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2025

Annual Comprehensive
FINANCIAL REPORT

Gallatin Airport Authority

Belgrade, Montana

Fiscal Year Ended June 30, 2025

Bozeman Yellowstone International Airport (BZN) connects Bozeman, Southwest Montana and Yellowstone National Park with the rest of the world.

BZN is owned and operated by the Gallatin Airport Authority.

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2025

Gallatin Airport Authority
Belgrade, MT

Prepared by:
Gallatin Airport Authority
Finance and Administration

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INTRODUCTORY SECTION

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December 19, 2025

TO THE BOARD OF COMMISSIONERS AND STAKEHOLDERS

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Gallatin Airport Authority (Authority), for the year ended June 30, 2025.

Responsibility for the accuracy of the reported data, for its completeness, and for the fairness of its presentation, rests with the Authority's management. To the best of our knowledge and belief, the enclosed information is accurate and complete in all material respects and reported in a manner designed to present fairly the financial position, changes in net position, and cash flows in accordance with Generally Accepted Accounting Principles (GAAP).

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

The Gallatin Airport Authority is a public body, corporate and politic, established to own and operate the Bozeman Yellowstone International Airport (BZN). The Authority was created on November 22, 1972 by resolution of the Board of Commissioners of Gallatin County, Montana.

The Authority is governed by a five-member Board appointed by the Gallatin County Commissioners to serve five-year terms. The Board is given broad powers to plan, establish, acquire, develop, construct, enlarge, improve, maintain, equip, operate and regulate the Bozeman Yellowstone International Airport. The Gallatin Airport Authority Board has established the following mission:

> The function of the Gallatin Airport Authority is to plan for, provide, operate and safely maintain an aviation facility adequate to the needs of the flying public and to keep it self-sustaining.

The Authority has been 100% self-sustaining for over 25 years and has not utilized any local tax funds during this period. While the Authority operates 100% on user fees, the businesses serving BZN contribute nearly $2 million in local taxes for Gallatin County, Belgrade Schools and the Central Valley Fire District.

You may refer to note 1 in the notes to the financial statements for more information regarding the profile of the Authority.

ECONOMIC CONDITIONS AND OUTLOOK

State of the Industry

The U.S. airline industry in 2025 is navigating a turbulent mix of economic uncertainty, shifting consumer behavior, and strategic reinvention. Passenger revenue is projected to grow just 1% this year, a sharp slowdown from 2024. Leisure and business travel demand has declined, driven by low consumer confidence and geopolitical tensions and average ticket prices dropped 6% year-over-year in March, reflecting weaker demand.

Major carriers like Delta, United, and American have downgraded their 2025 forecasts, trimming capacity growth to match softer demand. Low-cost carriers face mounting pressure, with some pivoting toward premium offerings. JetBlue is expanding its Mint business class and Southwest Airlines has ended open seating and free checked bags, signaling a shift toward legacy-style operations.

The second quarter of 2025 painted a mixed picture for the US airline industry, with some carriers soaring on international demand while others faced turbulence from domestic softness and macroeconomic headwinds. Domestic leisure demand softened, leading to lower fares and reduced passenger revenue for some carriers. Macroeconomic uncertainty, including inflation and shifting consumer behavior, created a "revenue headwind" across the industry. In addition, safety concerns and labor shortages added pressure to operations and consumer confidence.

Airlines are pivoting toward margin protection over growth, with capacity adjustments and fee-based revenue models gaining traction. Premium and international travel remained resilient, outperforming domestic and economy segments while business travel showed signs of deceleration, especially in sectors tied to government and finance. Significantly, airline loyalty programs are now more profitable than core operations for some carriers. These programs generate steady cash flow and high margins, making them central to airline strategy.

State of the Region

We continue to see a thriving economy in Southwest Montana. Unemployment ticked upward slightly to 2.5% but still within what many consider a full employment rate. Inflation has eased but sporadic supply chain issues, tariff impacts and lower consumer/business confidence have resulted in increased uncertainties for the economy and air travel but overall, traffic has continued to grow in Montana. Specific to BZN, record enrollment at Montana State University, continued population growth in Gallatin County and new lodging construction helped support a strong 5.6% increase in enplanements during fiscal year 2025 with the strongest growth during the summer seasons. Montana continues to be a desired destination and the local population contribute equally to robust passenger traffic.

BZN handled a record 2,679,583 total passengers in FY 2025 maintaining its status as Montana's busiest airport for the tenth consecutive year. In addition, BZN handled 43.7% of all passengers traveling to/from or within the state of Montana and maintained its rank as the 7th busiest in the Northwest Region (Colorado, Utah, Wyoming, Montana, Idaho, Oregon and Washington) and 92nd busiest airport in the nation.

ECONOMIC CONDITIONS AND OUTLOOK (continued)

	2025	2024	2010	Change '24 to '25	Change '10 to '25
BZN total passengers	2,679,583	2,542,822	728,048	5.4%	268.1%
Montana State University enrollment	17,165	17,144	12,764	0.1%	34.5%
Bozeman population	59,614	57,894	37,284	3.0%	59.9%
Bozeman unemployment rate	2.1%	2.3%	5.4%	-8.7%	-61.1%
Gallatin County population	129,265	127,795	89,599	1.2%	44.3%

AIRPORT HIGHLIGHTS – FISCAL YEAR 2025

Passenger traffic growth remained strong with a 5.4% increase in FY 2025. Available seat capacity increased 3.4% on an increase of 4.6% in flights resulting in an increase in load factor (percentage of seats filled) from 82.2% to 83.2% for the fiscal year. Average aircraft size serving BZN was down slightly from 143 seats to 142 seats, still among the highest in the region and comparable to large airports such as Denver Int'l and Seattle/Tacoma Int'l.

Passenger growth percentages only tell a portion of the story each year. In FY 2023, locally originating passenger growth exceeded inbound passenger growth when analyzing much stronger parking concession revenue growth compared to rental car revenue growth. In FY 2024, this trend reversed with rental car concession revenue exceeding the growth in parking concession revenue, but in FY 2025 these two growth rates equalized. Fortunately for BZN, both segments continue to see ongoing growth and strength in the market.

Air Service

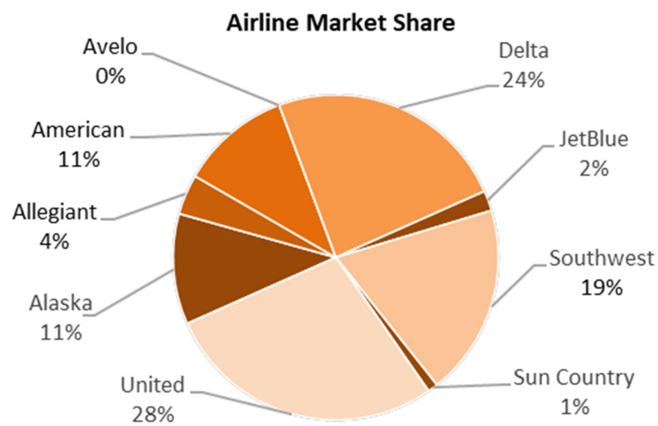
BZN currently has year-round non-stop service to twelve destinations including Seattle-Tacoma, Portland, San Francisco, Los Angeles, Las Vegas, Phoenix/Mesa, Salt Lake City, Denver, Minneapolis-St Paul, Dallas-Fort Worth, Chicago – O'Hare and Atlanta. BZN also has seasonal non-stop service to thirteen additional destinations including, Boise, San Diego, Dallas–Love, Chicago-Midway, Houston, Detroit, Nashville, Charlotte, Boston, New York – JFK, New York – Newark, New York – LaGuardia, and Washington, D.C.. During FY 2025, service was initiated to Boise and resumed to Detroit and New York – LaGuardia.

AIRPORT HIGHLIGHTS – FISCAL YEAR 2025 (continued)

The following table shows major air traffic activities during the fiscal years ended June 30, 2025 and 2024.

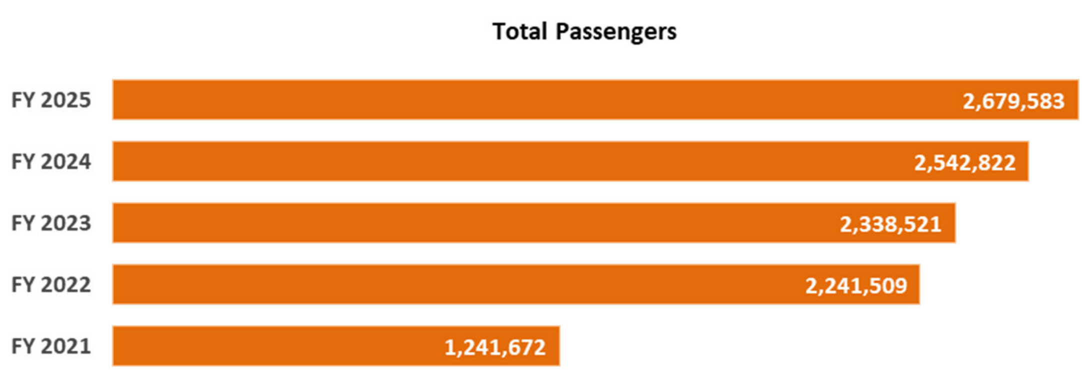
	2025	2024	Change
Enplaned passengers	1,340,656	1,269,749	5.6%
Deplaned passengers	1,338,927	1,273,073	5.2%
Enplaned and deplaned passengers	2,679,583	2,542,822	5.4%
Aircraft operations	117,304	125,454	-6.5%
Available departing seats	1,608,025	1,545,051	4.1%
Load factor average	83.2%	82.2%	1.2%

The following chart shows airline market share at BZN for the fiscal year ended June 30, 2025.



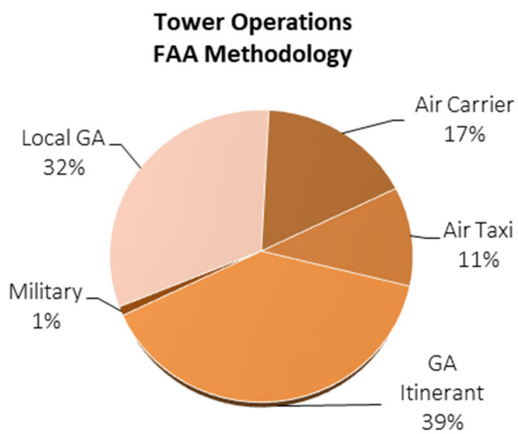
Passenger Traffic

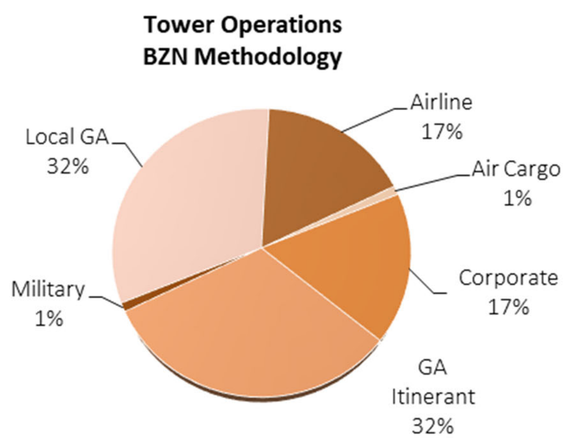
FY 2025 passenger traffic at BZN increased 5.4% to 2,679,583. Available seats increased 3.4% on an annual basis resulting in load factor increasing from 82.2% to 83.2%. Weekly average departures increased 4.3% from 209 in FY 2024 to 218 in FY 2024. Average seats per aircraft remained essentially steady at 142. Four airline brands serving BZN saw increases in market share for FY 2025, Alaska (.42 points), American (.45 points), JetBlue (.34 points) and United (1.94 points). Four brands saw decreases, Allegiant (-.63 points), Delta (-.84 points), Southwest (-1.25 points) and Sun Country (-.06 points). Avelo discontinued service to BZN in August 2024 and will close their California operation in late 2025.



