflows and Outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$252,746	\$—
Changes in actuarial assumptions	—	332,065
Difference between projected and actual investment earnings	—	192,789
Changes in proportion & differences between actual and expected contributions	13,334,303	28,737
Contributions paid to TRS subsequent to the measurement date *	9,958,975	—
Total	\$23,546,024	\$553,591

*Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

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

	Amount of Deferred Outflows (Inflows) to be recognized as an increase (decrease) to Pension Expense
2026	\$4,648,457
2027	\$4,262,551
2028	\$3,036,868
2029	\$1,085,583
Thereafter	\$—

TRS Overview of Contributions

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

TRS Actuarial Assumptions

The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date of July 1, 2024. There were several significant assumptions and other inputs used to measure the total pension liability.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of the last actuarial experience study, dated May 3, 2022. Among those assumptions were the following:

Total Wage Increases*	3.50%-9.00% for Non-University Members and 4.25% for University Members
Investment Return	7.30%
Price Inflation	2.75%
Post-retirement Benefit Increases	<ul style="list-style-type: none"> Tier One Members: If the retiree has received benefits for at least three years, the retirement allowance will be increased by 1.5% each January 1st. Tier Two Members: The retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.
Mortality among contributing members service	PUBT-2010 General Employee mortality projected to 2021. Projected generationally using MP-2021.
Mortality among service retired members	PUBT-2010 Retiree mortality projected to 2021 adjusted 102% for males and 103% for females. Projected generationally using MP-2021.
Mortality among beneficiaries	PUBT-2010 Contingent Survivor Table projected to 2021. Projected generationally using MP-2021.
Mortality among disabled members	PUBT-2010 Disabled Retiree Mortality Table projected to 2021.
*Total Wage Increases include 3.50% general wage increase assumption	

TRS Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions, the State general fund will contribute \$25 million annually to TRS payable July 1 of each year. Based on those assumptions, the TRS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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. No municipal bond rate was incorporated in the discount rate.

TRS Target Allocations

Asset Class	Target Asset Allocation	Long Term Expected Real Rate of Return
Domestic Equity	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%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments of 7.30% is reviewed as part of regular experience studies prepared for the System about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 3, 2022, without consideration for the administrative expense analysis shown. 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.

TRS Sensitivity Analysis

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

	Assuming 1.0% Decrease	At Current Discount Rate	Assuming 1.0% Increase
	6.3%	7.3%	8.3%
University proportion of Net Pension Liability	\$14,358,370	\$9,990,191	\$6,340,535

TRS Summary of Significant Accounting Policies

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

TRS’s stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/about-trs/financial-actuarial-reports>

Public Employees' Retirement System (PERS)

PERS Plan Description

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

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



PERS Eligibility for Participation

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

PERS Summary of Benefits

Service retirement:

Hired prior to July 1, 2011

- Age 60, 5 years of membership service
- Age 65, regardless of membership service or
- Any age, 30 years of membership service

Hired on or after July 1, 2011:

- Age 65, 5 years of membership service
- Age 70, regardless of membership service

Early retirement

Hired prior to July 1, 2011

- Age 50, 5 years of membership service
- Any age, 25 years of membership service

Hired on or after July 1, 2011

- Age 55, 5 years of membership service

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

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

Member’s highest average compensation (HAC)

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

Compensation Cap

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

PERS Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

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

PERS Guaranteed Annual Benefit Adjustment (GABA)

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

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

PERS Net Pension Liability

As defined by GASB Statement 68, the State of Montana contributed additional contributions, as the non-employer contributing entity, that qualify as special funding. The state contributed a Statutory Appropriation from the General Fund of \$35,329,705 that was paid to the plan. Those employers who received special funding are all participating employers. Due to the existence of the this special funding situation, all participating employers, including the University, are required to report the portion of the State of Montana’s proportionate share of the collective net pension liability that is associated with the employer. The State of Montana’s proportionate share of net pension liability associated with the University is \$25.7 million. This equals the ratio of state statutory contributions for the University to the total state contributions paid.

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

	2025	2024	Percent of Collective NPL at June 30,		Increase (Decrease) in Percent of Collective NPL
			2025	2024	
University Proportionate Share	\$103,298,611	\$96,979,970	4.22%	3.97%	0.25%
State of Montana Proportionate Share associated with the University	25,709,890	25,716,776	1.05%	1.05%	0.00%
Total	\$129,008,501	\$122,696,746	5.27%	5.02%	0.25%

The Net Pension Liability (NPL) as of June 30, 2024, was determined based on the Total Pension Liability (TPL) using the actuarial valuation performed by the Plan’s actuary as of June 30, 2024.

PERS Changes in Actuarial Assumptions and Methods

There have been no changes to the assumptions or other inputs that affected the measurement of the TLP since the previous measurement date.

PERS Changes in Benefit Terms and Proportionate Share

There have been no changes to benefit terms or changes in proportionate share to the Plan since the measurement date that would have a significant effect on the employers proportionate share of the collective NPL.

PERS Pension Expense

The University's pension expense related to PERS was as follows for the year ended June 30, 2025:

University share	\$11,753,275
State of Montana expense/ University revenue recognized	1,377,823
Total PERS Pension expense recognized	\$13,131,098

PERS Deferred Inflows and Outflows

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$5,220,151	\$—
Changes in actuarial assumptions	—	2,297,080
Difference between projected and actual investment earnings	—	—
Change in proportionate share & Difference between actual and expected contributions	7,901,757	54,079
Contributions paid to PERS subsequent to the measurement date *	8,231,006	—
Total	\$21,352,914	\$2,351,159

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

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2026	\$4,560,198
2027	\$8,814,686
2028	\$(1,614,863)
2029	\$(989,276)
Thereafter	\$—

PERS Overview of Contributions

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

PERS Member contributions

- Plan members are required to contribute 7.9% of their compensation. Contributions are deducted from each member's salary and remitted by participating employers.
- The 7.9% member contribution rate is temporary and will be decreased to 6.9% on January 1 in the year following an actuarial valuation in which results show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

PERS Employer contributions

- State and University employers are required to contribute 9.170% of members' compensation.
- Local government entities are required to contribute 9.070% of members' compensation.
- School district employers are required to contribute 8.80% of members' compensation.
- Following the 2013 Legislative Session, and beginning July 1, 2014, employer contributions began increasing an additional 0.1% each year for 10 years, through 2024, the additional contribution amount stays at 2.27%. The employer additional contributions, including 0.27% added in 2007 and 2009, will terminate on January 1 of the year following actuarial valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reductions of both the additional employer and member contributions rates.
- Effective July 1, 2013, employers are required to make contributions on working retirees' compensation, though member contributions for working retirees are not required.
- The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

PERS Non Employer Contributions

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

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

PERS Stand-Alone Statements

The PERS financial information is reported in the Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report. These reports, as well as the actuarial valuations and experience study, are available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

PERS Actuarial Assumptions

The Total Pension Liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions.

Investment return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth *	3.50%
*includes Inflation at	2.75%
Merit Increases	0% to 4.80%
Postretirement Benefit Increases	
1. Guaranteed Annual Benefit Adjustment (GABA) each January	
- 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 adjustment to the member's benefit.	
- Members hired prior to July 1, 2007	3.00%
- Members hired between July 1, 2007 & June 30, 2013	1.50%
- Members hired on or after July 1, 2013	1.50%
- For each Year PERS is funded at or above 90%	
- The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%	
- 0% whenever the amortization period for PERS is 40 years or more	0%
Mortality:	
- Active Participants	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021
- Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.
- Contingent Survivors	PUB-2010 Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021
- Healthy Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward on year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

PERS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board’s funding policy, which establishes the contractually required rates under Montana Code Annotated. The State contributes 0.10% of salaries paid by local governments and 0.37% paid by school districts. In addition, the State contributes a statutory appropriation from the general fund. Based on those assumptions, the PERS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. No municipal bond rate was incorporated in the discount rate.

PERS Target Allocations

The best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	-0.33%
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%
Total	100.00%	

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown. 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.

PERS Sensitivity Analysis

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
	6.30%	7.30%	8.30%
The University’s proportion of Net Pension Liability	\$150,586,982	\$103,298,611	\$63,644,999

PERS Summary of Significant Accounting Policies

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

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

GWPORS Plan Description

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

GWPORS Service Retirement and Monthly Benefit Formula:

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

GWPORS Early Retirement

- Age 55 with 5 years up to 20 years of membership service.
- A reduced retirement benefit calculated using the HAC and service credit at early retirement.

GWPORS Second Retirement

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

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

GWPORS Member’s Highest Average Compensation (HAC)

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

Compensation Cap

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

GWPORS Guaranteed Annual Benefit Adjustment (GABA)

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

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

GWPORS Net Pension Liability

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

	2025		2024		Increase (Decrease) in Percent of Collective NPL
	2025	2024	Percent of Collective NPL at June 30, 2025	Percent of Collective NPL at June 30, 2024	
University Proportionate Share	\$894,791	\$2,484,418	3.49%	3.70%	-0.21%

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year end. The basis for the Total Pension Liability as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

GWPORS Changes in Actuarial Assumptions or Methods

There have been no changes to the actuarial assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

Changes in Benefit Terms and Proportionate Share

There have been no changes to benefit terms or changes in proportionate share to the Plan since the measurement date that would have a significant effect on the employers proportionate share of the collective NPL.

GWPORS Pension Expense

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

	2025
University expense	\$237,015

GWPORS Deferred Inflows and Outflows

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

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$407,889	\$11,150
Changes in actuarial assumptions	—	100,037
Difference between projected and actual investment earnings	776,804	1,741,883
Change in proportionate share & Difference between actual and expected contributions	115,405	—
Contributions paid to GWPORS subsequent to the measurement date	245,591	—
Total	\$1,545,689	\$1,853,070

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

	Net Amount To Be Recognized as an increase or (decrease) to Pension Expense
2026	\$29,824
2027	\$(502,220)
2028	\$(39,029)
2029	\$(41,545)
Thereafter	\$—

GWPORS Overview of Contributions

The State legislature has the authority to establish and amend contribution rates to the plan. Contribution rates are specified by Montana Statutes and are a percentage of the member's compensation. Plan members are required to contribute 10.56% of member’s compensation. Contributions are deducted from each member’s salary and remitted by participating employers. Each state agency and university employers are required to contribute 10.560% of members’ compensation.

For reporting date June 30, 2025: Upon passage and approval of House Bill 85, during the 2025 Legislative session, the modified layered amortization policy put in place for GWPORS during the 2023 Legislative session, was repealed and restores the employer contribution rate to the fiscal year 2024 employer rates that existed before HB 569 was passed. The 2025 employer contribution rate for GWPORS that was resorted with the passing of HB 85 is 10.560% instead of the 9.620% for fiscal year 2025.

For reporting date June 30, 2025, non-special funding: House Bill 569 also provides a one-time appropriation of State of Montana general fund dollars to the GWPORS of \$41.2 million. This is a non-special funding, non-contributing entity contribution. For GASB Statement 68 reporting, the University recognized grant revenue of \$1,436,744 for its proportionate share of support revenue from the State of Montana.

GWPORS Stand-Alone Statements

The GWPORS financial information is reported in the Public Employees Retirement Board (PERB) Annual Comprehensive Financial Report. These reports, as well as the actuarial valuations and experience study, are available from the PERB at 100 North Park, PO Box 200131, Helena, MT 59620-0131, 406-444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.



The Total Pension Liability in the June 30, 2024, actuarial valuation was determined using the following assumptions:

Investment return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth*	3.50%
*includes Inflation at	2.75%
Merit Increases	1.0% to 6.40%
Guaranteed Annual Benefit Adjustment (GABA):	
– Requires 12 full months of retirement before GABA will be made	
– Members hired prior to July 1, 2007	3.00%
– Members hired on or after July 1, 2007	1.50%
Mortality	
– Active Participants	PUB-2010 Safety Amount Weighted Healthy Mortality projected to 2021 for males and females. Projected generationally using MP-2021
– Disabled Retirees	PUB 2010 Safety Amount Weighted Disabled Retiree Mortality Table, projected to 2021, set forward one year for males
– Contingent Survivors	PUB-2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021 set forward one year for males. Projected generationally using MP-2021
– Healthy Retirees	PUB-2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males, and adjusted 105% for males and 100% for females. Projected generationally using MP-2021

GWPORS Discount Rate

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board’s funding policy, which establishes the contractually required rates under Montana Code Annotated. Based on those assumptions, the GWPORS fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. A municipal bond rate was not incorporated in the discount rate.

GWPORS Target Allocations

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Cash	3.00%	-0.33%
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%
	<u>100.00%</u>	

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of the June 30, 2024, actuarial valuation is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. 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.