Tower Operations

Tower operations (landing or takeoff) decreased to 117,304 from the record 125,454 set in FY 2024, down 6.5%. Air carrier operations decreased 3.2% and air taxi operations increased 4.6% during FY 2025. General aviation Itinerant and military operations were down 8.1% and 20.5% respectively. Local general aviation operations decreased 9.4%. BZN further clarifies Itinerant activity to airline, cargo, corporate and general aviation itinerant. Total operations were negatively impacted by Air Traffic Control Tower staffing levels that reduced tower hours of operations during the November through March period. BZN continues to see peak day operations of over 500 and peak hour operations that exceed 60.





Cargo

Cargo revenues consist of landing fees from FedEx and UPS, and ground rent paid by cargo operators for their facilities. As shown below, total cargo, express and air mail carried by air decreased 22.2% from 3,524,323 lbs. to 2,741,789. FedEx moved 2,052,959 lbs. in FY 2025, down 23.4% from 2,680,864 lbs. the previous year. UPS carried 401,914 lbs., down 22.4% from 518,119 lbs. carried in FY 2024.

	Pounds Moved		
	2025	**2024**	**Change**
FedEx	2,052,959	2,680,864	-23.4%
UPS	401,914	518,119	-22.4%
Airlines	286,916	325,340	-11.8%
Total	2,741,789	3,524,323	-22.2%

Customs and Border Protection

The United States Customs and Border Protection facility at BZN handled 271 international arrivals during FY 2025, compared to 261 in FY 2024. Unlike locations at Helena, Great Falls and Kalispell, this location is operated as a user fee facility with the majority of the operating cost paid for by the international arriving aircraft and the remaining split three ways between the Yellowstone Club, Signature Flight Support, and Jet Aviation.

AIRPORT HIGHLIGHTS – FISCAL YEAR 2025 (continued)

General Aviation

General aviation tower operations during FY 2025 were down 8.7%, however, Air Traffic Control Tower staffing issues resulted in fewer hours the tower was open. Overall, we estimate actual General Aviation operations down approximately 4.5%. General aviation operations account for approximately 71% of all airport tower operations. Corporate landings (aircraft 12,500 lbs. and above) were up 13.1% to a record 9,729. The Gallatin College Aviation Program continues to thrive at BZN with TransMedics operating 18 aircraft in conjunction with the aviation instruction program. In addition, Ridgeline Aviation also continues to expand their flight school program. While general aviation contributes 71% of the airport operations, it accounted for only 6.9% of the airport operating revenue during FY 2025.

The following summarizes the fleets of our top operators for FY 2025.

Summit Aviation	18
Bridger Aerospace	15
Central Copters	10
Ridgeline Aviation	8
Total	51

General Aviation Hangar Development

During FY 2025, three hangars were constructed, two hangars were under construction, and two hangars were removed to make room for new larger hangars. The redevelopment of our general aviation ramp front line continues with the former Summit Aviation hangar and the Signature ground support equipment building removed for the construction of two new larger 40,000 square foot hangars. In addition, the TransMedics hangar on the north ramp was completed in September 2024 and Ridgeline broke ground on their new facility on the north ramp. Planning is in process for more future development but we do not anticipate having the infrastructure in place until 2026-2027 due to FAA planning requirements.

Fuel Flowage

Total fuel flowage for the year increased 8.8% to 21,142,945 gallons through our three fixed base operators (FBO), Yellowstone Jetcenter, Jet Aviation and Million Air. Of this total, Jet A (airline) increased 10.7% to 14,666,309 gallons, Jet A (non-airline) fuel flowage increased 4.9% to 6,301,151 gallons, and Avgas decreased 5.9% to 175,485 gallons.

Land Acquisition

The Gallatin Airport Authority continually evaluates potential land acquisitions as opportunities arise. Three 1–3-acre parcel was purchased during FY 2025.

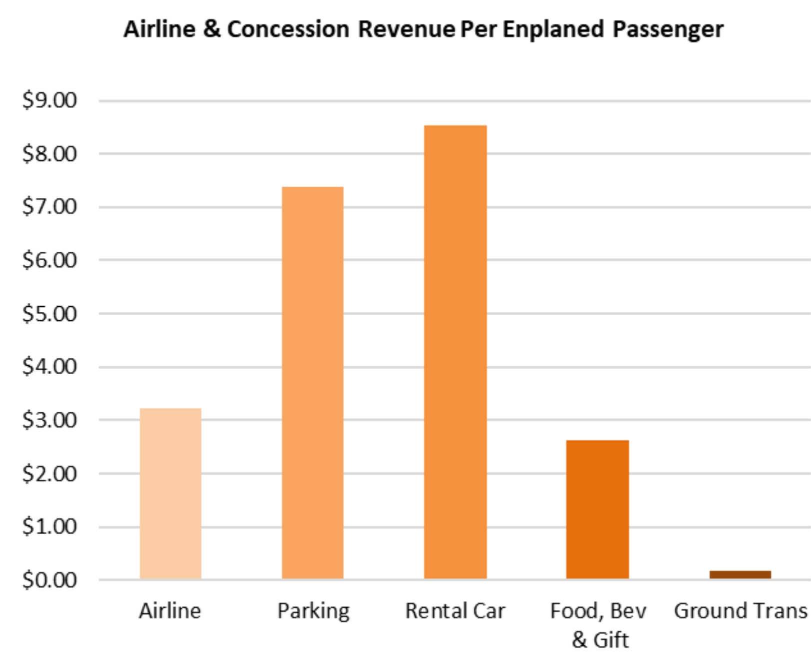
Financial

Financially, the Authority depends on our passengers with over 90% of the Authority's operating revenues generated from the businesses that utilize the airline terminal building through rents and concession fees. However, we are dependent upon the airlines providing seats into our market and we compete with every airport in the country for those seats. While the market is the primary driver of airline decisions, there is one factor that we control, the airline cost of using our airport. Consequently, it is our philosophy that by maintaining one of the lowest airline costs per passenger in the industry we help make our market more profitable, which in turn makes us more likely to attract additional airline seats.

The Authority has diligently controlled the costs passed on to the airlines through strict cost controls, a highly professional and cross utilized staff, and a fiscally conservative capital improvement program. Airline cost per enplanement to operate at BZN in FY 2025 increased slightly from $3.17 to $3.22.

	2025	2024
Airline cost	$ 4,309,591	$ 4,014,659
Enplanements (scheduled)	1,337,670	1,267,899
Cost per enplaned passenger	$ 3.22	$ 3.17

Airline and concession revenues are variable dependent upon passenger enplanements. These revenues increased from $21.58 per enplanement in FY 2024 to $21.93 per enplanement in FY 2025. Airline revenues account for $3.22 per enplanement or 14.7%; rental car and parking concessions account for $15.92 per enplanement or 72.6%; food, beverage and gift concessions account for $2.62 per enplanement or 11.9%; and ground transportation accounts for $.17 per enplanement or 0.8%. In FY 2025, total enplanements of 1,340,656 generated airline and concession revenues of $29,381,748; this compares to FY 2024 with 1,269,749 total enplanements generating $27,386,857.



CAPITAL AND LONG-TERM PLANNING

The Gallatin Airport Authority has a comprehensive 10-year Capital Improvement Plan. This plan is designed to accommodate the future capital needs of BZN within the financial capability of the Authority. Projects in the first five years of the plan are more defined with the projects in the later ten years more fluid due to future unknowns. The Gallatin Airport Authority invested $43 million in capital improvements during FY 2025, and over the next ten years the Gallatin Airport Authority expects to invest over $300 million in capital improvements. The following table summarizes major projects completed in FY 2025 and those planned for FY 2026-2034, the estimated costs, and the funding by the Authority, Airport Improvement Program (AIP) entitlements and discretionary, Infrastructure Investment and Jobs Act (IIJA) formerly Bipartisan Infrastructure Law (BIL), Passenger Facility Charges (PFC), and Transportation Security Administration (TSA) grant.

Project	Est. Cost	Funding				
		Authority	AIP Entitlements	AIP Discretionary	IIJA	PFC
ARFF/SRE Building Expansion	6,929,444	692,944	-	-	6,236,500	-
NAVAID Improvements	9,890,000	6,605,000	-	3,285,000		-
Taxiway B	14,744,600	1,474,460	7,065,610	1,610,633	4,593,897	-
Runway 30 328' Extension/Dual Txy	8,014,660	801,466	4,166,170	2,650,000	397,024	-
Airport Rd Relocation	5,029,600	502,960		-	4,526,640	-
Taxiway C Relocation/Extension	13,491,645	1,349,165	7,520,220	4,622,260	-	-
Runway 11/29 Widening and Extension	21,412,534	2,141,254	7,820,220	11,451,060	-	-
Snow Removal/ARFF Equipment	2,666,667	266,667		2,400,000		-
Taxiway A Rehabilitation/Extension	13,911,356	1,391,136	8,520,220	4,000,000		
Runway 12/30 Rahabilitation/Extension	15,578,022	1,557,802	8,520,220	5,500,000		
East Terminal Expansion	183,992,950	61,541,845	-	-	30,000,000	92,451,105

ARFF/SRE Building Expansion and Equipment - FY 2024-FY 2029

We have added a third aircraft rescue and fire fighting (ARFF) truck and are in the process of adding additional snow removal equipment (SRE) due to the additional pavement we have added over the past several years. This is necessitating additional vehicle storage space and additional office space for the additional personnel required to operate the equipment. The overall estimated cost of the equipment and the building expansion is $9,992,159.

NAVAID (Navigational Aids) Improvements – FY 2024-2025

We are working with the Federal Aviation Administration to improve the navigational aid capability at BZN. These improvements would significantly lower landing minimum visibility on both runway 12 and runway 30. In addition, this project would relocate FAA equipment in preparation of the extension of runway 11/29. The total estimated cost is $9,890,000.

CAPITAL AND LONG-TERM PLANNING (continued)

Taxiway B and Runway 30 328' Extension – FY 2024-2026

Taxiway B will be located between our two parallel runways and will improve runway efficiency and will be a necessary component as we begin the process of extending and widening runway 11/29. The first phase of the project has been completed providing access to our crosswind runway 3/21 from both taxiway B1 and B3 and the extension of runway 30 by 328'. The second phase will extend the taxiway from B3 to the end of runway 12. The total estimated cost of both phases and the runway 30 extension is $22,759,260.

Airport Road Relocation – FY 2026

As we develop the northside of the airport, we will need to relocate Airport Road to provide single road access from the Frontage Road to our new northside development. This will also allow for navigation aid improvements on runway 30 and a future extension of runway 29. The expected cost of this project is approximately $5,029,600.