GWPORS Sensitivity Analysis

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
	6.3%	7.3%	8.3%
University proportion of Net Pension Liability	\$2,863,521	\$894,791	(\$719,773)

GWPORS Summary of Significant Accounting Policies

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

Termination Benefits

During the year ended June 30, 2025, certain employees were involuntarily terminated. The University agreed to contribute to certain employees health insurance for a specified period of time as severance. No employees who were offered severance had elected the Teachers’ Retirement System Option 1 payout during the fiscal year ended June 2025. During the year ended June 30, 2025, incentive pay of \$284,731 for voluntary and involuntary terminations plus benefits of \$35,397 were paid to a total of 8 employees, for a total of \$320,127 in expenses included in the accompanying financial statements.

Other Post-Employment Benefits

Other post-employment benefits (OPEB) are benefits, such as healthcare benefits, that are paid in the period after employment and that are provided separately from a pension plan. OPEB does not include termination benefits or termination payments for sick leave.

Following is the total of the University's OPEB liabilities, deferred outflows and inflows of resources related to OPEB, and the OPEB expense as reported in accordance with GASB Statement No. 75, for the fiscal year ended June 30, 2025.

	2025
Total OPEB Liability	\$23,423,266
Deferred OPEB Outflows of Resources	\$37,150,471
Deferred OPEB Inflows of Resources	\$46,206,733
OPEB expense	\$986,329

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

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

Employer proportionate share of total OPEB liability and basis for allocation – The total OPEB liability (TOL) was based on the actuarial valuation as of December 31, 2024, with a measurement date of March 31, 2025. The University's proportion of the TOL was based upon the total participants in the group health insurance plan. The actuary report presents a valuation of the TOL assigned to each participant in the group health insurance plan.

Proportionate share of collective total OPEB liability

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

	2025		2024	
	OPEB Liability	OPEB Proportionate Share	OPEB Liability	OPEB Proportionate Share
Total OPEB Liability	\$23,423,266	52.77%	\$21,701,010	53.26%

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources were as follows:

The University's OPEB plan deferred outflows and inflows of resources are from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$12,229,412.00	\$24,545,034.00
Changes in actuarial assumptions or other inputs	\$41,747,347.00	\$41,618,019.00
Prior Period Amortization	\$(12,606,371.00)	\$(14,709,805.00)
FY 2024 Amortization	\$(4,219,917.00)	\$(5,246,515.00)
Total	\$37,150,471	\$46,206,733

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

	Net Amount To Be Recognized as an Increase or (decrease) to OPEB Expense
2026	\$(1,026,598)
2027	\$(1,026,598)
2028	\$(1,026,598)
2029	\$(1,024,993)
2030	\$(991,305)
Thereafter	\$(3,960,566)

Funding Policy - The Montana University System funds the benefits on a pay-as-you-go basis from the general assets.

Actuarial Methods and Assumptions – The actuarial funding method used to determine the cost of the Montana University System Employee Group Benefits Plan is the entry age normal funding method. The key definition under this method is that the accrued liability is the present value of future benefits less the present value of future normal costs, where the entry age normal cost is the amount of level contribution such that the present value of future normal costs at entry age is exactly equal to the present value of future benefits at entry age. That is, the accrued liability is defined as the present value of prior normal cost deposits. For liability that is not covered by assets of the plan, there is an unfunded liability to be funded over a stipulated period in accordance with an amortization schedule.

A detailed description of the calculation follows:

- An individual's present value of future benefit at entry age is calculated as the monthly benefit due at the point of separation.
- The normal cost at entry age is the present value of future benefit divided by the working lifetime, accounting for interest and inflation assumptions.
- An individual's accrued liability is the present value of the future benefit for valuation purposes at the beginning of the plan year, and an individual's normal cost is the present value of the benefit from the prior year trended forward an increment. If multiple decrements are used, the accrued liability and the normal cost for an individual are the sum of the component accrued liabilities and normal costs associated with the various anticipated separation dates. Such accrued liabilities and normal costs reflect the accrued benefits as modified to obtain the benefits payable on those dates and the probability of the individual separating on those dates.
- The plan's service cost is the sum of the individual normal costs, and the plan's accrued liability is the sum of the accrued liabilities for all participants under the plan.

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

Average annual contribution:	Retiree/ Surviving Spouse	Spouse	Actuarial assumptions:	
Before Medicare eligibility	\$11,772	\$10,011	Discount rate	4.57
After Medicare eligibility	\$4,416	\$4,886	Projected payroll increases	3.50%
Actuarial valuation date	December 31, 2024		Participation:	
Actuarial measurement date ⁽¹⁾	March 31, 2025		Future retirees	40%
Actuarial cost method	Entry age normal cost method		Future eligible spouses	70%
Amortization method	Level percent of pay		Marital status at retirement	70%
Amortization period	20 years			
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75			

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

Mortality - Contributing Members:

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

Mortality - Retired:

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

Mortality - Surviving Beneficiaries:

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

Mortality - Disabled:

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

Changes in actuarial assumptions and methods since last measurement date: Changes to assumptions include an increase to the interest/discount rate and projected payroll increases.

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

The following presents the Total OPEB Liability if calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Assuming 1.0% Decrease	At Current Rate	Assuming 1.0% Increase
	6.6%	7.6%	8.6%
University proportion of total OPEB Liability	\$18,598,164	\$23,423,266	\$29,976,797

Sensitivity of the TOL to changes in the discount rate: The following presents the Total OPEB Liability if calculated using the 20-year municipal bond rates that are 1-percentage-point lower or 1-percentage-point higher than the March 31, 2025 20-year municipal bond rate:

	Assuming 1.0% Decrease	At Current Rate	Assuming 1.0% Increase
	3.57%	4.57%	5.57%
University proportion of total OPEB Liability	\$29,784,982	\$22,423,266	\$18,620,104

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

NOTE 15 – RISK MANAGEMENT AND CERTAIN RISK DISCLOSURES

Risk Management

Due to the diverse risk exposure of the University and its constituent agencies, the insurance portfolio contains a comprehensive variety of coverage. Montana statutes, Sections 2-9-101 through 305, MCA, require participation of all state agencies in the self-insurance plan established by the Montana Department of Administration, Risk Management and Tort Defense Division (RMTDD). The self-insurance program includes coverage for automobile physical damage, aircraft physical damage and liability, general liability (including auto), and property exposures. The RMTDD provides coverage above self-insured retentions by purchasing other commercial coverage using Alliant Insurance Services as the primary insurance broker. Those coverages include Active Shooter coverage, volunteer accidental death & dismemberment, boiler & machinery, business interruption, crime, cyber/data information security, fine art, foreign liability and special risks, inland marine, student medical and non-medical professional liability, excess property, special events coverage, and Summer Camps Accident and Injury. The insurance broker for aviation excess liability and aircraft hull (physical damage) is held through a specialty broker, Mountain Air Aviation. MSU secures athletic injury and catastrophic sports injury insurance for its NCAA programs through AIG Insurance Company.

In addition to these basic policies, the University’s Department of Safety and Risk Management establishes guidelines and provides consultation in risk assessment, avoidance, acceptance, and transfer. There have been no significant reductions in commercial property insurance protection from fiscal 2024 to fiscal 2025, and there were no instances in which settlements exceeded insurance coverage for the past three fiscal years.

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

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

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

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

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

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

The WC Program utilizes a Third-Party Administrator with experienced senior staff to manage claims, and an actuary with experience in workers’ compensation to calculate its claim liability and to ensure adequate premium rates and reserving for the liability. The Program and its actuary will continue to incorporate Montana University System claim data, trends, and experience into the estimate of current and non-current

claims liability and adjust accordingly. The Program and its actuary monitor its potential liabilities and work collaboratively with campus safety and risk managers to identify and mitigate risks and with along with internal and external partners to secure the fiscal health of the Program.

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

Risk Disclosures

The University is exposed to certain concentration risks associated with the sources of its operating and nonoperating revenues. A concentration exists when a significant portion of total revenues is derived from a single source or from groups of similar sources that, if reduced, could have a material adverse effect on operations.

For the fiscal year ended June 30, 2025, total revenues were approximately \$914.6 million. The largest sources of revenue were Grant and Contract Activity (26.8%), Tuition and Fees (23.3%), and State and Local Appropriations (18.7%). Collectively, these three sources represented approximately 69% of total revenues.

Grant and Contract Activity includes funding from 11 different federal and state granting agencies. The largest granting agencies are the U.S. Department of Defense, the Department of Public Health, and the Department of Agriculture. Although these agencies account for a substantial portion of the University’s externally sponsored research activity, the University’s grant portfolio is diversified across multiple programs and funding entities. This diversification mitigates dependency on any single sponsor; however, reductions in funding from one or more major agencies could have a material effect on the University’s research operations and related revenues.

Tuition and Fees revenue is generated from a large and diverse student population. As such, the University is not exposed to concentration risk related to a single payer or group of payers. Nonetheless, the University is subject to broader systemic risks associated with

changes in enrollment patterns, demographic shifts, and fluctuations in federal and state student aid programs that could influence tuition revenue levels in future periods.

In accordance with GASB Statement No. 102, Certain Risk Disclosures, management has evaluated whether any concentrations of revenue are subject to known constraints or conditions that are reasonably possible to have a severe impact on the University’s financial position within twelve months of the financial statement date. As of June 30, 2025, the University is not aware of any such constraints or events that have occurred or are anticipated to occur in the

next twelve months that would materially affect these concentrations of revenue.

Management continually monitors these risks through budget forecasting, strategic enrollment management, diversification of research funding sources, and collaboration with state and federal partners to maintain stable and predictable revenue streams.

NOTE 16 – COMMITMENTS AND CONTINGENT LIABILITIES

Encumbrances – As of June 30, 2025, the University had issued purchase orders committing the expenditure of approximately \$40.8 million for equipment, supplies, and services which had not yet been received.

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

Refundable and transferable grants – The University receives grants and other forms of reimbursement from various Federal and State agencies. These funds are subject to review and audit by cognizant agencies. As of June 30, 2025, certain audits were in progress. The University does not expect any material adjustments or repayments to result from such audits. Additionally, in the event that grant activity is moved to another university, as sometimes occurs when researchers leave for a different institution, assets acquired with grant funds may be transferred at the request of the sponsoring agency with or without reimbursement.

Capital projects – As of June 30, 2025, the University had remaining budget authority on significant capital construction and renovation projects underway of approximately \$134.7 million. Select projects are funded wholly or partially by the State’s Long Range Building Program, and are administered by the State Architecture and Engineering Division, and do not represent a commitment of funds on the part of the University.

Pledged revenues – Revenue bonds issued by the University to defease and refund outstanding indebtedness and to fund capital improvements as described in Note 11, are secured by a first lien on the combined pledged revenue of the MSU campuses. As defined in the Indenture, the University has pledged all permitted revenues after certain charges for payment of operation and maintenance expense. The total principal and interest remaining on the debt as of June 30, 2025 can be found in Note 11. Annual debt service requirements range from \$25.4 million in FY26 to \$2.9 million in FY48, the final year of repayment.

A schedule of revenues pledged as security for the bonds listed in Note 11 is presented as follows as of June 30, 2025.

	2025
Net Operating and Non-operating Revenues	\$842,207,416
Tuition	(167,483,861)
Fees controlled by student associations	(3,016,594)
Grants and contracts	(217,911,708)
State Appropriations	(171,366,343)
Federal financial aid grants and contracts	(27,705,230)
Restricted gifts	(37,868,724)
Other restricted revenue	(1,776,929)
Interest Expense	8,752,590
Operation and maintenance expenses for Auxiliary operations	(47,133,658)
Net revenues pledged as security for debt	\$176,696,959

NOTE 17 – RELATED PARTIES

Private nonprofit organizations affiliated with the University include the MSU Foundation, the MSU-Billings Foundation, the MSU-Northern Foundation, the MSU Bobcat Club, the MSU-Bozeman Bookstore, Friends of KUSM, Friends of KEMC and the Museum of the Rockies, Inc. As discussed in Note 19, certain parties are considered Component Units of the University.

During the year ended June 30, 2025, the Foundations provided \$74,090,750 in scholarship, in-kind capital donations, and other gift support directly to the University, in addition to significant payments made to others in support of the University. The University paid to its Foundations \$2,407,204 during 2025, which included payments for contracted services, capital campaign support, and leases.

MSU-Bozeman leased certain office space from the MSU Foundation's wholly owned subsidiary, Advanced Technology Inc. (ATI). Rental and other payments to ATI totaled \$754,800 during 2025. Additional payments from the University to the Foundations for other operating items and capital contributions totaled \$681,014.

Friends of Montana Public Television provided \$1,916,536 during 2025 and Friends of KEMC Public Radio provided \$1,200,000 during 2025 in support of the University's television and radio stations.

The Museum of the Rockies, Inc. provided \$1,059,856 in support of the University, primarily as reimbursement for Museum staff salaries and benefits.

The MSU Bobcat Club provided \$636,238 in scholarship and other support during the fiscal year ended June 30, 2025. The University provided \$204,841 in salary support to the MSU Bobcat Club during the year ended June 30, 2025 for services provided.

NOTE 18 – SUBSEQUENT EVENTS

On July 25, 2025, 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 \$6,244,127 if executed before 08/31/2025.

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.

NOTE 19 – COMPONENT UNITS

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

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

Montana State University

Condensed Combining Schedule of Component Unit Statements of Financial Position

As of June 30, 2025 or December 31, 2024*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Assets:						
Cash and investments	\$425,243,042	\$50,307,318	\$20,141,903	\$32,644,601	\$1,974,414	\$530,311,278
Amounts due from MSU	—	—	—	—	—	—
Other receivables, net	107,324,750	3,198,805	1,216,133	245,000	—	111,984,688
Capital assets, net	10,851,330	760,150	1,990,745	8,393,879	9,231	22,005,335
Other assets	865,213	102,961	33,056	1,052,709	80,067	2,134,006
Total assets	\$544,284,335	\$54,369,234	\$23,381,837	\$42,336,189	\$2,063,712	\$666,435,307
Liabilities:						
Accounts payable and other liabilities	\$2,933,641	\$1,078,401	\$22,504	\$773,214	\$24,496	\$4,832,256
Amounts due to MSU	1,718,896	—	—	79,931	—	1,798,827
Notes, bonds and debt obligations	1,988,156	—	—	—	—	1,988,156
Liabilities to external parties	5,894,727	430,311	623,367	—	—	6,948,405
Custodial funds	11,134,238	2,534,546	100,911	—	—	13,769,695
Total liabilities	\$23,669,658	\$4,043,258	\$746,782	\$853,145	\$24,496	\$29,337,339
Net assets:						
Without donor restrictions						
- undesignated	\$6,599,912	\$3,373,239	\$2,426,795	\$9,922,272	\$151,641	\$22,473,859
Without donor restrictions - designated	15,741,072	2,958,970	1,066,444	9,916,069	—	29,682,555
With restrictions	498,273,693	43,993,767	19,141,816	21,644,703	1,887,575	584,941,554
Total net assets	\$520,614,677	\$50,325,976	\$22,635,055	\$41,483,044	\$2,039,216	\$637,097,968
Total liabilities and net assets	\$544,284,335	\$54,369,234	\$23,381,837	\$42,336,189	\$2,063,712	\$666,435,307

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

Montana State University
Condensed Combining Schedule of Component Unit Statements of Activities
For the Year Ended June 30, 2025 or December 31, 2024*

	Montana State University Alumni Foundation	Montana State University-Billings Foundation	Montana State University-Northern Foundation	Museum of the Rockies, Inc.	Montana State University Bobcat Club	Combined
Revenues:						
Contributions	\$124,346,809	\$3,254,384	\$3,479,741	\$865,260	\$1,004,137	\$132,950,331
Investment income and unrealized gain on investments	28,667,509	4,337,714	1,834,946	3,977,779	115,332	38,933,280
Support from University	2,100,000	125,000	182,204	—	—	2,407,204
Other income	4,089,824	1,282,782	7,256	6,001,406	526,177	11,907,445
Total revenues	\$159,204,142	\$8,999,880	\$5,504,147	\$10,844,445	\$1,645,646	\$186,198,260
Expenses:						
University support	\$65,587,840	\$865,991	\$150,915	\$2,727,627	\$256,058	\$69,588,431
Scholarships and other program expenses	9,768,424	2,395,809	1,130,909	2,219,155	636,238	16,150,535
Supporting services	12,034,155	1,001,374	420,245	1,303,594	630,423	15,389,791
Total expenses	\$87,390,419	\$4,263,174	\$1,702,069	\$6,250,376	\$1,522,719	\$101,128,757
Change in net assets before nonoperating items	\$71,813,723	\$4,736,706	\$3,802,078	\$4,594,069	\$122,927	\$85,069,503
Nonoperating items	2,669,901	—	—	—	—	2,669,901
Change in net assets	\$74,483,624	\$4,736,706	\$3,802,078	\$4,594,069	\$122,927	\$87,739,404
Net assets, beginning of fiscal year	\$446,131,053	\$43,911,545	\$18,832,977	\$36,888,975	\$1,916,289	\$547,680,839
Restatement of beginning net assets	—	1,677,725	—	—	—	1,677,725
Net assets, beginning of fiscal year, as restated	\$446,131,053	\$45,589,270	\$18,832,977	\$36,888,975	\$1,916,289	\$549,358,564
Net assets, end of fiscal year	\$520,614,677	\$50,325,976	\$22,635,055	\$41,483,044	\$2,039,216	\$637,097,968

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

Restatement of beginning net assets – The Montana State University Billings Foundation identified misstatements within the 2024 financial statements related to beneficial interests in charitable trusts held by others. The correction resulted in an increase to beneficial interests in charitable trusts held by others and an increase of net assets of \$1,677,725.

Component Unit Investment Composition*:

	2025
Pooled investments**:	
Equity securities	\$173,634,493
Debt securities	84,826,900
Alternative investments	148,087,729
Real Estate	40,310,704
Cash equivalents	36,764,138
Other pooled investments	12,912,281
US Treasuries	1,526,711
Other real estate	8,572,748
Other investments	1,908,806
Investments held in trust for others	15,622,230
Total	\$524,166,740

Component Unit Promises Receivable*:

	2025
Receivable in one year	\$22,521,299
Receivable in one to five years	68,932,571
Receivable after five years	0
Less discounts and allowances	(7,112,703)
Total	\$84,341,167

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

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

NOTE 20 – COVID-19 AND FEDERAL CARES LEGISLATION

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. The University responded to the health crisis by moving to remote delivery of its courses and curtailing nonessential operating activities for much of the Spring 2020 semester. The financial impact to the University included a decline in auxiliary revenues due to refunds to students for room and board, costs associated with moving to online delivery of education, and COVID-19 mitigation costs. In the Fall 2020, the University largely shifted back to normal class schedules and student living arrangements with an emphasis on social distancing and mitigation strategies. At the end of fiscal year 2025, the University continues to operate under pre-pandemic conditions.

For fiscal year 2025, the University returned \$4.95 million in CARES Act funds due to inability to expend the funds. These funds were related to HVAC projects which were not completed due to challenges in the contractor market. After fiscal year 2025, there will be no remaining CARES related funding to report.

REQUIRED SUPPLEMENTARY INFORMATION

PENSIONS

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

Reporting Date	As of Measurement Date	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2016	2015	1.14%	\$18,636,406	\$7,277,054	\$25,913,460	\$11,330,707	164.48%	69.30%
2017	2016	0.95%	\$17,469,027	\$6,550,303	\$24,019,330	\$9,738,223	179.38%	66.69%
2018	2017	0.85%	\$14,368,218	\$5,183,426	\$19,551,644	\$8,840,624	162.53%	70.09%
2019	2018	0.75%	\$14,016,684	\$4,927,408	\$18,944,092	\$7,952,741	176.25%	69.09%
2020	2019	0.71%	\$13,638,368	\$4,607,737	\$18,246,105	\$7,587,849	179.74%	68.64%
2021	2020	0.66%	\$14,952,221	\$4,875,285	\$19,827,506	\$7,247,446	206.31%	64.95%
2022	2021	0.57%	\$9,443,846	\$2,911,918	\$12,355,764	\$6,446,990	146.49%	75.54%
2023	2022	0.52%	\$10,146,642	\$2,968,558	\$13,115,200	\$6,026,501	168.38%	70.61%
2024	2023	0.56%	\$10,853,260	\$3,079,416	\$13,932,676	\$6,630,624	163.50%	71.75%
2025	2024	0.53%	\$9,990,191	\$2,764,852	\$12,755,043	\$6,608,921	147.83%	73.33%

TRS Schedule of University Contributions

Reporting Date	As of Measurement Date	Contractually Required Contributions	Contributions Made*	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2015	\$7,824,583	\$7,824,583	\$—	\$9,738,223	80.35%
2017	2016	\$8,246,736	\$8,246,736	\$—	\$8,840,624	93.28%
2018	2017	\$8,126,582	\$8,126,582	\$—	\$7,952,741	102.19%
2019	2018	\$8,233,838	\$8,233,838	\$—	\$7,587,849	108.51%
2020	2019	\$8,569,378	\$8,569,378	\$—	\$7,247,446	118.24%
2021	2020	\$8,648,886	\$8,648,886	\$—	\$6,446,990	134.15%
2022	2021	\$8,526,213	\$8,526,213	\$—	\$6,026,499	141.48%
2023	2022	\$9,068,382	\$9,068,382	\$—	\$6,630,624	136.77%
2024	2023	\$9,521,551	\$9,521,551	\$—	\$6,608,921	144.07%
2025	2024	\$9,958,976	\$9,958,976	\$—	\$7,117,164	91.07%

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

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

Reporting Date	As of Measurement Date	University's Proportion of the NPL	University's Share of the NPL	State of Montana Share of the NPL Associated with the University	Total University Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2016	2015	4.12%	\$57,646,590	\$—	\$57,646,590	\$47,548,783	121.24%	78.40%
2017	2016	4.09%	\$69,576,860	\$—	\$69,576,860	\$48,343,193	143.92%	74.71%
2018	2017	4.17%	\$81,386,415	\$—	\$81,386,415	\$51,283,691	158.82%	73.75%
2019	2018	3.22%	\$67,104,384	\$21,580,841	\$88,685,225	\$52,551,576	128.16%	73.47%
2020	2019	3.35%	\$70,034,424	\$21,949,017	\$91,983,441	\$54,692,819	128.12%	73.85%
2021	2020	3.46%	\$90,852,389	\$27,542,683	\$118,395,072	\$57,257,359	158.51%	68.90%
2022	2021	3.44%	\$62,354,720	\$17,651,148	\$80,005,868	\$59,928,678	103.94%	79.91%
2023	2022	3.50%	\$82,984,960	\$23,844,568	\$106,829,528	\$60,508,228	137.38%	73.66%
2024	2023	3.97%	\$96,979,970	\$25,716,776	\$122,696,746	\$72,969,907	133.09%	73.93%
2025	2024	4.22%	\$103,298,611	\$25,709,890	\$129,008,501	\$81,780,268	126.48%	74.77%

PERS Schedule of University Contributions

Reporting Date	As of Measurement Date	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2015	\$4,089,650	\$4,089,650	\$—	\$48,343,193	8.46%
2017	2016	\$4,338,885	\$4,338,885	\$—	\$51,283,691	8.46%
2018	2017	\$4,478,481	\$4,478,481	\$—	\$52,551,576	8.52%
2019	2018	\$4,754,597	\$4,754,597	\$—	\$54,692,819	8.69%
2020	2019	\$5,062,275	\$5,062,275	\$—	\$57,257,359	8.84%
2021	2020	\$5,383,076	\$5,383,076	\$—	\$59,928,678	8.98%
2022	2021	\$5,454,497	\$5,454,497	\$—	\$60,508,228	9.01%
2023	2022	\$6,682,619	\$6,682,619	\$—	\$72,969,907	9.16%
2024	2023	\$7,540,291	\$7,540,291	\$—	\$81,780,268	9.22%
2025	2024	\$8,231,005	\$8,231,005	\$—	\$89,660,653	9.18%

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

Reporting Date	As of Measurement Date	University's Proportion of the NPL	University's Share of the NPL	University's Covered Employee Payroll	University's share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
2016	2015	3.45%	\$723,801	\$1,546,185	46.81%	87.60%
2017	2016	3.32%	\$1,089,310	\$1,562,149	69.73%	82.48%
2018	2017	3.73%	\$1,201,302	\$1,582,364	75.92%	82.48%
2019	2018	3.18%	\$1,303,370	\$1,617,730	80.57%	82.54%
2020	2019	3.04%	\$1,234,096	\$1,570,338	78.69%	83.54%
2021	2020	3.30%	\$4,459,503	\$1,773,943	251.39%	61.17%
2022	2021	2.77%	\$900,373	\$1,665,544	54.06%	89.39%
2023	2022	3.25%	\$4,954,557	\$1,763,825	280.78%	63.08%
2024	2023	3.70%	\$2,484,418	\$2,158,151	115.12%	80.70%
2025	2024	3.49%	\$894,791	\$2,317,604	38.61%	93.20%

GWPORS Schedule of University Contributions

Reporting Date	As of Measurement Date	Contractually Required Contributions	Contributions Made	Excess/ (Deficiency)	University's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	2015	\$141,875	\$141,875	\$—	\$1,562,149	9.08%
2017	2016	\$142,412	\$142,412	\$—	\$1,582,364	9.00%
2018	2017	\$145,596	\$145,596	\$—	\$1,617,730	9.00%
2019	2018	\$142,216	\$142,216	\$—	\$1,570,338	9.05%
2020	2019	\$160,634	\$160,634	\$—	\$1,773,943	9.06%
2021	2020	\$150,128	\$150,128	\$—	\$1,665,544	9.01%
2022	2021	\$160,568	\$160,568	\$—	\$1,763,825	9.11%
2023	2022	\$195,095	\$195,095	\$—	\$2,158,151	9.04%
2024	2023	\$245,966	\$1,682,710	\$(1,436,744)	\$2,317,604	72.61%
2025	2024	\$245,591	\$245,591	\$—	\$2,525,814	9.73%

Notes to Required Supplementary Information – Pensions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and wage rates. Amounts determined regarding the plans are subject to continual revision as actual results are compared with past expectations. Prior to fiscal year 2023, the valuation date was rolled forward for PERS and GWPORS.