Taxiway C Relocation and Extension, Runway 11/29 Extension and Widening – FY 2027 – FY 2030

The taxiway C Relocation is necessary to provide the separation from runway 11/29 when that runway is lengthened to 7,480' and widened to 150' making it air carrier capable. This project will need to be completed before we begin the runway project. Overall, we estimate the cost of the taxiway C Relocation and Extension to be $13,491,645 and the Extension and Widening of runway 11/29 at $21,412,534.

East Terminal Expansion - FY 2022–2027

Schedule I (demolition, foundation and structural systems) and Schedule II (Shell and Core) have begun. We expect a guaranteed maximum price for Schedule III (Interior Finishes) to be awarded in late 2025. The expansion will include greatly expanding our baggage claim, increased hold room areas for four gates, a second passenger screening checkpoint, concessions and an expanded airport administration area. Additionally, we anticipate a second concurrent phase will add three additional gates taking our terminal total to fifteen. Completion of all phases (including architectural and engineering) is currently budgeted at $183,992,950.

Taxiway A and Runway 12/30 Rehabilitation and Extension - FY 2031 - 2034

Rehabilitation of Taxiway A and Runway 12/30 will be necessary beginning in FY 2031. Master Planning will also determine the feasibility of a 1,500' extension to the main runway. We would anticipate doing this concurrently with rehabilitation if the planning determines the need. The cost for Rehabilitation and Extension for both Taxiway A and Runway 12/30 is estimated at $29,489,378.

OTHER INFORMATION

Independent Audit

For the fiscal year ended June 30, 2025, the annual financial statements of the Authority have been audited by Rudd & Company, PLLC, a firm of independent Certified Public Accountants. As part of the annual audit, the auditors perform procedures in accordance with the Uniform Guidance and the provisions of grant agreements. The auditors also perform procedures to help ensure the Authority's compliance with FAA regulations related to the Passenger Facility Charge program. The independent auditor's report on the financial statements is included in the financial section of this report, and the reports relating to the single audit and the passenger facility charge program are located in the compliance section.

Internal Controls

The Authority is responsible for establishing and maintaining internal accounting controls designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for preparations of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, rather than absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the control and that the control and the evaluation of costs and benefits require estimates and judgments by management.

As a recipient of federal and state financial assistance, the Authority is also responsible for ensuring that adequate internal controls are in place for documenting compliance with applicable laws and regulations related to these programs. The internal controls are subject to periodic evaluation by management and external independent auditors.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Success in any organization is dependent upon people. We are fortunate to have a dedicated and knowledgeable Authority Board that understands the business of airports. We also have an exceptional staff of 49 experienced and customer friendly professionals that keep the airport in top condition, financially sound and prepared for any challenge. We are proud to serve the flying public and hope that this report will provide valuable information on the status of your airport. We welcome and value your input on how we can better serve you at Bozeman Yellowstone International Airport.

Respectfully submitted,

Brian Sprenger, A.A.E.	Troy Watling, CPA, CM
President, Chief Executive Officer	VP, Chief Financial Officer

BOARD OF COMMISSIONERS

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Aaron Collins, A.A.E. .... EVP, Chief Commercial Officer

Chris Pomeroy, C.M. .... EVP, Chief Operating Officer

Jake Simpson, C.M. .... VP, Operations & Maintenance

Troy Watling, CPA, CM .... VP, Chief Financial Officer

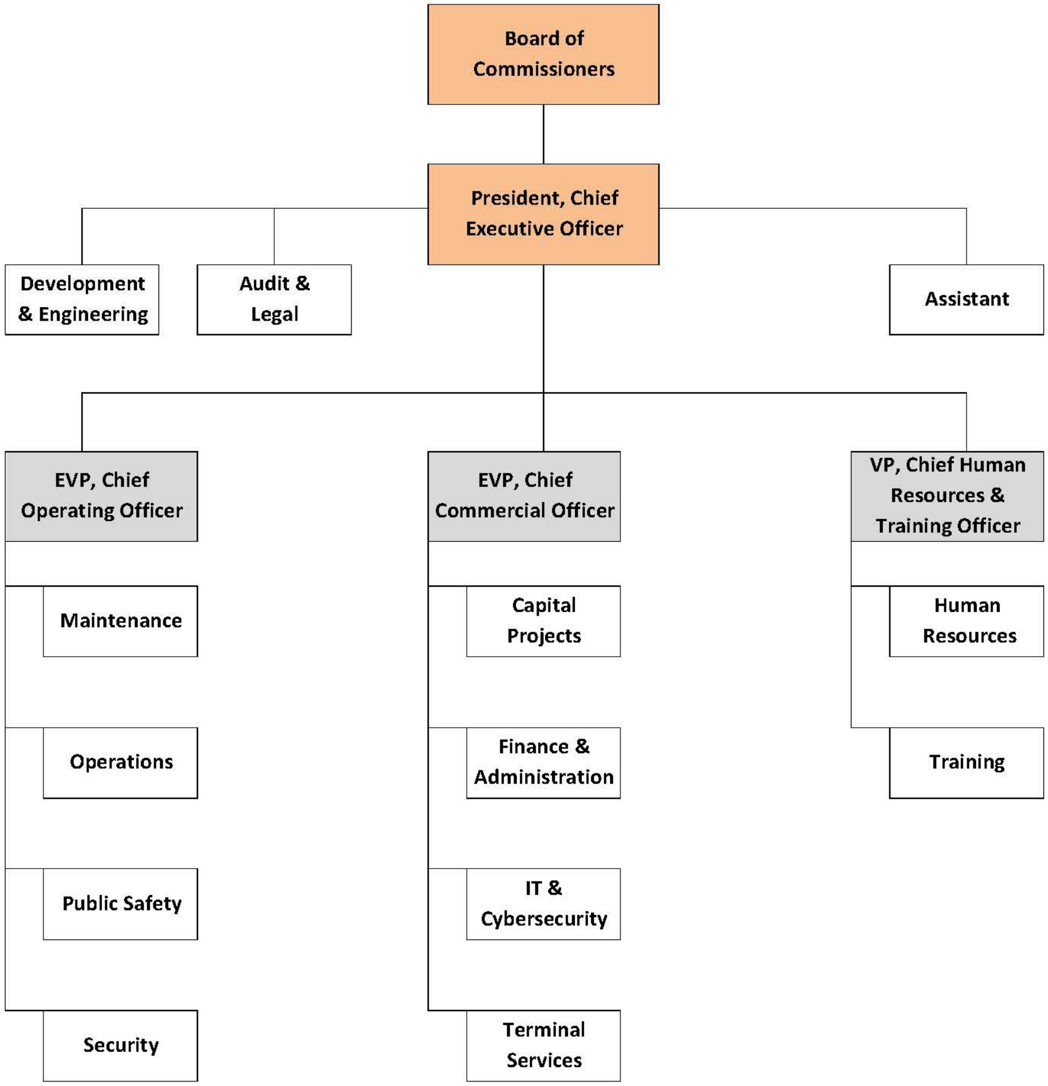
Bill Dove .... VP, Chief of Public Safety

Rachel Peavyhouse .... VP, Chief Human Resources and Training Officer

Bob Edgar .... VP, Chief Information Officer

Rhett Boerger .... VP, Capital Projects

Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Gallatin Airport Authority
Montana

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Executive Director/CEO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FINANCIAL SECTION

- Independent auditor's report
- Management's discussion and analysis
- Basic financial statements:
  - Statement of net position
  - Statement of revenues, expenses, and changes in net position
  - Statement of cash flows
  - Notes to the financial statements
  - Required supplementary information – pension schedules

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of the Gallatin Airport Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Authority'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 Authority'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 schedule of proportionate share of the net pension liability, the schedule of contributions and the notes to the required supplementary information 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of passenger facility charge collections, interest and disbursements is required by the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of passenger facility charge collections, interest and disbursements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Rudd & Company, PLLC

Bozeman, MT
December 19, 2025

The following discussion and analysis provide an overview of the Gallatin Airport Authority's (Authority) financial statements for the fiscal year ended June 30, 2025 with selected comparative information for the fiscal year ended June 30, 2024. This discussion and analysis has been prepared by management and should be read in conjunction with the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is structured as an enterprise fund and the financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated over their useful lives, except for land and assets held for future use. See the notes to the financial statements for a summary of the Authority's significant accounting practices and policies.

The Authority's basic financial statements include three statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

Statement of Net Position - presents information on the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Total net position serves as a useful indicator of the Authority's financial position and is a measurement of the financial condition of the Authority at a specific point in time.

Statement of Revenues, Expenses and Changes in Net Position - presents information related to revenue and expense activity. The difference between revenues and expenses will either increase or decrease total net position. The resulting ending net position balance is reflected on the Statement of Net Position. The change in net position serves as a useful indicator of whether the overall financial condition of the Authority has improved or declined during the year.

Statement of Cash Flows - presents information related to the flows of cash and investments. Consequently, only transactions that affect the Airport's cash and investments accounts are recorded in this statement. A reconciliation is included at the bottom of this statement to assist in the understanding of the difference between operating income and cash flows from operating activities.

The basic financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by required supplementary information and statistical schedules that further explain and support the information in the basic financial statements.

Certain fiscal year 2024 balances have been reclassified to conform to the fiscal year 2025 presentation.

FINANCIAL HIGHLIGHTS

Statement of Net Position

The following table represents a condensed summary of the Authority's statement of net position at June 30, 2025 and 2024.

	Dollars in 000's	
	2025	**2024**
Current assets	$ 53,065	$ 53,213
Noncapital noncurrent assets	4,501	5,054
Capital assets, net - noncurrent	269,008	232,313
Total assets	326,574	290,580
Deferred outflows of resources	1,379	1,435
Current liabilities	6,135	7,475
Noncurrent liabilities	5,287	7,218
Total liabilities	11,422	14,693
Deferred inflows of resources	3,123	3,628
Net investment in capital assets	264,460	226,264
Restricted	1,728	2,077
Unrestricted	47,220	45,353
Total net position	$ 313,408	$ 273,694

Total assets were up by 12.4% from FY 2024 to FY 2025. Current assets remained flat. Noncurrent assets increased by 15.2% with the FY 2025 capital additions offset by depreciation.

Current liabilities decreased by 17.9% and noncurrent liability decreased by 26.8 from FY 2024 to FY 2025. The decreases were primarily due to the payoff of the bank loan in FY 2025.

Changes in deferred outflows of resources and deferred inflows of resources relate to the Authority's retirement plan with the State of Montana's Public Employees' Retirement System and its lease arrangements. Refer to notes 8 and 10 in the notes to the financial statements for details.

Total net position improved by 14.5% from FY 2024 to FY 2025. A summary of the changes in net position follows.

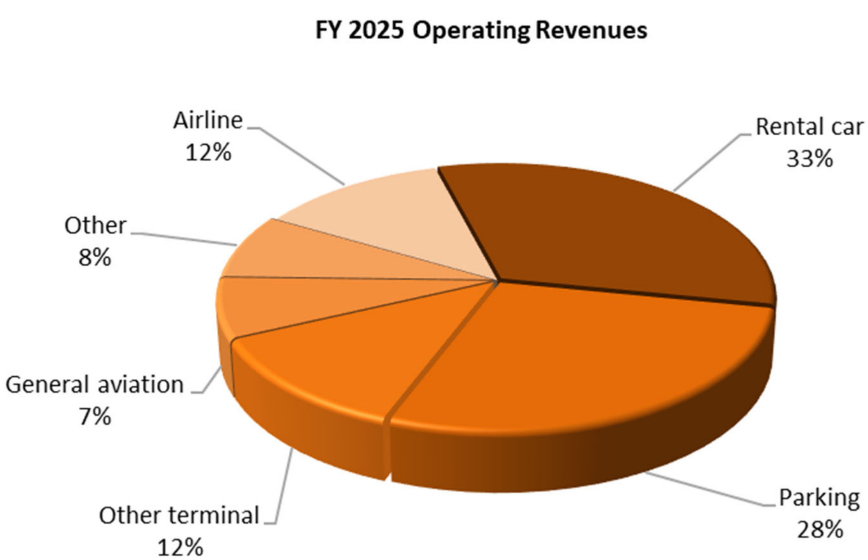
Statement of Revenues, Expenses, and Change in Net Position

The following table represents a condensed summary of the statement of revenues, expenses and changes in net position for the years ended June 30, 2025 and 2024.

	Dollars in 000's	
	2025	**2024**
Operating revenues	$ 34,994	$ 32,026
Operating expenses, excluding depreciation	(16,483)	(13,619)
Depreciation	(6,931)	(7,077)
Operating income	11,580	11,330
Net nonoperating revenues (expenses)	5,061	9,338
Income before contributions	16,641	20,668
Capital contributions	23,073	12,465
Change in net position	39,714	33,133
Net position - beginning	273,694	240,561
Net position - ending	$ 313,408	$ 273,694

Operating Revenues

The following chart illustrates the principal revenue sources and their percentage of total operating revenues for the year ended June 30, 2025.



Operating Revenues (continued)

The following table shows the operating revenues for the years ended June 30, 2025 and 2024, and the percentage change.

	Dollars in 000's		
	2025	2024	Change
Airline	$ 4,310	$ 4,015	7.3%
Rental car	11,433	10,318	10.8%
Parking	9,909	8,892	11.4%
Other terminal	4,247	3,927	8.1%
General aviation	2,417	2,336	3.5%
Other	2,678	2,538	5.5%
Total operating revenues	$ 34,994	$ 32,026	9.3%

Airline revenues increased by 7.3% and consist primarily of landing fees and airline terminal rents. Landing fee revenues increased by 9.2% to $1,648,613 primarily due to the increase in operations. Airline terminal rent increased by 6.2% to $2,660,978 driven by increased passengers and rates.

Rental car revenues increased by 10.8% and include on and off airport concessions fees and rents. The major contributor was on-airport rental car concessions which increased by 9.4% to $10,185,734. On-airport rental agencies pay the Authority the greater of a minimum annual guarantee or 10% commission fee, plus rent for office space and parking stalls. Transaction days (the number of days a vehicle is rented) increased by 12.9% to 1,075,519 days in FY 2025. The average cost-per-day of an on-airport rental car decreased by 3.0% to $94.71.

Parking revenues were up by 11.4% and consist primarily of parking concessions revenues which increased by 11.4% to $9,872,756. The parking revenues are net of parking management fees which were $167,425 in FY 2025. The Authority contracted with Reef Parking to operate the pay parking lot under a six-year agreement through September 2024. The Authority awarded LAZ Parking a contract for management and operation of the parking facilities effective October 1, 2024.

Other terminal concessions and rents revenues increased by 5.5% and consist primarily of food, beverage, and gift shop concessions fees; advertising; and space rents. Most of the increase is due to food, beverage, and gift shop concessions, which increased by 9.61% to $3,507,000 due primarily to the rise in passenger traffic. The Authority has contracted with Sharbert Enterprises to operate terminal food, beverage, and gift concessions under an agreement ending October 2032.

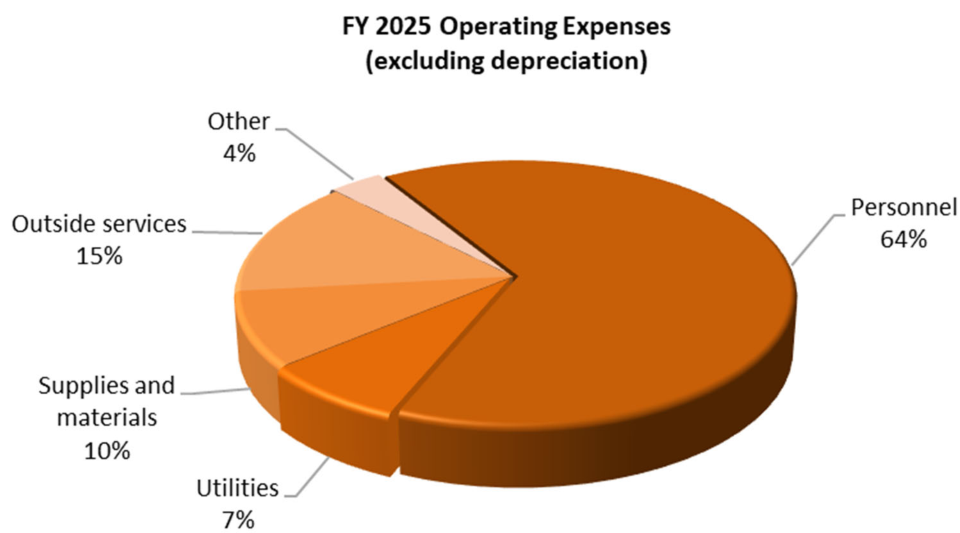
Operating Revenues (continued)

General aviation revenues increased by 3.5%. General aviation landing fees increased by 5.2% to $859,358 primarily due to the increase in landings. Fuel flowage fees were up 3.8% to $496,941. Parking fees increased by 14.9% to $200,710.

Other operating revenues increased by 5.5% and consist of revenues from the consolidated rental car facility, the customs facility, cargo, the law enforcement reimbursement program, and other land/building rents. The consolidated rental car facility revenue rose by 9.5% to $1,893,321 and is directly related to the rental car activity. The majority of the consolidated rental car facility revenues is from the operating portion of the customer facility charges which totaled $1,613,274 in FY 2025. The customs facility user fees were up 2.1% to $246,944 in FY 2025. Cargo revenue decreased by 6.3% to $69,109. The law enforcement reimbursement program revenue was $0 in FY 2025, as a result of funding for the program ending in FY 2024.

Operating Expenses

The following chart illustrates the principal operating expenses (excluding depreciation) and their percentage of total operating expenses for the year ended June 30, 2025.



Operating Expenses (continued)

Controlling operating cost in any environment is important, but during long periods of growth as we have experienced, it becomes essential in order to ensure the organization does not grow beyond its need. FY 2025 operating expenses (excluding depreciation) increased 21.0% to $16,483,091.

The following table shows the operating expenses for the years ended June 30, 2025 and 2024, and the percentage change.

	Dollars in 000's		
	2025	**2024**	**Change**
Personnel	$ 10,671	$ 8,886	20.1%
Utilities	1,061	1,051	1.0%
Supplies and materials	1,710	1,248	37.0%
Outside services	2,438	1,950	25.0%
Insurance	260	234	11.1%
Other	343	249	37.8%
	16,483	13,618	21.0%
Depreciation	6,931	7,077	-2.1%
Total operating expenses	$ 23,414	$ 20,695	13.1%

Personnel expenses increased by 20.1%. The increase is due to the addition of eight full-time positions, annual wage adjustments, and a rise in employee benefit rates.

Utilities expense increased by 1.0%. The increase is attributed primarily to the consistent temperatures.

Supplies and materials expenses increased by 37.0% which is mainly due to rising costs, major repairs, custodial supply stock purchases and the timing of large orders.

Outside services expenses increased by 25.0% due largely to rising labor costs, expanded removal and ice control services, customs staffing, IT services, and major maintenance performed by others.

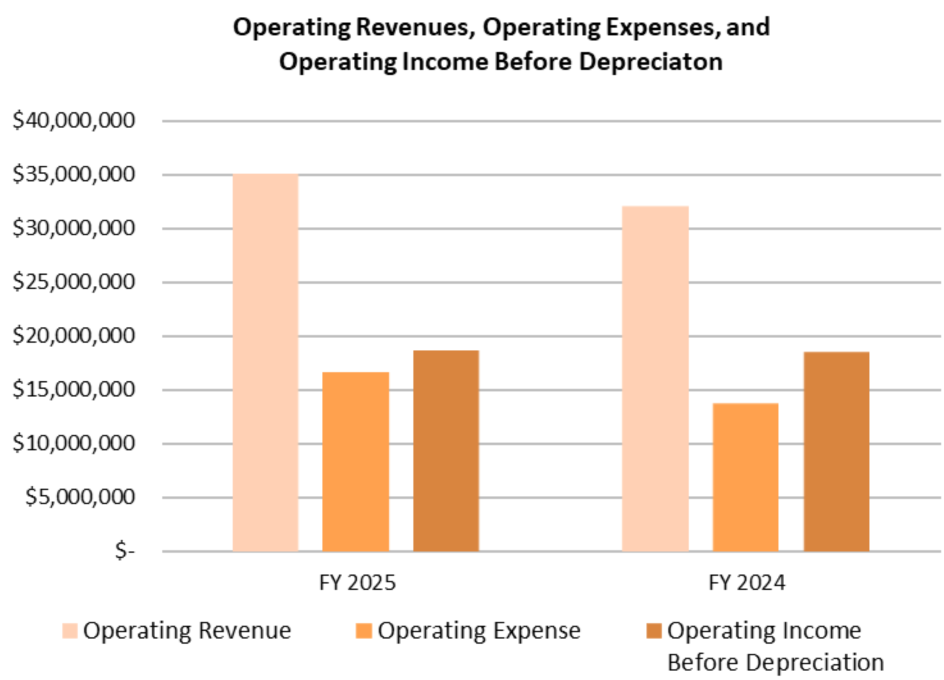
Insurance expense increased by 11.1% due primarily to an increase in rates and coverage levels.

Other expense, consisting primarily of overhead costs, increased by 37.8%. The increase is primarily due to a rise in professional services and employee training.

Depreciation expense decreased by 2.1% as a result of major assets additions placed in service during the year offset by assets fully depreciated.

Operating Income (before depreciation)

FY 2025 operating income before depreciation was up 0.6% to $18,511,305. Operating revenues increased by 9.3% while operating expenses (excluding depreciation) increased by 21.0%, as reflected in the chart below.



Nonoperating Revenues and Capital Contributions

Nonoperating revenues increased by 14.6% to $10,977,614 in FY 2025, and consist of passenger facility charges, customer facility charges, interest income, and non-capital grants.

Passenger facility charges (PFC) revenues increased by 15.7% to $5,117,655 in FY 2025. The increase is directly attributable to the rise in passenger traffic.

Customer facility charges (CFC), capital revenues increased by 23.3% to $2,990,193 in FY 2025. This increase is also due to the rise in passenger traffic.

Interest income increased by 7.1% to $2,795,327 in FY 2025, and is primarily from investments and the CFC parking garage construction reimbursement. The increase is mainly due to improved balances and investment earnings.