TRS

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

Reporting Date	Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase for non-University members	Salary increase for University Members	Investment rate of return (shown net of pension plan investment expense, and including inflation)
June 30, 2016	July 1, 2015	Entry age	Level percentage of pay, open	26 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2017	July 1, 2016	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2018	July 1, 2017	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2019	July 1, 2018	Entry age	Level percentage of pay, open	22 years	4-year smoothed market	3.25%	4.00% - 8.51%	5.00%	7.75%
June 30, 2020	July 1, 2019	Entry age	Level percentage of pay, open	31 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2021	July 1, 2020	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2022	July 1, 2021	Entry age	Level percentage of pay, open	29 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2023	July 1, 2022	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	2.50%	3.25% - 7.76%	4.25%	7.50%
June 30, 2024	July 1, 2023	Entry age	Level percentage of pay, open	25 years	4-year smoothed market	2.75%	3.50%-9.00%	4.25%	7.30%
June 30, 2025	July 1, 2024	Entry age	Level percentage of pay, open	24 years	4-year smoothed market	2.75%	3.50%-9.00%	4.25%	7.30%

Changes of benefit terms:

There have been no material changes of benefit terms in the past ten years.

Changes in actuarial assumptions and other inputs

The following changes to the actuarial assumptions were adopted in 2022:

- The discount rate was increased from 7.06% to 7.30%.
- The investment rate of return assumption was increased from 7.06% to 7.30%.
- The inflation rate was increased from 2.40% to 2.75%.
- Updated all mortality tables to the PUB-2010 tables for teachers.
- Updated the rates of retirement and termination.
- Updated the salary scale merit rates.

The following changes to the actuarial assumptions were adopted in 2021:

- The discount rate was lowered from 7.34% to 7.06%.
- The investment rate of return assumption was lowered from 7.34% to 7.06%.

The following changes to the actuarial assumptions were adopted in 2020:

- The discount rate was lowered from 7.50% to 7.34%.
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%.

The following changes to the actuarial assumptions were adopted in 2019:

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

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

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years.

The tables include margins for mortality improvement which is expected to occur in the future.

- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated
- Termination rates were updated
- Rates of salary increases were updated

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

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

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

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

PERS

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

Reporting Date	Actuarial Valuation Date	Actuarial cost method	Amortization method	Remaining amortization period	Asset valuation method	Inflation	Salary increase	Investment rate of return (shown net of pension plan investment expense, including inflation)	Expenses	Other
June 30, 2016	June 30, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	unavailable	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 7.3%	7.75%	0.27% administrative expenses as a % of payroll	
June 30, 2017	June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	unavailable	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0% - 6%	7.75%	0.27% administrative expenses as a % of payroll	
June 30, 2018	June 30, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	unavailable	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 6.3%	7.65%	0.26% administrative expenses as a % of payroll	GABA- 3.0% or 1.5% for hires after July 1, 2007 and before July 1, 2013; for members hired after July 1, 2013: 1.5% for each year PERS is funded at or above 90%; 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, 0% whenever the amortization period for PERS is 40 years or more
June 30, 2019	June 30, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 6.3%	7.65%	0.26% administrative expenses as a % of payroll	
June 30, 2020	June 30, 2017, rolled forward to 2018	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.26% administrative expenses as a % of payroll	
June 30, 2021	June 30, 2018, rolled forward to 2019	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.30% administrative expenses as a % of payroll	
June 30, 2022	June 30, 2019, rolled forward to 2020	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.28% administrative expenses as a % of payroll	
June 30, 2023	June 30, 2021	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0% - 8.47%	7.65%	0.29% administrative expenses as a % of payroll	
June 30, 2024	June 30, 2022	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 0%-4.80%	7.30%	Administrative expenses included in investment rate	
June 30, 2025	June 30, 2023	Entry age	Level percentage of pay, open	30 years	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 0%-4.80%	7.30%	Administrative expenses included in investment rate	

Changes That Affect Trend Data

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

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

Refunds

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

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

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

GWPORS

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

Reporting Date	Actuarial Valuation Date	Actuarial cost method	Amortization method	Asset valuation method	Inflation	Salary increase	Investment rate of return (net of pension plan investment expense, including inflation)	Other
June 30, 2016	June 30, 2013, rolled forward to 2014	Entry age	Level percentage of pay, open	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0%-7.3%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2017	June 30, 2014, rolled forward to 2015	Entry age	Level percentage of pay, open	4-year smoothed market	3.0%	General Wage Growth: 4.0% Merit: 0%-7.3%	7.75%	0.17% administrative expenses as a % of payroll
June 30, 2018	June 30, 2015, rolled forward to 2016	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2019	June 30, 2016, rolled forward to 2017	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2020	June 30, 2017, rolled forward to 2018	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.23% administrative expenses as a % of payroll
June 30, 2021	June 30, 2018, rolled forward to 2019	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.16% administrative expenses as a % of payroll
June 30, 2022	June 30, 2019, rolled forward to 2020	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2023	June 30, 2021	Entry age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.5% Merit: 0%-6.3%	7.65%	0.17% administrative expenses as a % of payroll
June 30, 2024	June 30, 2022	Entry Age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 1%-6.4%	7.30%	Administrative expenses included in investment rate
June 30, 2025	June 30, 2023	Entry Age	Level percentage of pay, open	4-year smoothed market	2.75%	General Wage Growth: 3.50% Merit: 0%-6.4%	7.30%	Administrative expenses included in investment rate

Changes That Affect Trend Data

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

Working Retiree Limitations for GWPORS

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

Second Retirement Benefit for GWPORS

- 1) Applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired.
- 2) If the member works more than 480 hours in a calendar year and accumulates less than 5 years of service credit before terminating again, the member:
 - a. Is not awarded service credit for the period of reemployment;
 - b. Is refunded the accumulated contributions associated with the period of reemployment;
 - c. Starting the first month following termination of service, receives the same retirement benefit previously paid to the member; and
 - d. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a Guaranteed Annual Benefit Adjustment (GABA) in January immediately following second retirement.
- 3) If the member works more than 480 hours in a calendar year and accumulates at least 5 years of service credit before terminating again, the member:
 - a. Is awarded service credit for the period of reemployment;
 - b. Starting the first month following termination of service, receives:
 - i. The same retirement benefit previously paid to the member, and
 - ii. A second retirement benefit for the period of reemployment based on the laws in effect as of the member's rehire date; and
 - c. Does not accrue post-retirement benefit adjustments during the term of reemployment but receives a GABA:
 - i. On the initial retirement benefit in January immediately following second retirement, and
 - ii. On the second retirement benefit starting in January after receiving that benefit for at least 12 months.

- 4) A member who returns to covered service is not eligible for a disability benefit. Refund are as follows:
 - a. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
 - b. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
 - c. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

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

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

Employer contribution rate - Beginning July 1, 2024 and after, contribution rates are actuarially determined based on the funding valuation one year prior.

Other Post-Employment Benefits

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

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

Measurement Year	University's Proportion of the OPEB Liability	University's Share of the OPEB Liability	University's Covered Employee Payroll	University's share of the OPEB Liability as a % of Covered Employee Payroll	Plan Fiduciary Net Position as a % of Total OPEB Liability
2018	48.92%	\$18,130,942	\$225,842,121	8.03%	0.00%
2019	54.44%	\$20,363,797	\$225,896,948	9.01%	0.00%
2020	53.22 %	\$15,052,050	\$239,454,928	6.29%	0.00%
2021	53.68%	\$32,324,640	\$247,082,152	13.08%	0.00%
2022	53.68%	\$26,833,911	\$253,259,209	10.60%	0.00%
2023	53.68%	\$20,319,323	\$266,243,143	7.63%	0.00%
2024	53.26%	\$21,701,010	\$275,561,656	7.88%	0.00%
2025	52.77%	\$23,423,266	\$279,711,695	8.37%	0.00%

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

Note to Required Supplementary Information – OPEB

Other Post-Employment Benefits (OPEB) Trend Data

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



UNAUDITED SUPPLEMENTARY INFORMATION

Montana State University Unaudited Consolidating Statements of Net Position As of June 30, 2025

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Intercampus Eliminations	MSU Consolidated Total
ASSETS									
Current assets:									
Cash and cash equivalents (Note 2)	\$280,885,761	\$16,297,454	\$4,402,823	\$462,224	\$40,651,052	\$7,396,247	\$7,164,626	\$—	\$357,260,187
Securities lending collateral	9,643,726	—	—	—	190,693	—	—	—	\$9,834,419
Accounts and grants receivable, net (Note 3)	16,878,235	84,445	194,249	1,760	943,989	1,157,069	288,802	—	\$19,548,549
Lease receivable	319,581	—	—	—	—	—	—	—	\$319,581
Amounts receivable from Federal government	61,528,613	1,164	95,796	—	126,713	50,075	3,250	—	\$61,805,612
Amounts receivable from primary government	241,429	—	—	—	42,440	30,525	2,310	—	\$316,704
Loans receivable, net (Note 6)	983,171	—	—	—	73,164	24,761	—	—	\$1,081,097
Inventories (Note 4)	1,473,141	814,276	—	—	199,950	209,205	404,585	—	\$3,101,157
Prepaid expenses and other current assets (Note 5)	5,717,345	6,147	15,878	1,780	300,185	112,724	101,163	—	\$6,255,222
Total current assets	\$377,671,002	\$17,203,487	\$4,708,746	\$465,764	\$42,528,187	\$8,980,605	\$7,964,736	\$—	\$459,522,527
Noncurrent assets									
Restricted cash and cash equivalents	\$4,351	\$—	\$—	\$—	\$12,400	\$71,238	\$—	\$—	\$87,989
Restricted investments	8,445,254	—	—	—	—	100,911	—	—	\$8,546,165
Loans receivable, net (Note 6)	3,979,020	—	—	—	909,576	195,848	—	—	\$5,084,444
Investments	56,734,873	—	—	—	2,534,546	—	—	—	\$59,269,419
Capital assets, net (Note 7)	647,732,596	22,175,569	249,247	735,978	49,415,966	28,976,423	19,052,764	—	\$768,338,542
Lease receivable non-current	4,056,674	—	—	—	926,815	—	—	—	\$4,983,489
Other noncurrent assets (Note 7)	531,211	—	—	—	—	—	—	—	\$531,211
Total noncurrent assets	\$721,483,979	\$22,175,569	\$249,247	\$735,978	\$53,799,304	\$29,344,419	\$19,052,764	\$—	\$846,841,259
Total assets	\$1,099,154,981	\$39,379,056	\$4,957,993	\$1,201,742	\$96,327,490	\$38,325,024	\$27,017,500	\$—	\$1,306,363,786
DEFERRED OUTFLOWS									
Deferred loss on debt refunding (Note 11)	\$3,248,374	\$—	\$—	\$—	\$8,339	\$—	\$—	\$—	\$3,256,713
Deferred pension and OPEB outflows (Note 14)	62,536,135	3,769,265	3,057,373	158,579	9,084,118	2,934,711	2,054,931	—	\$83,595,112
Total deferred outflows	\$65,784,509	\$3,769,265	\$3,057,373	\$158,579	\$9,092,456	\$2,934,711	\$2,054,931	\$—	\$86,851,825
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$1,164,939,490	\$43,148,321	\$8,015,366	\$1,360,322	\$105,419,947	\$41,259,736	\$29,072,431	\$—	\$1,393,215,611

Montana State University Unaudited Consolidating Statements of Net Position (continued) As of June 30, 2025

	MSU - Bozeman	MT Agricultural Experiment Station	MSU Extension Service	Fire Services Training School	MSU - Billings	MSU - Northern	Great Falls College MSU	Intercampus Eliminations	MSU Consolidated Total
LIABILITIES									
Current liabilities:									
Accounts payable and accrued liabilities (Note 8)	\$47,846,939	\$1,122,734	\$718,294	\$44,914	\$4,236,984	\$1,561,347	\$965,699	\$—	\$56,496,912
Advances (current) and other amounts payable to primary government	1,005,046	—	—	—	184,034	68,929	—	—	\$1,258,009
Amounts payable to other State of Montana component units	656,505	—	—	—	—	—	—	—	\$656,505
Securities lending liability	9,643,726	—	—	—	190,693	—	—	—	\$9,834,419
Property held in trust for others	2,553,204	—	—	—	131,619	180,966	38,690	—	\$2,904,480
Unearned revenues (Note 9)	23,138,567	—	15,722	—	1,381,001	171,762	86,872	—	\$24,793,924
Current portion compensated absences	9,899,612	736,093	623,834	44,389	2,335,773	378,915	582,020	—	\$14,600,636
Current portion debt and lease obligations (Note 10)	28,769,358	—	—	18,718	1,001,791	6,525	—	—	\$29,796,392
Total current liabilities	\$123,512,957	\$1,858,826	\$1,357,850	\$108,021	\$9,461,896	\$2,368,445	\$1,673,281	\$—	\$140,341,277
Noncurrent liabilities:									
Advances from primary government	\$3,228,780	\$—	\$—	\$—	\$600,885	\$403,482	\$—	\$—	\$4,233,147
Debt, lease, and other obligations (Note 10)	235,516,195	—	—	149,953	128,191	5,135	—	—	\$235,799,474
Compensated absences	23,961,283	1,781,658	1,509,945	107,441	1,518,771	1,104,462	157,946	—	\$30,141,507
OPEB implicit rate subsidy	16,723,996	859,494	872,158	56,291	3,120,723	1,121,010	669,595	—	\$23,423,267
Net pension liability	84,484,652	5,177,389	2,556,278	140,051	13,703,221	4,717,034	3,404,968	—	\$114,183,593
Due to Federal government (Note 6)	6,212,288	—	—	—	759,568	397,229	—	—	\$7,369,086
Total noncurrent liabilities	\$370,127,194	\$7,818,542	\$4,938,381	\$453,735	\$19,831,359	\$7,748,353	\$4,232,509	\$—	\$415,150,074
Total liabilities	\$493,640,151	\$9,677,368	\$6,296,231	\$561,757	\$29,293,255	\$10,116,798	\$5,905,791	\$—	\$555,491,351
DEFERRED INFLOWS									
Deferred Inflows-Pension and OPEB (Note 14)	\$36,760,420	\$1,970,396	\$1,868,500	\$122,459	\$6,631,084	\$2,375,533	\$1,236,161	\$—	\$50,964,553
Deferred Inflows-Leases	4,208,774	—	—	—	914,036	—	—	—	\$5,122,811
Total deferred inflows	\$40,969,194	\$1,970,396	\$1,868,500	\$122,459	\$7,545,120	\$2,375,533	\$1,236,161	\$—	\$56,087,364
NET POSITION									
Net investment in capital assets	\$426,543,417	\$22,175,569	\$249,247	\$567,307	\$47,481,070	\$28,484,629	\$19,052,764	\$—	\$544,554,003
Restricted - nonexpendable	9,570,151	—	—	—	289,534	189,254	11,300	—	\$10,060,239
Restricted - expendable	19,035,679	1,028,259	(382,882)	—	3,777,335	1,244,280	32,037	—	\$24,734,708
Unrestricted (Note 12)	175,180,896	8,296,730	(15,730)	108,799	17,033,632	(1,150,759)	2,834,379	—	\$202,287,946
Total net position	\$630,330,143	\$31,500,557	\$(149,365)	\$676,106	\$68,581,571	\$28,767,405	\$21,930,479	\$—	\$781,636,896
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$1,164,939,489	\$43,148,321	\$8,015,366	\$1,360,322	\$105,419,947	\$41,259,736	\$29,072,431	\$—	\$1,393,215,611

Montana State University
Unaudited Consolidating Statement of Revenues, Expenses and Changes in Net Position
As of and for the Year Ended June 30, 2025

	MT		MSU	Fire Services	Great Falls			Intercampus	Total
	MSU - Bozeman	Agricultural Experiment Station			Extension Service	Training School	MSU - Billings		
Operating revenues:									
Tuition and fees	\$198,440,873				\$12,226,955	\$3,211,750	\$2,500,738		\$216,380,316
Federal appropriations		2,653,176	3,507,627						\$6,160,803
Federal grants and contracts	184,656,819	1,164	30,743		4,314,506	1,577,310	651,625	(490,333)	\$190,741,835
State grants and contracts	5,855,212		20,005		179,258	246,406	136,304		\$6,437,186
Non-governmental grants and contracts	12,203,620		244,013		569,111	29,067	460,518		\$13,506,329
Grant and contract facilities and administrative cost recoveries	33,905,042				432,303	86,542	67,227		\$34,491,113
Educational, public service and outreach revenues	22,569,666	4,823,949	5,482,180	75,463	1,646,882	196,031	85,059	(794,509)	\$34,084,722
Auxiliary - housing	30,325,424	2,430			1,898,504	701,625			\$32,927,983
Auxiliary - food service	33,806,034				1,107,177	880,111	101,635		\$35,894,957
Auxiliary - other auxiliary sales and services	10,530,090	1	54		1,666,066	336,645	822,166	(454,922)	\$12,900,099
Interest earned on loans	46,427				—	73			\$46,500
Other operating revenues	3,965,251	83,788			257,387	19,405	84,056		\$4,409,886
Total operating revenues	\$536,304,459	\$7,564,508	\$9,284,621	\$75,463	\$24,298,149	\$7,284,965	\$4,909,328	\$(1,739,764)	\$587,981,729
Operating expenses:									
Compensation and benefits, including pensions	\$375,186,760	\$18,405,945	\$15,481,721	\$952,660	\$40,499,004	\$14,971,723	\$11,221,556		\$476,719,368
OPEB expense	700,134	35,982	36,512	2,357	120,577	52,252	38,515		\$986,329
Operating expenses	215,433,758	5,290,772	2,531,681	310,503	18,037,177	6,065,305	3,787,134	(1,739,764)	\$249,716,567
Scholarships and fellowships	12,247,304	11,095			1,762,922	894,207	1,393,002		\$16,308,530
Depreciation and amortization	44,997,153	1,395,630	49,566	146,343	3,200,421	1,557,505	1,393,461		\$52,740,077
Total operating expenses	\$648,565,109	\$25,139,423	\$18,099,480	\$1,411,862	\$63,620,101	\$23,540,992	\$17,833,669	\$(1,739,764)	\$796,470,871
Operating loss	\$(112,260,650)	\$(17,574,915)	\$(8,814,859)	\$(1,336,399)	\$(39,321,952)	\$(16,256,026)	\$(12,924,340)	\$—	\$(208,489,142)
Nonoperating revenues (expenses):									

Montana State University
Unaudited Consolidating Statement of Revenues, Expenses and Changes in Net Position
As of and for the Year Ended June 30, 2025

	MT		MSU	Fire Services	Great Falls		Intercampus	Total	
	MSU - Bozeman	Agricultural Experiment Station			Extension Service	Training School			MSU - Billings
State and local appropriations	\$94,085,709	\$20,706,034	\$8,209,810	\$1,282,175	\$28,183,491	\$11,183,260	\$8,781,419	\$172,431,898	
Pell Grants	16,514,464				6,191,925	2,016,253	2,982,588	\$27,705,230	
Land grant and timber sales income	2,836,186				468,619			\$3,304,805	
Gifts	31,748,245		387,163		3,851,305	1,683,764	198,246	\$37,868,724	
Investment Income	18,204,083	779,298	187,804	25,016	1,879,825	285,314	306,280	\$21,667,619	
Interest expense	(8,643,445)	—		(2,948)	(90,029)	(16,168)		\$(8,752,590)	
Net nonoperating revenues (expenses)	\$154,745,243	\$21,485,332	\$8,784,777	\$1,304,243	\$40,485,136	\$15,152,422	\$12,268,533	\$—	\$254,225,686
Income before other revenues, expenses, gains and losses	\$42,484,593	\$3,910,417	\$(30,082)	\$(32,156)	\$1,163,184	\$(1,103,604)	\$(655,807)	\$—	\$45,736,544
Transfers in (out)	365,415	(542,055)	69,993	106,647	—	—	—	\$—	
Gain or loss on disposal of capital assets	(259,545)	(9,037)	(3,764)		24,251	(19,525)	(28,590)	\$(296,209)	
Additions to permanent endowments	7,743							\$7,743	
Gifts, capital grants and contributions	60,720,204				4,763,042	3,205,293	141,153	\$68,829,692	
Change in net position	\$103,318,410	\$3,359,325	\$36,147	\$74,491	\$5,950,478	\$2,082,164	\$(543,244)	\$—	\$114,277,770
Net position, beginning of year restated	527,011,733	28,141,232	(185,512)	601,615	62,631,093	26,685,241	22,473,723	—	\$667,359,126
Net position, end of year	\$630,330,143	\$31,500,557	\$(149,365)	\$676,106	\$68,581,571	\$28,767,405	\$21,930,479	\$—	\$781,636,896

Montana State University
Unaudited Selected Cash Flow Data
As of And For the Year Ended June 30, 2025

	MT		MSU	Fire Services	Great Falls				Total
	MSU - Bozeman	Agricultural Experiment Station			Extension Service	Training School	MSU - Billings	MSU - Northern	
Cash flows from operating activities:									
Tuition and fees	\$197,326,984	\$—	\$—	\$—	\$12,270,262	\$3,044,069	\$2,468,912	\$(490,333)	\$214,619,894
Federal appropriations	—	2,652,012	3,512,140	—	—	—	—	—	6,164,153
Federal grants and contracts	164,072,800	1,164	(5,423)	—	4,201,753	1,520,051	651,134	—	170,441,480
State grants and contracts	7,143,876	—	20,005	—	184,321	246,406	144,194	—	7,738,802
Private grants and contracts	11,166,053	—	244,013	—	523,748	29,067	460,518	—	12,423,398
Grant and contract indirect cost recoveries	29,572,729	—	—	—	432,303	86,542	67,227	—	30,158,800
Educational, public service and outreach revenues	12,100,412	4,776,130	5,592,533	74,973	1,659,474	196,011	65,915	(794,509)	23,670,939
Sales and services of auxiliary enterprises	74,678,830	2,431	54	—	4,006,080	1,939,389	945,683	(454,922)	81,117,544
Interest on loans receivable	46,427	—	—	—	—	73	—	—	46,500
Other operating receipts	12,036,217	83,788	—	—	150,898	(24,508)	120,298	—	12,366,695
Compensation and benefits	(371,154,818)	(18,490,007)	(15,442,664)	(929,253)	(41,028,099)	(15,199,048)	(11,174,931)	—	(473,418,820)
Operating expenses	(214,369,054)	(5,675,465)	(2,481,581)	(305,727)	(16,129,328)	(6,133,559)	(3,723,667)	1,739,764	(247,078,617)
Scholarships and fellowships	(12,247,304)	(11,095)	—	—	(1,762,922)	(894,207)	(1,393,002)	—	(16,308,530)
Loans made to students and federal funds repaid	90,669	—	—	—	—	—	—	—	90,669
Loan payments received from students	1,457,899	—	—	—	95,890	49,987	—	—	1,603,776
Intercampus payments	—	—	—	—	—	—	—	—	—
Net cash used in operating activities	\$(88,078,280)	\$(16,661,042)	\$(8,560,923)	\$(1,160,007)	\$(35,395,620)	\$(15,139,727)	\$(11,367,719)	\$—	\$(176,363,317)
Cash flows from noncapital financing activities:									
Receipts (Payments) of funds held in trust for others	\$1,422,625	\$—	\$—	\$—	\$(6,775)	\$14,917	\$27,085	\$—	\$1,457,853
Direct lending proceeds	54,611,614	—	—	—	9,198,335	2,117,556	2,747,272	—	68,674,777
Direct lending disbursements	(54,611,614)	—	—	—	(9,198,335)	(2,117,556)	(2,747,272)	—	(68,674,777)
State and local appropriations	94,085,709	20,706,034	8,209,810	1,282,175	28,183,491	11,183,260	8,781,419	—	172,431,898
Federal CARES Act Grant	(4,955,434)	—	—	—	—	—	—	—	(4,955,434)
Federal Pell grant funds received	16,514,464	—	—	—	6,191,925	2,016,253	2,982,588	—	27,705,230
Gifts and contributions (expendable)	31,748,245	—	387,163	—	3,851,305	1,683,764	198,246	—	37,868,724
Land grant income	2,836,186	—	—	—	468,619	—	—	—	3,304,805
Repayment of long-term advance from primary government	(218,833)	—	—	—	—	—	—	—	(218,833)
Additions to permanent endowments	7,743	—	—	—	—	—	—	—	7,743
Transfers between campuses and agencies	365,415	(542,055)	69,993	106,647	—	—	—	—	—
Net cash flows from noncapital financing activities	\$141,806,120	\$20,163,979	\$8,666,966	\$1,388,822	\$38,688,565	\$14,898,194	\$11,989,338	\$—	\$237,601,986