Non-capital grants decreased to $74,439 in FY 2025, and consist primarily of funds from the State of Montana related to the Public Employee Retirement System. See note 8 in the notes to the financial statements for more information regarding the Public Employee Retirement System.

Capital contributions increased by 85.1% to $23,073,302 in FY 2025, and consist of Airport Improvement Program and Transportation Security Administration Grant funds.

Nonoperating Expenses

Interest expense decreased by 63.4% to $88,435 in FY 2025, due to the bank loan payoff. See note 7 in the notes to the financial statements for details.

Statement of Cash Flows

The following table represents a condensed summary of the statement of cash flows for the fiscal years ended June 30, 2025 and 2024.

	Dollars in 000's	
	2025	**2024**
Cash provided by operating activities	$ 34,871	$ 31,411
Cash used by operating activities	(15,453)	(13,067)
Cash from operating activities	19,418	18,344
Cash from noncapital financing activities	(5,829)	-
Cash from capital and related financing activities	(22,282)	(7,787)
Cash from investing activities	2,021	1,699
Change in cash and investments	(6,672)	12,256
Cash and investments, beginning of year	48,163	35,907
Cash and investments, end of year	$ 41,491	$ 48,163

Cash and investments decreased by 13.9% primarily due to an increase in capital asset spending. Cash provided by operating activities was up 5.9%, which primarily related to increases in concession revenues.

The Authority has been purposeful in building cash reserves in anticipation of several upcoming major capital improvements that will require significant Authority funding. The Authority intends to maintain $10 million cash on hand in order to provide for contingencies as well as flexibility in completing projects that are dependent upon FAA funding and appropriations.

Notes 1 and 2 in the notes to the financial statements provides additional details regarding cash and cash investments.

CAPITAL ASSETS

The Authority expended $42,836,554 on capital assets in FY 2025 compared to $31,939,759 in FY 2024. Major capital asset activity in FY 2025 included parking lot improvements, baggage handling system, east terminal expansion, snow removal equipment, land purchases, taxiway and road improvements, and small terminal and airfield projects.

Note 4 in the notes to the financial statements and the letter of transmittal provide further details regarding capital asset activities.

DEBT ADMINISTRATION

The Authority approved the issuance of revenue bonds in 2009 to partially fund the terminal expansion completed in 2011. In FY 2020 the bonds were refinanced with a bank loan in order to significantly reduce future interest expense. In November of 2024 the bank loan was paid in full.

Note 7 in the notes to the financial statements describes the debt in greater detail.

REQUEST FOR INFORMATION

This financial report is designed to provide all interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Airport President/CEO, 850 Gallatin Field Road Suite 6, Belgrade, MT 59714.

Statement of Net Position

June 30, 2025

Current Assets	
Cash and investments	$ 40,291,046
Accounts receivable	12,619,742
Prepaid expenses	154,517
	53,065,305
Noncurrent Assets	
Cash and investments - restricted	1,199,877
Accounts receivable	2,773,004
Accounts receivable - restricted	528,353
Nondepreciable capital assets	127,082,952
Depreciable capital assets, net	141,924,687
	273,508,873
Total Assets	326,574,178
Deferred Outflow of Resources	
Montana Public Employees Retirement System	1,378,778
Current Liabilities	
Accounts payable	4,945,777
Deposits	162,000
Accrued payroll liabilities	917,644
Unearned revenue	109,572
	6,134,993
Noncurrent Liabilities	
Net pension liability	5,286,621
Total Liabilities	11,421,614
Deferred Inflow of Resources	
Montana Public Employees Retirement System	117,560
Leases	3,005,740
	3,123,300
Net Position	
Net investment in capital assets	264,460,350
Restricted - capital projects and debt service	1,541,498
Restricted - customs	186,732
Unrestricted	47,219,462
Total Net Position	**$ 313,408,042**

See accompanying notes to financial statements

Operating Revenues	
Airline	$ 4,309,591
Rental car	11,432,697
Parking	9,909,056
Terminal	4,247,391
General aviation	2,417,116
Air cargo	69,109
Other	2,609,436
	34,994,396
Operating Expenses	
Personnel	10,670,958
Utilities	1,061,324
Supplies and materials	1,709,996
Outside services	2,437,717
Insurance	260,497
Other	342,599
	16,483,091
Operating income before depreciation	18,511,305
Depreciation expense	6,930,575
Operating Income	11,580,730
Nonoperating Revenues (Expenses)	
Passenger facility charges	5,117,655
Customer facility charges	2,990,193
Interest income	2,795,327
Other nonoperating revenue	74,439
Payments to other agencies	(5,828,794)
Interest expense	(88,435)
	5,060,385
Capital Contributions	
Federal grants	23,073,302
Change in Net Position	**39,714,417**
Net position, beginning of year	273,693,625
Net Position, End of Year	**$ 313,408,042**

Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows From Operating Activities		
Operating cash receipts from customers	$	34,871,455
Cash payments to suppliers for goods and services		(5,845,911)
Cash payments to employees for services		(9,607,774)
		19,417,770
Cash Flows From Noncapital Financing Activities		
Payments to other agencies		(5,828,794)
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets		(42,836,554)
Federal grant receipts		17,021,033
Passenger facility charge receipts		5,009,873
Customer facility charge receipts		3,764,306
Debt payments		(5,241,434)
		(22,282,776)
Cash Flows from Investing Activities		
Interest received		2,021,214
Net Decrease In Cash and Investments		**(6,672,586)**
Cash and investments, beginning of year		48,163,509
Cash and Investments, End of Year	**$**	**41,490,923**

Reconciliation of operating income to cash flows from operating activities		
Operating income	$	11,580,730
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation		6,930,575
Changes in current assets and liabilities:		
Receivables		(219,452)
Prepaid expenses		(43,256)
Accounts payable		9,478
Deposits		(2,000)
Unearned revenues		98,511
Accrued payroll liabilities		1,063,184
Cash flows from operating activities	**$**	**19,417,770**

Noncash investing and financing activities	
Retainage payable for amounts invested in capital assets	792,969

See accompanying notes to financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gallatin Airport Authority (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Gallatin Airport Authority was established by Resolution No. 1553 dated November 22, 1972, of the Board of County Commissioners of Gallatin County, Montana, pursuant to the statutory authority granted in Title 67, Chapter 11, parts 1-3, Montana Code Annotated.

The Authority was established to assume ownership and responsibility for the improvements, equipment and operation of Gallatin Field, with all powers granted to municipal airport authorities by state law and resolved in Resolution 1553. The powers and duties of the Authority are vested in the Board of Commissioners consisting of five members appointed by the Board of County Commissioners of Gallatin County. Pursuant to said Resolution No. 1553, the Authority has assumed ownership and responsibility for the improvements, equipment and operations of Gallatin Field, and all rights, title and interest of the City of Bozeman, Gallatin County, and the Authority Board has been granted, conveyed, and transferred to the Authority.

The name of the airport known as Gallatin Field was changed to Bozeman Yellowstone International Airport at Gallatin Field by an act of the Gallatin Airport Authority Board at their regular meeting held December 8, 2011.

The Authority, governed by its Board of Commissioners and operated by its employees, is an independent political entity with the authority to contract, own property, incur debt, and generally operate the Airport.

Measurement Focus and Basis of Accounting

The term measurement focus is used to denote what is being measured and reported in the Authority's financial statements. The Authority operates as an enterprise fund and its financial statements have been prepared using the economic resources measurement focus. The enterprise fund operates in a manner similar to private business enterprises, where the intent of the Authority is that the expenses of meeting its organizational purpose be financed or recovered primarily through user charges.

The term basis of accounting is used to determine when a transaction or event is recognized on the Authority's financial statements. The Authority uses the accrual basis of accounting. Non-exchange revenues, including grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

The Authority is authorized by statute to invest in time and savings deposits with a bank, savings and loan association, or credit union in the state. In addition, it may also invest in obligations of the United States Government, securities issued by agencies of the United States, repurchase agreements, and the State Short-Term Investment Pool (STIP).

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Inventories

Purchases of supplies are recognized as expenses at the time of purchase. Items on hand at year-end were immaterial.

Accounts Receivable

Accounts receivable represents unpaid billings to outside parties. Due to the nature of the receivables consisting of primarily collected user fees and leases, the Authority considers the majority of these receivables as collectible. A provision for uncollectible receivables in the amount of $6,200 was established for 2025.

Prepaid Expenses

Payments made in advance for goods or services are recorded as prepaid expenses when the amount exceeds $10,000, and are amortized over the period of benefit. Payments below the threshold are expensed when incurred.

Capital Assets

The Authority's capital assets are capitalized at historical cost. Contributions of capital assets are recorded at acquisition value. The Authority has set the capitalization threshold for reporting capital assets at $10,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 5 to 20 years for runways and improvements, 3 to 40 years for buildings and equipment, and 20 years for intangibles.

Maintenance and repair costs are expensed as incurred. Replacements, which improve or extend the life of a capital asset, are capitalized.

Compensated Absences

The Authority implemented GASB Statement No. 101 – Compensated Absences, effective for fiscal years beginning after June 15, 2024. GASB 101 establishes a uniform model for recognizing liabilities for leave attributable to past services that accumulates and is likely to be used or paid. Evaluation of the Authority's policies and historical usage indicated that implementation did not result in material changes to the financial statements or disclosures.

Net Pension Liability and Deferred Outflows/Inflows of Resources

The Authority recognizes net pension liability for the pension plan in which it participates. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investment earnings are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense.

Leases

For lessee lease arrangements that are reported under GASB 87:

- A lease liability and a lease asset are recognized at the commencement of the lease term.
- For the measurement of an initial lease liability (1) the interest rate stated in the lease is used as the discount rate, (2) the lease term includes the noncancellable periods of the lease, and (3) the lease payments are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.
- The lease liability is reduced as payments are made and interest expense is recognized.
- The lease asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

For lessor lease arrangements that are reported under GASB 87:

- A lease receivable and a deferred inflow of resources are recognized at the commencement of the lease term.
- For the measurement of an initial lease receivable (1) the Authority's incremental borrowing rate is used as the discount rate, (2) the lease term includes the noncancellable periods of the lease, and (3) the lease payments are composed of fixed payments from the lease.
- The lease receivable is reduced as payments are made and interest income is recognized.
- The deferred revenue is reduced and lease revenue is recognized in a systematic and rational manner over the lease term.

For leases that are excluded from GASB 87 reporting, lease revenues or expenses are recognized according to the scheduled payment terms provided in the lease arrangement.

Net Position

Net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position– consists of assets that are restricted as a result of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position is reported in this category.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses

Operating revenues include airline, concessions, and other revenues. Concessions and other revenues consist primarily of rental car, parking, and other ancillary services revenues. Such revenue is generally based on a fixed percentage of tenant revenues subject to certain minimum monthly fees or a fixed fee schedule. Concessions and other revenues are recognized when earned.

Operating expenses include personnel costs, utilities, supplies and materials, outside services, other expenses, and depreciation.