Montana State University
Unaudited Selected Cash Flow Data
As of And For the Year Ended June 30, 2025

	MT		MSU	Fire Services	Great Falls				Total
	MSU - Bozeman	Agricultural Experiment Station			Extension Service	Training School	MSU - Billings	MSU - Northern	
Cash flows from capital financing activities:									
Purchase of capital assets	\$(89,499,617)	\$(3,954,955)	\$(81,246)	\$(150,186)	\$(1,900,813)	\$(736,657)	\$(828,955)	\$—	\$(97,152,430)
Proceeds from sale of capital assets	6,977,695	—	—	—	581,381	—	1,138	—	7,560,214
Gifts restricted for capital purchase	—	—	—	—	—	—	—	—	—
Other capital financing activities	33,104	—	—	—	—	—	—	—	33,104
Proceeds from borrowings	43,715,000	—	—	—	—	—	—	—	43,715,000
Debt principal paid	(8,365,000)	—	—	—	(884,144)	—	—	—	(9,249,144)
Payment of capitalized debt issue costs	—	—	—	—	—	—	—	—	—
Advances from primary government	—	—	—	—	(42,395)	—	—	—	(42,395)
Repayment of advances from primary government	(1,907,977)	—	—	—	(125,002)	(66,389)	—	—	(2,099,369)
Interest paid	(9,518,661)	—	3,750	(2,948)	(92,262)	(17,708)	—	—	(9,627,828)
Net cash change from capital financing activities	\$(58,565,456)	\$(3,954,955)	\$(77,496)	\$(153,134)	\$(2,463,235)	\$(820,754)	\$(827,817)	\$—	\$(66,862,848)
Cash flows from investing activities:									
Purchase of investments	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Proceeds from sale of investments	—	—	—	—	—	—	—	—	—
Investment income	17,188,152	779,298	184,054	25,016	1,734,174	297,579	311,391	—	20,519,663
Net cash change from investing activities	\$17,188,152	\$779,298	\$184,054	\$25,016	\$1,734,174	\$297,579	\$311,391	\$—	\$20,519,663
Net change in cash and cash equivalents	\$12,350,536	\$327,280	\$212,601	\$100,697	\$2,563,884	\$(764,708)	\$105,193	\$—	\$14,895,484
Balances at beginning of year	\$268,539,576	\$15,970,174	\$4,190,221	\$361,527	\$38,099,570	\$8,232,191	\$7,059,434	\$—	\$342,452,693
Balances at end of year	\$280,890,112	\$16,297,454	\$4,402,822	\$462,224	\$40,663,454	\$7,467,483	\$7,164,627	\$—	\$357,348,177

Montana State University—All Campuses and Agencies

Overview

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

Enrollment

Fall Census Full Time Equivalent Students for Fiscal Years Ended June 30,

	2025	2024	2023
Montana residents			
Undergraduate	10,331	10,214	10,170
Graduate	842	857	908
Nonresidents			
Undergraduate	6,017	5,952	5,638
Graduate	601	589	587
Western Undergraduate Exchange			
	2,082	2,104	2,052
Total	19,873	19,716	19,355

Tuition and Fees

Tuition and fees vary from campus to campus, and on each campus differ for residents and nonresidents and for undergraduate students and graduate students. The ranges of tuition and fees charged for full-time students during the 2024-2025 academic year, on a per-semester basis, were as follows:

	Resident		Nonresident		
	Undergraduate	Graduate	Undergraduate	WUE ⁽²⁾	Graduate
Bozeman Campus	\$4,230	\$4,860	\$16,644	\$5,976	\$17,333
Billings Campus	\$3,640	\$4,479	\$11,449	\$4,962	\$12,734
Northern Campus	\$3,491	\$4,185	\$10,937	\$4,802	\$11,857
Great Falls Campus ⁽¹⁾	\$2,014	N/A	\$6,455	\$2,780	N/A

(1) Undergraduate program only.

(2) Western Undergraduate Exchange

Employees and Graduate Assistants

As of Fall 2024, the University had 7,101 employees and utilized 934 graduate assistants at the following degree-granting locations:

	MSU-Bozeman	MSU-Billings	MSU-Northern	Great Falls College MSU	Total
Faculty/Professional	2,181	338	159	115	2,793
State classified system	1,471	176	58	44	1,749
Temporary hourly	119	67	1	12	199
Students	2,162	131	43	24	2,360
Total employees	5,933	712	261	195	7,101
Graduate assistants	925	9	—	—	934

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



MSU-Bozeman

Campus Overview

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

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

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

The campus offers more than 250 academic programs, including more than 115 graduate programs — such as master's degrees, doctorates, and many certificate options. In the 2024-25 academic year, MSU awarded 3,438 degrees to 2,602 undergraduates, 411 master's students and 90 doctoral students. It also presented 135 associate degrees and 83 workforce certifications to Gallatin College MSU students.

The university's annual research expenditures — almost entirely federal dollars competitively won — set a record in fiscal year 2025 with total expenditures at \$288.7 million, marking an increase of roughly 12% from FY2024. The total marks seven years in a row of record-setting research growth.

The university is home to 300 laboratories, 44 research centers, and seven agricultural research stations. MSU is classified as having “very high research activity” by the Carnegie Classification of Institutions of Higher Education and is one of just 104 institutions in the country to receive Carnegie's R-1 designation. MSU has also been named

among the top universities in the world for its scientific impact and collaboration, ranking 173rd in the U.S. in terms of contributions to international scientific journals by the CWTS Leiden Ranking Open Edition in 2024.

MSU continues to be one of the top institutions in producing Goldwater scholars. The Goldwater Scholarship is a competitive national award given to math, science, and engineering students. Since the scholarship's inception in 1989, 92 MSU students have become Goldwater scholars, and fiscal year 2025 marks the eighth year in a row in which at least two MSU students have received the honor. MSU's number of scholarships ranks among and above prominent schools like Johns Hopkins, Yale, and Cornell.

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

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

Enrollment and Degrees Granted

		Fall Census FTE Students for Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Bozeman	Resident Undergraduate	6,264	6,175	6,237	6,632	7,137
	Resident Graduate	660	646	680	748	705
	NR Undergraduate	5,583	5,480	5,185	4,579	4,521
	WUE	1,766	1,782	1,731	1,835	1,224
	NR Graduate	582	561	550	561	465
	Total MSU Bozeman	14,855	14,644	14,383	14,355	14,052
Gallatin College	Resident Undergraduate	438	432	400	406	406
	NR Undergraduate	268	310	296	228	191
	WUE	25	25	29	24	7
	Total Gallatin College	731	767	725	658	604
Grand Total	15,586	15,411	15,108	15,013	14,656	

		Degrees Granted - Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Bozeman	Certificates	8	3	7	8	3
	Associate	6	18	13	11	6
	Bachelor	2,810	2,665	2,569	2,552	2,669
	Graduate	635	604	646	639	497
	Total MSU Bozeman	3,459	3,290	3,235	3,210	3,175
Gallatin College	Certificates	79	92	89	77	62
	Associate	159	188	117	104	114
	Bachelor	0	0	1	1	0
	Total Gallatin College	238	280	207	182	176
Grand Total	3,697	3,570	3,442	3,392	3,351	

Campus Outlook

The university's current strategic plan, "Choosing Promise," was adopted in January 2019. The plan's three areas of focus — teaching, research, and outreach — align with university's historic mission as articulated by the Morrill Land Grant College Act of 1862 and the subsequent Hatch and Smith-Lever acts passed by the U.S. Congress. Central to all parts of the plan is an emphasis to improve Montana's people, environment, and economy.

Few programs better epitomize the university's new strategic plan than its Hilleman Scholars Program, named after Maurice Hilleman — an MSU alumnus now widely recognized as the most prolific vaccinologist in history. Now in its 10th year, the Hilleman Scholars Program seeks Montana high school students who may not have performed well on traditional academic measures but who have shown grit and promise. Each year, MSU selects at least 50 Hilleman Scholars from across Montana. They are eligible for financial support for four years of college, provided they make satisfactory academic progress and demonstrate commitment to the program, including participating in a summer success academy, tutoring and advising services, and, later, mentoring younger scholars. The Hilleman story is one of how nurturing the promise in hard-working Montanans of ordinary or humble means can transform them, their families, the state, and even the world.

In August 2021, the university announced a historic \$101 million investment from Mark and Robyn Jones, founders of Goosehead Insurance, aimed at addressing one of the most defining challenges of our time: access to health care, particularly for rural and frontier communities. The gift was the largest ever given to a college of nursing at the time and the largest private gift in Montana history, and it is funding five new nursing education buildings at each of the MSU nursing college's campuses in Bozeman, Billings, Great Falls, Kalispell, and Missoula. The first of the new nursing education buildings to be constructed, in Great Falls, opened earlier this year, and others are under construction. The investment also created five endowed professorships and established Montana's only certified nurse midwifery program, launched in 2024, which prepares doctoral-level nurses to benefit maternal health care statewide.

In early 2022, MSU announced that the Gianforte Family Foundation pledged \$50 million to construct a new building to house MSU's school of computing and related fields such as cybersecurity, optics and photonics, electrical and computer engineering, and creative industries. The gift ties for the second largest in MSU history and is another of the largest philanthropic gifts in Montana history. Construction is underway for the future Gianforte Hall with completion expected in the fall of 2026.

During the 2023 state legislative session, \$23.5 million from House Bill 5 was appropriated to cover a portion of the cost to build the first on-campus facility to house Gallatin College MSU, the university's fastest growing college. MSU was required to raise the rest of the \$46 million needed, and in March 2025, the university reached its fundraising goal thanks to major donations of \$4.8 million gift from the Dennis and Phyllis Washington Foundation and \$11.25 million from the Arthur M. Blank Family Foundation.

Gallatin College MSU collaborates extensively with Montana industries and employers to develop responsive educational and training options that meet state workforce needs. Existing programs at Gallatin College MSU fill quickly. Several popular programs regularly have waiting lists, and a new building provides further opportunities to expand existing programs or to add new programs.

Change is occurring rapidly at MSU to accommodate the tremendous growth the university has experienced over the last decade. In fall 2021, the university opened its American Indian Hall, a \$20 million facility that serves as a home away from home for MSU's growing Native American/Alaska Native student population, a home for the Department of Native American Studies, and valuable classroom space shared by all of MSU.

The university saw the grand reopening of Romney Hall in November 2021. This \$32 million renovation, funded in part by \$25 million from the 2019 Montana Legislature, repurposed MSU's original, century-old physical education building — which had fallen into disrepair — into a classroom building that now seats more than 1,000 students per hour in the heart of campus. It provides a home for high-impact student services such as the MSU Writing Center, Disability Services, the Travis W. Atkins Veterans Support Center, and the Christopher B. Lofgren Center for Excellence in Mathematics and Statistics.

In late 2021, MSU opened its Bobcat Athletic Complex, a 40,000-square-foot facility at Bobcat Stadium that supports student-athletes with study spaces, locker rooms, team meeting rooms, and health and rehabilitation facilities. It also houses MSU's football program, including offices for coaches and staff. The building was funded with \$18 million in private donations raised in just two years. Then, in August 2025, MSU opened its new indoor athletic facility, the Kennedy-Stark Athletic Center. The \$26.5 million, donor-funded building serves as the primary practice and competition space for indoor track and field programs, in addition to being an additional practice space for the Bobcat football team.

These are in addition to the campus' previous notable building openings, including the classroom and laboratory building Norm Asbjornson Hall in spring 2019 and the 510-bed residence Hyalite Hall in fall 2020.

MSU's new Student Wellness Center opened in fall 2024. In March 2019, MSU lost two of its recreational gymnasiums due to a roof collapse caused by a 100-year snow event. The Montana Board of Regents subsequently approved a \$60 million project for MSU to replace the lost gymnasium space and to create a new home for student health services. The facility co-locates all student health, counseling, recreation, fitness, and other wellness services in a single facility.

The university is also seeing development moving forward on its Innovation Campus, located just west of the main MSU campus, where in September 2025 an 87,000-square-foot office space called EngineWorks celebrated its grand opening. EngineWorks is home to QCORE — short for Quantum Collaborative Research and Education. QCORE is MSU's high-tech facility dedicated to the study of quantum computing, and it was funded in part by \$44.7 million from the U.S. Air Force Research Laboratory. It has one of only five quantum network test beds in the world and is one of only seven organizations in the world to house two different types of quantum computers: photonic and superconducting. In addition, in December 2024, the self-driving vehicle technology company Aurora opened its 78,000-square-foot office and testing facility at the MSU Innovation Campus.

All of MSU's physical growth is an attestation of its increased student population. The enrollment in the fall semester 2025 is the highest in MSU's 132-year history at 17,165. MSU's fall 2025 retention rate — the percentage of first-year students returning for their second year — hit a modern record of 81.8%. In all, MSU enrolled 15,142 undergraduate students, a record, and 2,023 graduate students.