Budget

The Authority annually adopts a non-legally binding budget.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

The Authority's cash and investments as of June 30, 2025 are reported as follows:

Unrestricted	$ 40,291,046
Restricted	1,199,877
	$ 41,490,923

At June 30, 2025, the carrying amount of the Authority's deposits in local banks and investments is $41,487,173. Account balances are covered by the Federal Depository Insurance Corporation (FDIC) up to $250,000 per bank, per depositor. The remaining balance is covered by collateral held by the pledging bank's agent in the Authority's name.

On June 30, 2025, the following interest rate risks and valuation inputs were associated with the Authority's deposits and investments.

	Fair Value	Maturities	Credit Risk Rating	Valuation Input
Demand deposits	$ 9,386,684	N/A	N/A	Level 1
Short-Term Investment Pool (STIP)	32,104,239	N/A	N/A	Level 2
	$ 41,490,923			

NOTE 2. CASH AND INVESTMENTS (continued)

Credit risk is defined as the risk that an issuer or other counterpart to an investment that will not fulfill its obligation. The above credit risk rating indicates the probability that the issuer may default in making timely principal and interest payments. The credit ratings presented in the previous tables are provided by Standard and Poor's Corporation (S&P). The Authority has no formal policy relating to interest risk and no formal policy relating to credit risk.

The Authority voluntarily participates in the STIP (Short Term Investment Pool) administered by the Montana Board of Investments (MBOI). A local government's STIP ownership is represented by shares, the prices of which are fixed at $1.00 per share, and participants may buy or sell shares with one business days' notice. STIP administrative expenses are charged daily against the STIP income, which is distributed on the first calendar day of each month. Shareholders have the option to automatically reinvest their distribution income in additional shares. STIP is not registered with the Securities and Exchange Commission. STIP is not FDIC insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Montana Board of Investments (MBOI) or any other entity against investment losses and there is no guaranteed rate of return on funds invested in STIP shares. The MBOI maintains a reserve fund to offset possible losses and limit fluctuations in STIP's valuation. The STIP investment portfolio consists of securities with maximum maturity of 2 years. Information on investments held in the STIP can be found in the Annual Report on the MBOI website at https://investmentmt.com/Annual-Reports.

NOTE 3. ACCOUNTS RECEIVABLE

The composition of accounts receivable on June 30, 2025 was as follows:

Current	
Trade accounts receivable, net	$ 4,082,736
Leases receivable	599,151
Grants receivable	7,937,855
	12,619,742
Noncurrent	
Leases receivable	2,773,004
Passenger facility charges receivable - restricted	490,515
Customs receivable - restricted	37,838
	3,301,357
Total accounts receivable	$ 15,921,099

NOTE 4. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2025:

	June 30, 2024	Additions	Reductions	June 30, 2025
Nondepreciable capital assets				
Land	$ 22,843,887	$ 1,440,059	$ -	$ 24,283,946
Construction in progress *	61,021,409	41,823,862	(46,265)	102,799,006
	83,865,296	43,263,921	(46,265)	127,082,952
Depreciable capital assets				
Runways & improvements	93,838,317	-	(4,321,929)	89,516,388
Buildings & equipment	144,999,472	407,604	(2,019,826)	143,387,250
Intangibles	1,491,627	-	-	1,491,627
	240,329,416	407,604	(6,341,755)	234,395,265
Accumulated depreciation				
Runways & improvements	(46,758,523)	(3,116,364)	4,321,929	(45,552,958)
Buildings & equipment	(44,712,203)	(3,736,769)	2,019,826	(46,429,146)
Intangibles	(411,032)	(77,442)	-	(488,474)
	(91,881,758)	(6,930,575)	6,341,755	(92,470,578)
Depreciable capital assets, net	148,447,658	(6,522,971)	-	141,924,687
Total capital assets, net	$ 232,312,954	$ 36,740,950	$ (46,265)	$ 269,007,639

* Construction in progress at June 30, 2025 consists mainly of costs associated with the taxiway and apron improvements, north side utilities, parking lot improvements, baggage handling system, terminal marketplace, and east terminal expansion.

NOTE 5. UNEARNED REVENUE

The Authority reports unearned revenue on its statement of net position when revenues have been received but not yet earned. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the statement of net position and the revenue is recognized.

NOTE 6. NONCURRENT LIABILITIES

The following is a summary of noncurrent liabilities activity for the year ended June 30, 2025:

	June 30, 2024	Additions	Reductions	June 30, 2025	Current Portion	Noncurent Portion
Bank loan	$ 5,152,999	$ -	$ (5,152,999)	$ -	$ -	$ -
Net pension liability	4,597,670	-	(688,951)	5,286,621	-	5,286,621
Totals	$ 9,750,669	$ -	$ (5,841,950)	$ 5,286,621	$ -	$ 5,286,621

NOTE 7. DEBT

In July 2019, the Authority approved a resolution to refund the outstanding revenue bonds in the amount of $12,250,000 and replace them with a bank loan of the same principal. The financing covered a portion of the costs to expand, improve, construct, reconstruct, and equip the airline terminal building. Loan maturities began in December 2019 and were scheduled through June 2026. The loan carried a fixed interest rate of 3.45%, secured by a first lien on the Authority's net revenues, with interest payable semiannually on June 1 and December 1. The loan was paid in full in November 2024.

In July 2019, the Authority approved a resolution to open a three-year line of credit. The line of credit had a maximum borrowing limit of $6.5 million and an interest rate of 4.5%. The line of credit ended July 2025. There is no amount outstanding on the line of credit as of June 30, 2025.

In September 2024, the Authority approved a resolution to open a six-year line of credit. The line of credit has a maximum borrowing limit of $20 million and bears interest at a variable rate, with interest payable quarterly. The line of credit ends October 2030. There is no amount outstanding on the line of credit as of June 30, 2025.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers and the non-employer contributing entity are required to recognize and report certain amounts associated with participation in the Public Employees' Retirement System Defined Benefit Retirement Plan (the Plan). This includes their proportionate share of the collective Net Pension Liability; Pension Expense; and Deferred Outflows and Deferred Inflows of Resources associated with pensions.

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 provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans.

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 (HAC). Member rights are vested after five years of service.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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

Member's highest average compensation (HAC)

- Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months;

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.

Monthly benefit formula

Members hired prior to July 1, 2011:

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

Members hired on or after July 1, 2011:

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

Guaranteed Annual Benefit Adjustment (GABA)

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

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

Contributions

The state legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

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. Member and employer contribution rates are shown in the table below.

	Member		Local Government	
Fiscal Year	**Hired < 07/01/11**	**Hired after > 07/01/11**	**Employer**	**State of Montana**
2025	7.900%	7.900%	9.070%	0.100%
2024	7.900%	7.900%	9.070%	0.100%
2023	7.900%	7.900%	8.970%	0.100%
2022	7.900%	7.900%	8.870%	0.100%
2021	7.900%	7.900%	8.770%	0.100%
2020	7.900%	7.900%	8.670%	0.100%
2019	7.900%	7.900%	8.570%	0.100%
2018	7.900%	7.900%	8.470%	0.100%
2017	7.900%	7.900%	8.370%	0.100%
2016	7.900%	7.900%	8.270%	0.100%
2015	7.900%	7.900%	8.170%	0.100%
2014	7.900%	7.900%	8.070%	0.100%
2012-2013	6.900%	7.900%	7.070%	0.100%
2010-2011	6.900%		7.070%	0.100%
2008-2009	6.900%		6.935%	0.100%
2000-2007	6.900%		6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

2. Employer contributions to the system:
   a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. For fiscal years beginning after June 30, 2024, the additional contribution amount stays at 2.27%. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
   b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
   c. The portion of employer contributions allocated to the 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 the member accounts.

3. Non-Employer Contributions:
   a. Special Funding
      i. The State contributed 0.1% of members' compensation on behalf of local government entities.
      ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
      iii. The state contributed a Statutory Appropriation from the General Fund of $35,329,705.

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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 (TPL) as of June 30, 2024, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2024.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the state of Montana's NPL for June 30, 2024, and 2023, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for a particular employer to the total state contributions paid. The employer recorded a liability of $5,286,621 and the employer's proportionate share was 0.216154 percent.

As of Measurement Date	NPL as of 6/30/2024	NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2024	Percent of Collective NPL as of 6/30/2023	Changes in Percent of Collective NPL
Employer's proportionate share	$ 5,286,621	$ 4,597,670	0.2162%	0.1884%	0.0278%
State of Montana proportionate share associated with employer	1,389,012	1,284,376	0.0568%	0.0526%	0.0042%
Total	$ 6,675,633	$ 5,882,046	0.2730%	0.2410%	0.0320%

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

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

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

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Pension Expense

At June 30, 2024 the employer recognized pension expense of $1,004,367 for its proportionate share of the Plan's pension expense. The employer also recognized grant revenue of $74,439 for the support provided by the state of Montana for its proportionate share of the pension expense associated with the employer.

As of Measurement Date	Pension Expense as of 6/30/2024
Employer's proportionate share	$ 1,004,367
State of Montana Proportionate Share associated wih the Employer	74,439
Total	$ 1,078,806

Recognition of Deferred Inflows and Outflows

At June 30, 2024, the employer reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. actual experience	$ 267,157	$ -
Projected investment earnings vs. actual investment earnings	-	117,560
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	655,088	-
Employer contributions subsequent to the measurement date	456,533	-
Total	$ 1,378,778	$ 117,560

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's pension expense as follows:

For the Measurement Year Ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expense
2025	$ 365,799
2026	$ 572,160
2027	$ (82,646)
2028	$ (50,628)
Thereafter	$ -

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment return (net of pension plan investment expense, including inflation)	7.30%
General wage growth (includes inflation at 2.75%)	3.50%
Merit increases	0% to 4.80%
Postretirement benefit increases: 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 adjustments 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	
▪ 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%	1.50%
▪ 0% whenever the amorization period for PERS is 40 years or more	0.00%
Mortality: Active Participants: PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for 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 Survivor: 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 one year and adjusted 104% for males and 103% for females. Projected generatinally using MP-2021.	

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

The actuarial assumptions and methods utilized in the June 30, 2024 valuation, were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

Discount Rate

The discount rate used to measure the TPL 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 would be made based on the Board's funding policy, which establishes the contractually required rates under the Montana Code Annotated. The State contributes 0.10% of the salaries paid by local governments. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 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 TPL. A municipal bond rate was not incorporated in the discount rate.

Target Allocation

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 expenses analysis shown in the experience study. 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.00%	-0.33%
Domestic equity	30.0%	5.90%
International equity	17.0%	7.14%
Private investments	15.0%	9.13%
Real assets	5.0%	4.03%
Real estate	9.0%	5.41%
Core fixed income	15.0%	1.14%
Non-core fixed income	6.0%	3.02%
Total	100.0%	

NOTE 8. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of Measurement Date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
Employer's Net Pension Liability	$ 7,706,747	$ 5,286,621	$ 3,257,227

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the NPL; Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. 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 in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

PERS Disclosure for the Defined Contribution Plan

The Authority contributed to the state of Montana Public Employee Retirement System Defined Contribution Retirement Plan (PERS-DCRP) for employees that have elected the DCRP. The PERS-DCRP is administered by the PERB and is reported as a multiple-employer plan established July 1, 2002, and 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. Members may not be participants of both the defined benefit and defined contribution retirement plans. Member and employer contribution rates are specified by state law and are 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 the 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. At the plan level for the measurement period ended June 30, 2024, the PERS-DCRP employer did not recognize any net pension liability or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 351 employers that have participants in the PERS-DCRP totaled $1,345,278.

The stand-alone financial statements of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report (ACFR)* and the GASB 68 Report disclose the Plan's fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620a-0131, (406) 444-3154 or the MPERA website at http://mpera.mt.gov.

NOTE 9. NET POSITION

Net position consists of the following as of June 30, 2025:

Net investment in capital assets	
Capital assets	$ 269,007,639
Less: current liabilities	
Capital accounts payable and retainage payable	(4,547,289)
	264,460,350
Restricted net position	
Capital projects and debt service	1,541,498
Customs	186,732
	1,728,230
Unrestricted net position	47,219,462
Total net position	$ 313,408,042

NOTE 10. LEASES

GASB Statement No. 87, Leases

GASB Statement No. 87, Leases, issued by the Governmental Accounting Standards Board (GASB) was adopted by the Authority in the year ended June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

This Statement defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement.

Lessee Lease Arrangements Subject to GASB 87 Reporting

The Authority had no lessee lease arrangement during fiscal year 2025 subject to GASB 87 reporting.

Lessor Lease Arrangements Subject to GASB 87 Reporting

Authority lessor arrangements that are subject to GASB 87 reporting include property leased to car rental companies, concessionaires, governmental agencies, car condos, and others. The primary assets related to these leases are the terminal building, parking garage, and land. An interest rate of 3% was used as the discount rate for the lease receivable.

NOTE 10. LEASES (continued)

The following is a summary by category of the balances, inflows and scheduled payments for the lessor lease arrangements subject to GASB 87 reporting for the year ended June 30, 2025.

Category	Lease Receivable	Deferred Inflows	Lease Revenue	Interest Revenue	Scheduled Payments
Rental car space	$ 99,050	$ 93,465	$ 74,772	$ 4,260	$ 84,686
Terminal food, bev, gift & other	1,019,758	842,803	635,962	41,867	731,788
Land and other buildings	2,253,347	2,069,473	219,883	72,094	273,317
	$ 3,372,155	$ 3,005,741	$ 930,617	$ 118,221	$ 1,089,791

The following is a schedule of the remaining receivables associated with the lessor lease arrangements.

Fiscal Year	Principal	Interest
2026	$ 602,296	$ 92,181
2027	$ 330,629	$ 79,556
2028	$ 291,964	$ 70,387
2029	$ 301,332	$ 61,539
2030	$ 311,000	$ 52,407
2031-2035	$ 794,132	$ 164,721
2036-2040	$ 546,587	$ 76,131
2041-2042	$ 194,215	$ 7,508

Lease Arrangements Excluded from GASB 87 Reporting

The Authority has lease arrangements that are exempt from GASB 87 reporting because they are regulated or short-term. The regulated leases are those that are aviation related and regulated by the Federal Aviation Administration. The short-term leases are those that have an original lease term of twelve months or less. Total lease revenue from these leases for the year ended June 30, 2025 was $1,052,127.

The following is a schedule of the expected future minimum lease payments to be received from lease arrangements excluded from GASB 87 reporting.

Fiscal Year	Amount
2026	$ 706,741
2027	$ 615,544
2028	$ 592,759
2029	$ 573,387
2030	$ 564,227
2031-2035	$ 2,330,896
2036-2040	$ 1,660,123
2041-2045	$ 429,798
2046-2050	$ 71,364

NOTE 11. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

GASB Statement No. 96, Subscription Based Information Technology Arrangements, issued by the Governmental Accounting Standards Board (GASB) was adopted by the Authority in the year ended June 30, 2024. This Statement establishes uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs). The Statement defines an SBITA as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement provides exclusions for arrangements that are short-term, those that meet the definition of a lease under GASB Statement No. 87, and other specific criteria.

The Authority's SBITAs for the fiscal year ending June 30, 2025 were excluded from GASB 96 reporting, primarily due to their short-term nature, therefore expenses related to these arrangements are recognized according to the scheduled payment terms provided in the arrangements. Total expenses related to the excluded arrangements for the year ended June 30, 2025 was $51,625.

NOTE 12. PASSENGER FACILITY CHARGE PROGRAM

In 1990, the United States Congress enacted the Aviation Safety and Capacity Expansion Act ("ASCEA") of 1990, which allows public agencies controlling commercial service airports to charge eligible enplaning passengers at the airport a $1, $2 or $3 passenger facility charge, or PFC. In 2000, the U.S. Congress passed the Aviation Investment and Reform Act for the 21st Century ("AIR-21"), which allowed airports to levy a PFC of $4.00 or $4.50 per eligible enplaned passenger. Gallatin Airport Authority was authorized to impose the PFC beginning August 1, 1993. The Authority will continue to impose the PFC until "the total net PFC revenues collected plus interest thereon equals the allowable cost of the approved projects."

Proceeds from PFCs are to be used to finance eligible airport-related projects that preserve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers.

The active PFC approved projects during the fiscal year ended June 30, 2025 were PFC 09-05-C-00-BZN (PFC-5) and PFC 20-06-C-00-BZN (PFC-6). PFC-5 provides for a charge of $4.50 per enplaned passenger and total project expenditures of $26,700,000. PFC-6 provides for a charge of $4.50 per enplaned passenger and total project expenditures of $34,408,193.

NOTE 13. CUSTOMER FACILITY CHARGES

Customer facility charges (CFCs) are levied by the Authority pursuant to an agreement with the rental car companies serving the Authority. The CFC rate per contract rental day was increased from $4.25 to $5.00 effective January 1, 2019.

NOTE 14. RISK MANAGEMENT

Significant losses for public officials, automobiles, property, and general liability are covered by commercial insurance policies. There have been no significant reductions in insurance coverage. Insurance coverage for potential losses due to environmental damages is not available. Therefore, the Authority has no coverage for such potential losses. There have been no settlements in excess of the insurance coverage in any of the three prior years.

NOTE 15. RELATED PARTIES

Karen Stelmak (Board Member) and Tom Stelmak entered into a 10-year lease with the Authority beginning September 1, 1999. An option for a 10-year renewal was taken. Lease revenues for the year ended June 30, 2025 were $1,075.

Ted Mathis (Board Member) leases a hangar from the Authority on a month-to-month basis. Lease revenues for the year ended June 30, 2025 were $3,000.

The related party leases are regulated lease arrangements and are excluded from GASB 87 reporting. No amounts were due to or from any of these related parties as of June 30, 2025.

NOTE 16. COMMITMENT

The Authority entered into an agreement with the City of Belgrade for the upgrade of the Belgrade Waste Water Treatment Plant and future Airport water and sewer service. The Authority had committed funding not-to-exceed $3,000,000 for the upgrade project. As of June 30, 2025, this commitment had been met. The ongoing expense related to the water and sewer service for the fiscal year 2025 has not been determined.

The Authority had contractual commitments as of June 30, 2025 of approximately $148,314,907 for capital projects. Federal grants and PFC revenue will fund these commitments as expenses are incurred on the projects. As of June 30, 2025, the Airport Authority has spent $102,799,006 on these contracts.

NOTE 17. CONCENTRATIONS

The Authority receives a significant portion of its operating revenues from the parking facilities. These revenues accounted for approximately 28% of operating revenues for the year ended June 30, 2025.

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2025, the date on which these financial statements were available to be issued.

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.2162%	0.1884%	0.1622%	0.1239%	0.1327%	0.1160%	0.1160%	0.1419%	0.1422%	0.1396%
Employer's net pension liability	$ 5,286,621	$ 4,597,670	$ 3,856,443	$ 2,246,159	$ 3,499,882	$ 2,425,315	$ 2,420,408	$ 2,763,602	$ 2,422,514	$ 1,951,981
State's Net Pension Liability	$ 1,389,012	$ 1,284,376	$ 1,162,325	$ 668,011	$ 1,108,996	$ 795,474	$ 815,227	$ 41,740	$ 29,600	$ 23,977
Total Net Pension Liability	$ 6,675,633	$ 5,882,046	$ 5,018,768	$ 2,914,170	$ 4,608,878	$ 3,220,789	$ 3,235,635	$ 2,805,342	$ 2,452,114	$ 1,975,958
Employer's covered payroll	$ 4,235,070	$ 3,502,746	$ 2,850,124	$ 2,188,135	$ 2,225,832	$ 1,914,421	$ 1,907,151	$ 1,760,010	$ 1,703,557	$ 1,629,621
Employer's proportionate share as a % as of covered payroll	124.83%	131.26%	135.31%	102.65%	157.24%	126.69%	126.91%	157.02%	142.20%	119.78%
Plan fiduciary net position as a % of Total Pension Liability	74.77%	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%

SCHEDULE OF CONTRIBUTIONS

As of Most Recent FYE (reporting date)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required DB contributions	$ 456,533	$ 384,121	$ 314,196	$ 252,806	$ 193,911	$ 195,013	$ 164,653	$ 161,536	$ 147,334	$ 142,393
Plan Choice Rate required contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,383
Contributions in relation to the contractually required contributions	$ 456,533	$ 384,121	$ 314,196	$ 252,806	$ 193,911	$ 195,013	$ 164,653	$ 161,536	$ 147,334	$ 151,776
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 5,033,441	$ 4,235,070	$ 3,502,746	$ 2,850,124	$ 2,188,135	$ 2,225,832	$ 1,914,421	$ 1,907,151	$ 1,760,010	$ 1,703,557
Contributions as a % of covered payroll	9.07%	9.07%	8.97%	8.87%	8.86%	8.76%	8.60%	8.47%	8.37%	8.91%

CHANGES IN BENEFIT TERMS

The following changes to the plan provision were made as identified:

2017 Legislative Changes:

Working Retiree Limitations – for PERS

Effective July 1, 2017, 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

I. Terminating members eligible to retire may, in lieu of receiving monthly retirement, refund their accumulated contributions in a lump sum.
II. Terminating members with accumulated contributions between $200 and $1,000 who wish to rollover their refund must do so within 90 days of terminating service.
III. 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 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 membered hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