In fall 2025, MSU also attracted 160 recipients of the prestigious Montana University System Honors Scholarship — accounting for 65% of all recipients statewide. The scholarship grants four years of tuition at an eligible state campus.

Other highlights from MSU's fall 2025 enrollment included:

- MSU's incoming class of first-time students is the third largest in history at 3,743. Of those, 1,572 were Montana residents, marking a 5% increase from the previous fall.
- MSU's four-year graduation rate rose to a record 41.4%, with its five-year rate growing to a record 56.4% and six-year rate rising to 59%.
- MSU welcomed 421 dual-enrollment students, an increase over last fall. Dual enrollment allows Montana high school students to earn college credit and get a jump start on their degrees. Dual-enrollment credits at MSU are housed in Gallatin College MSU, which had strong enrollment overall with 1,078 incoming students.
- The number of students taking advantage of veteran benefits at MSU was up 21% this fall to 700. MSU has been named a top university in the nation for its support of student veterans.

Montana Agricultural Experiment Station (MAES)

Agency Overview

The Hatch Act of 1887 created the Montana State Agricultural Experiment Station system. This unique federal/state partnership, supporting agricultural and natural resource research and outreach, is a contract for maintaining viable agricultural and natural resource communities and an affordable supply of food and fiber for America.

In 1893, Montana endorsed the terms of the Morrill Act, creating the land-grant university and the designation of the Montana Agricultural Experiment Station (MAES). The MAES operates under these enabling Acts and subsequent federal and state legislation and amendments through the authority of the MAES Director as approved by USDA. MAES houses people and programs at its research centers throughout Montana and the main station at the Bozeman campus.

The research center system consists of: Northern Agricultural Research Center (ARC) at Havre, Northwestern ARC at Creston, Western ARC at Corvallis, Central ARC at Moccasin, Southern ARC at Huntley, Western Triangle ARC at Conrad, and Eastern ARC at Sidney. The research centers are located so they address the diverse climatological, ecological and environmental challenges of Montana's largest economic sector. Individual research center priorities reflect challenges faced by producers in that region. The oldest research centers, Central and Western, were established in 1907 with the most recent, Western Triangle, established in 1978. MAES also cooperates with the federal USDA ARS Fort Keogh Livestock and Range Research Laboratory at Miles City, a partnership that has been in place since 1924, and the USDA ARS research programs at the Northern Plains Agricultural Research Center in Sidney.

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

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

MSU Extension

Agency Overview

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

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

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

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

Extension's Family and Consumer Sciences program area serves a wide variety of people and families and provides specialized programs, including those targeted toward families, the elderly, children, single parents, and stepfamilies. Topics include food and nutrition, mental health, physical activity, managing stress, parenting, personal and family finance, estate planning, and many other subjects useful to Montanans. One of the largest programs provides nutrition education for families with limited resources.

Extension agents also work with Montana 4-H programs to serve youth throughout the state. In 2024-2025, Montana 4-H reached more than 17,000 Montana youth ages 5-18. Approximately 64% of these youth are involved in yearlong community clubs, while the rest are active through a variety of short-term and special interest education programs. The many school collaborations engaged in by 4-H programs were rebuilt after the COVID-19 pandemic and continue to grow. Enrollment numbers are expected to rise as these partnerships gain strength. Montana 4-H youth are supported by 3,000 trained adult and youth volunteers who lead local programs and activities.

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

Extension's focus to improve lives and communities complements the university's strategic plan by focusing on engaging Montanans and integrating learning, discovery, and engagement. Extension is successful throughout the state in meeting and excelling at this tripartite land-grant mission. Within MSU's strategic plan, Extension has a clear leadership role in increasing the university's capacity as a statewide resource to collaborate, respond to local needs, and address the state's greatest challenges.

Fire Services Training School (FSTS)

Agency Overview

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

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

The FSTS audience consists of about 11,000 fire fighters in 467 organizations, 96% of whom are volunteers. The FSTS provides 74% of its services to all-volunteer fire companies, 18% to combination fire companies (with both paid and volunteer firefighters), and 8% to all-paid fire companies.

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

MSU-Billings

Campus Overview

Montana State University Billings is a regional comprehensive public four-year higher education institution located in Montana's largest city, whose faculty is actively engaged in teaching, research, creative endeavors, and public service. MSU Billings is unique in that it is one of a select few higher education institutions that also boasts an embedded two-year community college. MSU Billings is the third-largest public university in Montana. Alumni and workforce data show that graduates from MSU Billings stay in Montana and contribute to the state's economy and the betterment of its communities.

The institution, founded in 1927, was initially called Eastern Montana Normal School and was established to prepare teachers for elementary schools in eastern Montana. It was again renamed in 1965 as Eastern Montana College (EMC). It merged into the Montana University System in 1994 under its present name. MSU Billings has grown, with the city of Billings and Yellowstone County, into the major comprehensive higher education center of south central and eastern Montana. The University offers 115 academic programs across five colleges, including the College of Liberal Arts & Social Sciences (CLASS), the College of Business (COB), the College of Education (COE), the College of Health Professions and Science (CHPS), and City College. City College serves the comprehensive two-year mission of the University and offers career-ready certificates and associate degrees. MSU Billings is widely recognized for high-quality academic programs that include certificate, associate, bachelor's, and master's degrees, as well as pre-professional academic offerings in many academic areas, featuring 25 online degree programs. Several academic programs are unique to the Montana University System. In addition, MSU Billings offers graduate degrees from the CLASS, COE, and CHPS.

MSU Billings is accredited by the Northwest Commission on Colleges & Universities. The MSU Billings College of Business is accredited by the Association to Advance Collegiate Schools of Business, whose standards are used as the basis to evaluate a business school's mission, operations, faculty qualifications and contributions, programs, and other critical areas. The MSU Billings College of Education is accredited by the Council for the Accreditation of Educator Preparation for preparing elementary and secondary teachers and school counselors through the Bachelor of Science and Master of Education degrees, and the Master of Science in Special Education degree. Disciplinary

departments that have received national accreditation include the Music Department (National Association of Schools of Music), the Art Department (National Association of Schools of Art and Design), the Department of Health and Human Performance (Commission on Accreditation of Athletic Training Education), the Department of Rehabilitation and Human Services (Council for Accreditation of Counseling and Related Educational Programs), and Department of Health Care Services (Commission on Collegiate Nursing Education).

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

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

Enrollment and Degrees Granted

Fall Census FTE Students for Fiscal Years Ended June 30,

		2025	2024	2023	2022	2021
MSU Billings	Resident Undergraduate	1,604	1,605	1,606	1,649	1,686
	Resident Graduate	139	170	188	191	193
	NR Undergraduate	117	116	101	104	80
	WUE	167	167	180	188	190
	NR Graduate	18	28	36	34	35
	Total MSU Billings	2,045	2,086	2,111	2,166	2,184
City College	Resident Undergraduate	560	566	544	549	540
	NR Undergraduate	20	18	15	13	15
	WUE	22	22	23	31	29
	Total City College	602	606	582	593	584
Grand Total	2,647	2,692	2,693	2,759	2,768	

Degrees Granted - Fiscal Years Ended June 30,

		2025	2024	2023	2022	2021
MSU Billings	Associate	13	11	16	17	33
	Bachelor	340	353	398	415	409
	Graduate	101	136	118	110	104
	Total MSU Billings	454	500	532	542	546
City College	Certificates	27	41	50	48	44
	Associate	205	173	172	185	188
	Total City College	232	214	222	233	232
Grand Total	686	714	754	775	778	

Campus Outlook

MSU Billings is an institution committed to delivering a transformative education that empowers students from diverse backgrounds to succeed. It is an institution committed to educating students to impact an evolving global community and positioning them for successful and meaningful lives in the global economy. MSU Billings embraces four core themes in the accomplishment of its mission: building educational programs to support student needs, progressively growing the University, strengthening relationships with the community to enhance partnership opportunities, and unifying, invigorating, and engaging MSUB's structure and culture.

MSU Billings and Billings Public Schools are collaborating on a new program that puts graduating high schoolers on an automatic and direct path to college admission at MSUB. Called Direct Admit, and used in other states, the program is the first of its kind in Montana. Through the program, graduates from Billings Senior, Billings West, and Billings Skyview high schools, along with graduates of the Billings Early College School, Billings Opportunity School, and Billings Multilingual Academy, will receive an offer of admission to study at MSUB's University campus or City College campus.

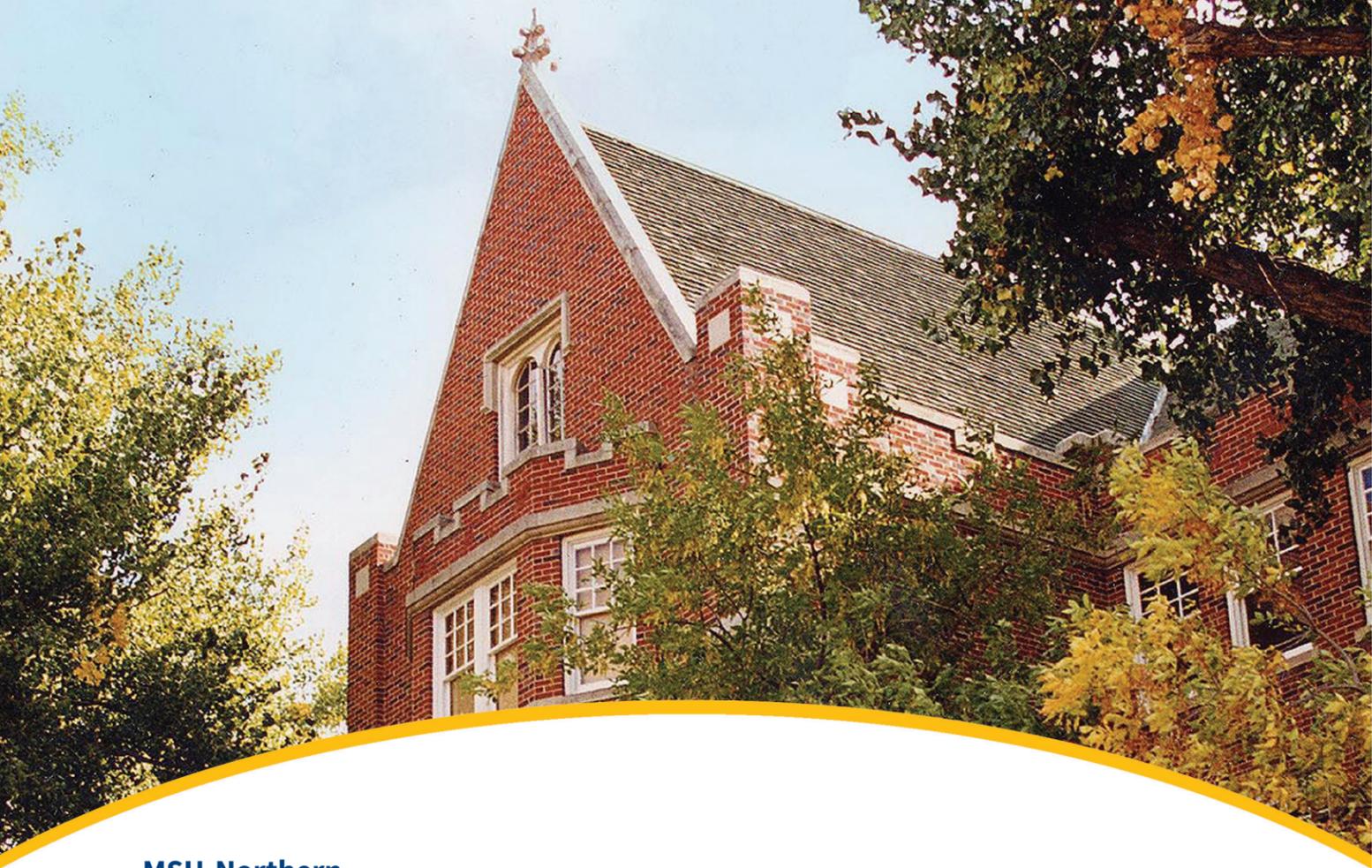
The Direct Admit program from MSUB features:

- Guaranteed admission to MSUB for School District 2 high school and Billings homeschool graduates who have earned a high school diploma or GED/HiSET and hold a 2.0 GPA or higher.
- Automatic scholarship consideration, including the Yellowjacket Excellence Scholarship (YES), which awards up to \$3,000 annually to eligible students based on GPA.
- Streamlined enrollment process that replaces test score requirements with an online form/application to confirm their acceptance.
- Connection to an admissions counselor to provide 1:1 support, guiding students step by step to their first day of classes.

MSU Billings continues to serve our students and community with superior levels of excellence and efficiency. MSU Billings has been at the forefront of online learning in the state and was one of the first institutions in the nation to adopt the HyFlex teaching modality, in which students can participate in a class in-person, remotely synchronously, or remotely asynchronously.

Grant and research production continue at MSU Billings. The University recently received notification of renewal of the Department of Education SSS TRIO University Campus grant for \$1,886,250 over five years. Also, the University received notification of renewal of the Department of Education SSS TRIO City College Campus grant for \$1,361,820 over five years. These programs aim to enhance academic development, improve college retention and graduation rates, and help students navigate financial aid and college requirements. Continuing major grants include TRIO – Upward Bound, Talent Search, Social Security, OPI, Corporation for Public Broadcasting, four NIH-INBRE Biomedical Research and Research Training grants, DOL Nursing Expansion grant, NIH-Authentic Community Engagement in Science, and DOE-Equal Opportunity Center.

In the fall of 2025, MSUB began offering a new Crow language class through the University's Department of English, Philosophy & Modern Languages. As part of the Montana University System's program One-Two-Free, this class is intended primarily to reach Billings high school juniors and seniors enrolled in SD2's dual-credit program. MSUB's new college class could help change the historical descending trend of speaking the endangered Crow language and ensure it is preserved and practiced for generations to come.



MSU-Northern

Campus Overview

Founded by the Legislative Assembly of the State of Montana in 1913, "The Northern Montana Agricultural and Manual Training School" opened in 1929 under the name "The Northern Montana School." In 1931, the common use of "Northern Montana College" came into existence. In 1994, Northern Montana College became Montana State University-Northern (MSU-Northern) as part of the restructuring of the Montana University System.

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

MSU-Northern programs are in the disciplines of business, nursing, engineering and mechanical technology, teacher education, natural sciences, and humanities. Applied research and service functions are aligned with many of the University's disciplines and respond directly to the region's economic and societal needs.

MSU-Northern is accredited by the Northwest Commission on Colleges and Universities. MSU-Northern's programmatic accreditations also include the Accreditation Commission for Education in Nursing (ACEN), the Montana State Board of Nursing, the Engineering Technology Accreditation Commission/Accreditation Board of Engineering Technology (ETAC/ABET), the Automotive Service Excellence Education Foundation (ASE), the Associated Equipment Distributors Foundation (AEDF), and the Montana Office of Public Instruction.

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

Enrollment and Degrees Granted

		Fall Census FTE Students for Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Northern	Resident Undergraduate	621	654	694	672	686
	Resident Graduate	24	22	19	23	23
	NR Undergraduate	29	28	41	39	43
	WUE	92	102	84	87	99
	NR Graduate	1	0	1	1	0
Total MSU Northern		767	806	839	822	851

		Degrees Granted - Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
MSU Northern	Certificates	28	27	24	22	20
	Associate	96	104	108	105	114
	Bachelor	127	108	122	135	121
	Graduate	13	7	15	16	15
	Total MSU Northern	264	246	269	278	270

Campus Outlook

Located in Havre, Montana, MSU-Northern is north central Montana's comprehensive university offering programs and services at the associate, baccalaureate, and master's levels. Degree programs range from teacher education to engineering technology, emphasizing both technical and liberal arts education.

Specializing in serving a large geographic region, MSU-Northern serves an area that includes four Native American reservations along with Montana's smallest and largest towns. The University functions as an important cultural resource and continuing education center.

MSU-Northern is deeply committed to providing a supportive, student-centered environment. Northern utilizes innovative teaching, alternate delivery methods and partnerships with tribal colleges across Montana and a number of two-year colleges throughout the Northwest helping these institutions expand their program offerings in the realm of 4-year Baccalaureate degrees. Together, we ensure that Northern students can attain an Education that Works.

Great Falls College MSU

Campus Overview

Great Falls College Montana State University, an affiliated campus of Montana State University, is an independently accredited, comprehensive two-year college primarily serving north-central Montana. Great Falls College prides itself on being a student-centered two-year college providing quality educational opportunities responsive to community needs. Great Falls College is a progressive public institution offering two-year transfer degrees as well as degrees and certificates preparing students to enter high-skill, high-wage, high-demand careers. Transfer degrees include general education (Associate of Arts, Associate of Science, and the Montana University System Core) offerings. The Certificate and Associate of Applied Science degrees include one- and two-year applied programs in Health Sciences, Accounting and Business, Substance Abuse and Addictions Counseling, Trades, and Technology disciplines.

The college works closely with employers to ensure students are learning the skills they need to be successful in employment. Additional offerings related to workforce development and customized and contracted training are provided as part of economic and community development through the Continuing Education and Training department. Popular short-term training programs include Commercial Driver’s Licensing, Certified Nurse Assistant, Structural Welding and Basic Flooring Installation.

In partnership with the Great Falls Public Schools, the Career and College Readiness (CCRC) program also is housed on the Great Falls College campus. The CCRC served 512 students in the 2024-2025 school year totaling 25,401 attendance hours. In partnership with the CCRC, 33 students went through the award-winning Connections 101 with many then matriculating at Great Falls College. From the CCRC, 115 sought health care certificates, including 17 high schoolers at C.M. Russell High and Great Falls High.

Montana State University at Bozeman, Montana State University Billings, Montana State University-Northern and Great Falls College are related through common management; however, they are separate and distinct entities.

Great Falls College is regionally accredited by the Northwest Commission on Colleges and Universities, which conducted its Year 3 site visit in the spring of 2025. Various academic programs are accredited individually as well, primarily those within medical fields.

Enrollment and Degrees Granted

		Fall Census FTE Students for Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021
Great Falls College	Resident Undergraduate	844	782	689	689	705
	Resident Graduate	19	19	21	17	14
	NR Undergraduate	10	6	5	4	10
	Total	873	807	715	710	729

		Degrees Granted - Fiscal Years Ended June 30,				
		2025	2024	2023	2022	2021*
Great Falls College	Certificates	79	98	80	80	92
	Associate	159	203	163	205	222
	Total	238	301	243	285	314

*Several programs delayed graduation due to COVID-19 interruptions.

Campus Outlook

Great Falls College is three years into implementation of its strategic plan, Forging Futures, looking at programming mix, aligning resources and personnel to the three areas of emphasis. The first area of emphasis is increasing opportunities by expanding enrollment and engaging the community through branding, marketing and alumni relations. Another area of concentration is becoming more inclusive by removing barriers and providing support in academics, non-instructional support and forging a stronger campus community. The final pillar is pursuing excellence through learning, assessing and innovating processes and aligning resources. As part of this effort, the Strategic Analysis and Research Committee is helping the college develop and track metrics to monitor the effectiveness of the plan and then communicate that progress to campus.

The college also is going through a comprehensive facilities plan to both modernize campus and to better align student resources. For instance, the college has rejuvenated the Weaver Library into more of a learning hub by including Accessibility Services and the Academic Success Center into its spaces while also incorporating more study nooks and gathering spots for students. It also completed brand-new spaces for the Military Family Center and the newly renamed Native and Indigenous Cultural Center after extensive feedback from the student populations using those facilities. Their new homes are more at the heart of campus.

Great Falls College’s health programs also received a significant boost in Bozeman in 2025 through its partnership with the OneMSU Network when Dental Hygiene and Physical Therapist Assistant students were able to join Great Falls College students in Respiratory Care and Surgical Technology in Bozeman. Respiratory Care and Surgical Technology also have strong cohorts in Billings with the OneMSU Network. Great Falls College’s Practical Nursing program has students in both the full-time and part-time tracks from throughout the state using a similar model, but the students make occasional trips to the Great Falls College campus for the hands-on portion rather than learning from adjunct instructors in their communities.

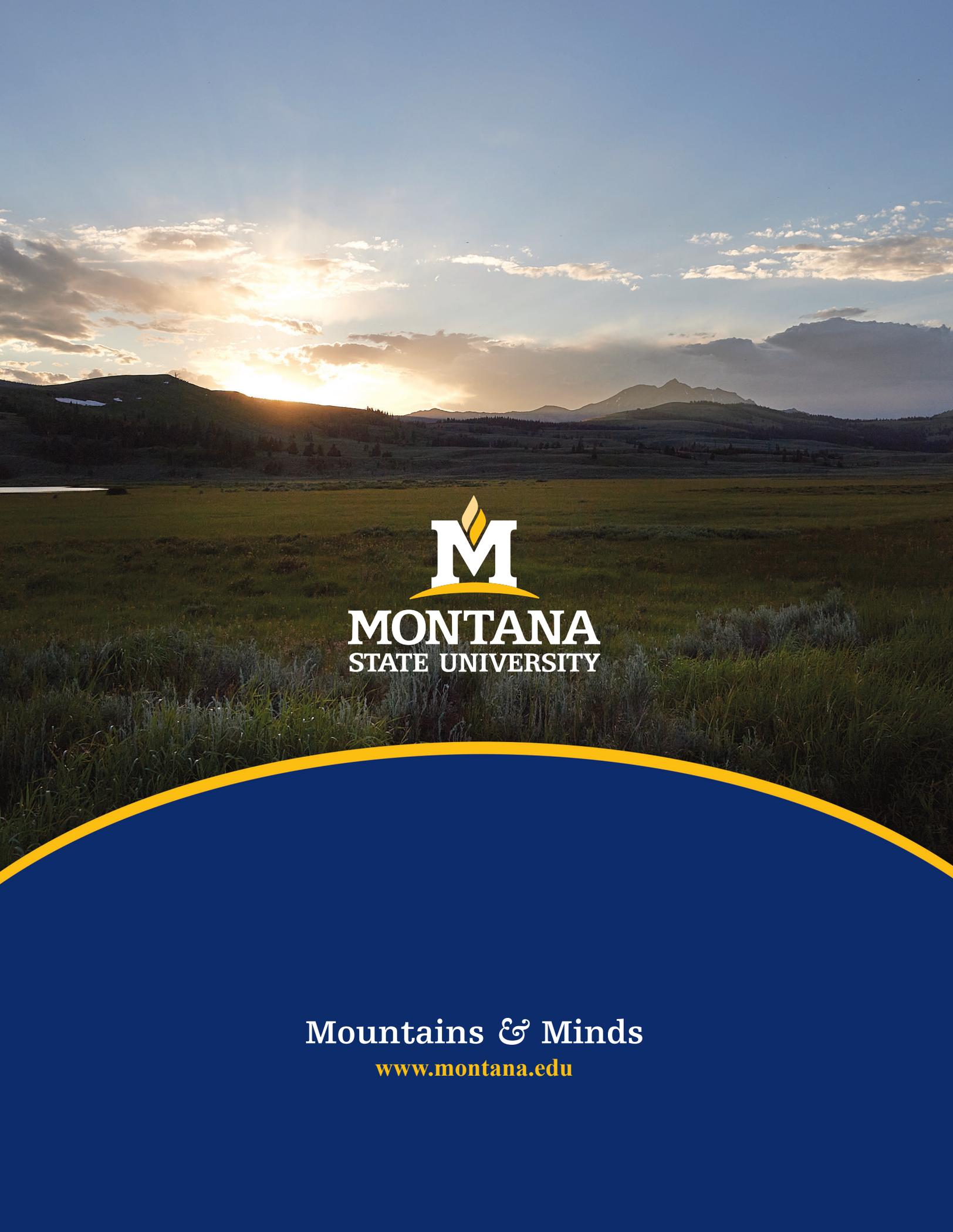
The Dental Hygiene program found a way to increase its capacity from 25 students every year by adding 10 students to its cohort every other year by maximizing the state-of-the-art dental clinic that opened in 2021 thanks to wide bipartisan support of the 2019 Legislature. The 12,000-square-foot addition also features 6,600 square feet of renovated space, which increased capacity from 18 to 25 students a year.

In tandem with the facilities master plan, Great Falls College has undergone a massive rebranding effort after beating out hundreds of colleges to be a finalist in the Lumina Foundation Million Dollar Community Challenge. The college received \$250,000 to be used toward branding and marketing. The college created a mascot, the River Otters, with the Lumina money and engaged the campus and public in its creation and then named it, Mo, through a similar process. The college created an advertising campaign using local celebrities to help the community learn: “It’s simple. Great Falls College. Home of the River Otters.” Great Falls College also updated its interior and exterior signage to better brand its campus and overhauled its website to be more prospective student centered.

The college started the first public veterinary technician program in the state in 2024 with a full cohort of 30 students from all corners of Montana, and it has another full cohort in 2025. The innovative program allows students to take the classroom portion online and pairs them with industry partners in or near their hometowns for the hands-on portion of the program.

Great Falls College graduated its first students from the Substance Abuse and Addictions Counseling program in 2024. The program, which started in 2022, has been among the most popular programs at the college since its inception and fills a critical need in the community. Early Childhood Education also graduated its first students in 2024.

The trades division will continue to strengthen its dual credit program with the Great Falls Public Schools, develop new ties to industry for internships and expand concurrent enrollment opportunities with local school districts.



MONTANA
STATE UNIVERSITY

Mountains & Minds

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