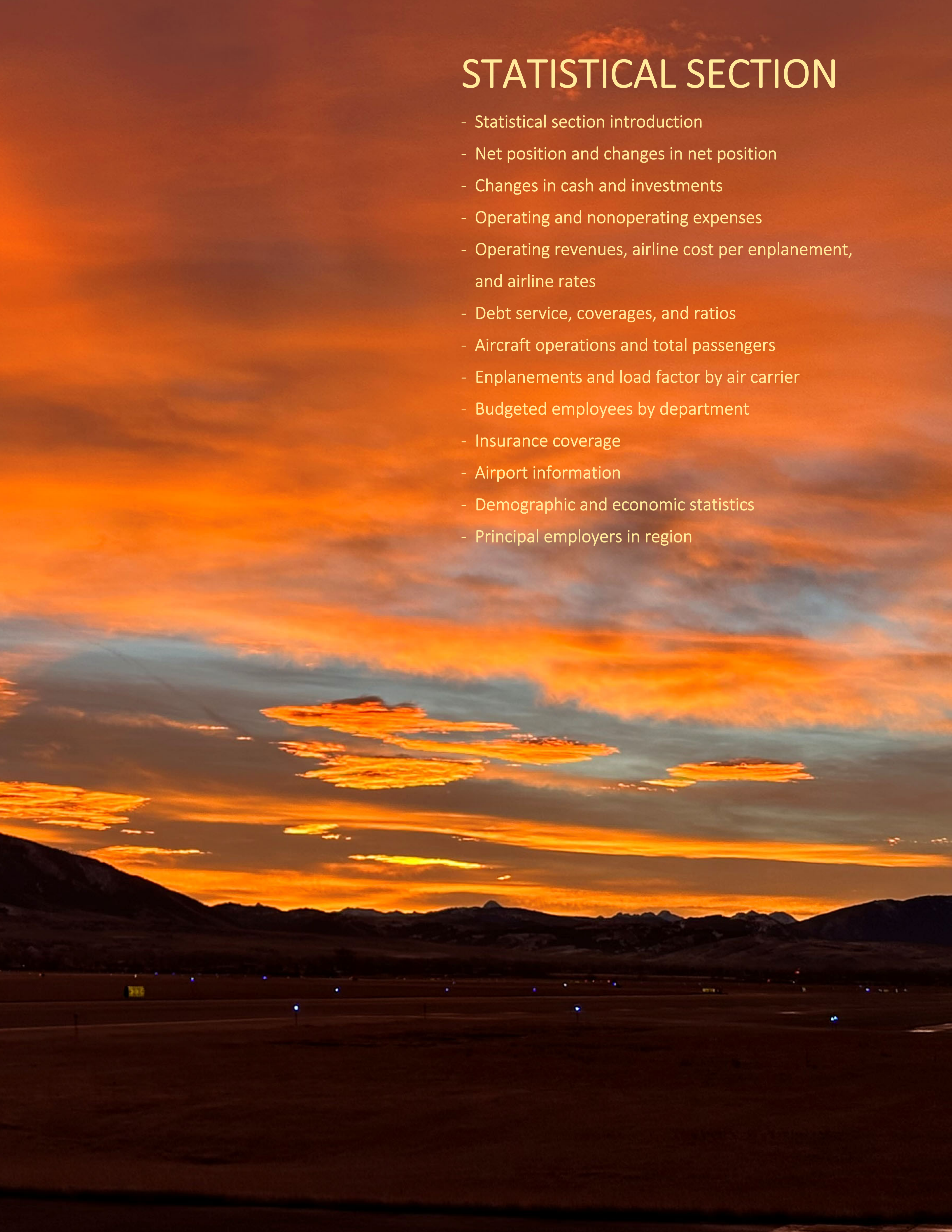
CHANGE IN ACTUARIAL ASSUMPTIONS AND METHODS

Method and assumptions used in calculations of actuarially determined contributions

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023 actuarial valuation:

General Wage Growth *	3.50%
Investment Rate of Return *	7.30%, net of pension plan investments and administrative expenses
* includes inflation at	2.75%
Merit salary increases	0% to 4.80%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Active Participants)	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees)	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
Mortality (Contingent Survivors)	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
Mortality (Healthy Retirees)	PUB-2010 General Amount Weighted Health Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021.



STATISTICAL SECTION

- Statistical section introduction
- Net position and changes in net position
- Changes in cash and investments
- Operating and nonoperating expenses
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Statistical Section Introduction

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

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Net Position and Changes in Net Position

Ten Years Ended June 30

	Dollars in 000's									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating revenues	$ 34,994	32,026	28,126	26,147	14,304	12,947	13,975	11,888	10,498	9,630
Operating expenses	16,483	13,619	11,913	9,461	7,620	7,120	6,622	6,120	5,186	4,639
Operating income, before depreciation	18,511	18,407	16,213	16,686	6,684	5,827	7,353	5,768	5,312	4,991
Less: depreciation	6,931	7,077	6,301	6,300	5,351	5,535	4,698	4,225	4,182	3,976
Operating income (loss)	11,580	11,330	9,912	10,386	1,333	292	2,655	1,543	1,130	1,015
Net nonoperating revenues (expenses)	5,061	9,338	8,608	4,259	4,960	4,028	4,586	3,973	2,839	2,409
Capital contributions	23,073	12,465	25,474	13,977	12,645	10,556	3,328	7,976	6,866	3,358
Change in net position	$ 39,714	33,133	43,994	28,622	18,938	14,876	10,569	13,492	10,835	6,782
Net investment in capital assets	$ 264,460	226,264	199,527	150,471	151,061	143,731	123,161	104,192	82,435	72,958
Restricted	1,728	2,077	3,271	2,840	2,183	2,555	9,308	7,217	5,847	4,672
Unrestricted	47,220	45,353	37,763	43,256	14,701	2,697	1,638	12,129	21,764	21,581
Total net position	$ 313,408	273,694	240,561	196,567	167,945	148,983	134,107	123,538	110,046	99,211

Source: Gallatin Airport Authority records

Dollars in 000's

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Cash from operating activities										
Receipts from customers	$ 34,871	31,411	27,519	26,214	11,734	13,980	13,834	11,646	10,849	8,794
Payments to suppliers	(5,846)	(4,663)	(4,698)	(3,900)	(2,170)	(2,665)	(2,447)	(2,360)	(1,909)	(1,771)
Payments to employees	(9,607)	(8,404)	(7,023)	(5,641)	(4,375)	(4,350)	(4,026)	(3,765)	(3,225)	(2,941)
	19,418	18,344	15,798	16,673	5,189	6,965	7,361	5,521	5,715	4,082
Cash from noncapital financing activities	(5,829)	-	-	(3,000)	-	21	(334)	17	7	(79)
Cash from capital and related financing activities										
Capital asset purchases	(42,836)	(31,940)	(41,431)	(11,319)	(15,572)	(24,331)	(25,718)	(23,508)	(11,756)	(4,702)
Grant receipts (payments)	17,021	18,625	18,125	17,844	10,273	8,364	5,884	7,055	5,401	3,362
Passenger fac. charge receipts	5,010	4,881	4,470	4,540	2,383	2,884	2,902	2,403	2,183	2,022
Customer fac. charge receipts	3,764	3,335	3,030	1,798	820	742	2,197	1,936	1,095	878
Debt principal payments	(5,153)	(2,447)	(2,365)	(2,285)	-	0	(585)	(565)	(550)	(535)
Debt interest payments	(88)	(241)	(325)	(407)	(427)	(492)	(555)	(574)	(592)	(608)
Other receipts (payments)	-	-	-	-	-	-	-	-	-	-
	(22,282)	(7,787)	(18,496)	10,171	(2,523)	(12,833)	(15,875)	(13,253)	(4,219)	417
Cash from investing activities										
Interest received	2,021	1,699	1,111	1,315	1,310	1,241	246	91	62	93
Change in cash and investments	(6,672)	12,256	(1,587)	25,159	3,976	(4,606)	(8,602)	(7,624)	1,565	4,513
Cash and investments, beginning of year	48,163	35,907	37,494	12,335	8,359	12,965	21,567	29,191	27,626	23,112
Cash and investments, end of year	$ 41,491	48,163	35,907	37,494	12,335	8,359	12,965	21,567	29,191	27,626

Source: Gallatin Airport Authority records

Operating and Nonoperating Expenses

Ten Years Ended June 30

		Dollars in 000's								
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Operating Expenses											
Personnel	$	10,671	8,886	7,600	5,732	4,941	4,411	3,871	3,712	3,237	2,941
Utilities		1,061	1,051	1,112	917	807	771	707	682	629	654
Supplies and materials		1,710	1,248	1,017	1,263	667	607	765	497	536	347
Outside services		2,438	1,950	1,762	1,219	881	863	932	936	509	437
Insurance		260	234	229	184	211	214	120	99	98	92
Other		343	249	193	146	113	254	227	194	178	168
Depreciation expense		6,931	7,077	6,301	6,300	5,351	5,535	4,699	4,225	4,182	3,976
		23,414	20,695	18,214	15,761	12,971	12,655	11,321	10,345	9,368	8,615
Nonoperating Expenses											
Interest Expense		88	241	325	407	427	492	555	574	592	608
Payments to other agencies		5,829	-	-	3,000	-	-	347	-	-	84
		5,917	241	325	3,407	427	492	902	574	592	692
Total expenses	$	29,331	20,936	18,539	19,168	13,398	13,147	12,223	10,919	9,960	9,307

Source: Gallatin Airport Authority records

	Revenues and Enplanements in 000's									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Airline Revenues										
Landing fees	$ 1,649	1,510	1,365	1,259	880	747	848	705	624	619
Terminal rentals	2,661	2,505	1,762	1,591	1,137	1,095	1,059	969	895	848
	4,310	4,015	3,127	2,850	2,017	1,842	1,907	1,674	1,519	1,467
Non-airline Revenues										
Rental car	11,433	10,318	9,142	9,873	5,135	3,972	4,293	3,685	3,218	2,743
Parking	9,909	8,892	8,496	6,749	2,438	2,860	3,675	3,150	2,753	2,590
Other terminal	4,247	3,927	3,302	3,158	1,647	1,914	1,998	1,655	1,465	1,384
General aviation	2,417	2,336	2,054	1,475	1,308	864	775	687	617	570
Air cargo	69	73	71	48	49	41	41	43	43	41
Other	2,609	2,465	1,934	1,994	1,710	1,454	1,286	994	883	834
Total operating revenues	$ 34,994	32,026	28,126	26,147	14,304	12,947	13,975	11,888	10,498	9,629
Scheduled enplanements	1,338	1,268	1,168	1,121	619	622	742	627	572	529
Airline cost per enplanement	$ 3.22	3.17	2.68	2.54	3.26	2.96	2.57	2.67	2.66	2.77
Airline Rates										
Landing fee (per 1,000 lbs.										
over 12,500 GLW)	$ 1.12	1.07	1.05	1.00	1.00	1.00	1.00	1.00	1.02	1.06
Terminal rents										
(per sq. ft. per year):										
Finished	$ 26.00	26.00	26.00	24.00	24.00	24.00	24.00	24.00	22.27	22.27
Unfinished	$ 15.00	15.00	15.00	12.97	12.97	12.97	12.97	12.97	12.97	12.97
Jetway rent (per use)	$ 0.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

Source: Gallatin Airport Authority records

Debt Service, Coverages, and Ratios

Ten Years Ended June 30

		Dollars and Enplanements in 000's									
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Outstanding debt											
2009 revenue bonds	$	-	-	-	-	-	-	12,250	12,835	13,400	13,950
Bank loan		-	5,153	7,600	9,965	12,250	12,250	-	-	-	-
Total outstanding debt		-	5,153	7,600	9,965	12,250	12,250	12,250	12,835	13,400	13,950
Enplaned passengers		1,341	1,270	1,170	1,124	619	625	744	629	574	531
Outstanding debt per enplaned passenger	$	0.00	4.06	6.50	8.87	19.79	19.60	16.47	20.41	23.34	26.27
Principal	$	5,153	2,447	2,365	2,285	-	-	585	565	550	535
Interest		88	241	325	407	427	492	555	574	592	608
Total debt service	$	5,241	2,688	2,690	2,692	427	492	1,140	1,139	1,142	1,143
Net revenues available for debt service	$	23,741	27,745	24,821	24,821	20,945	9,855	11,939	9,741	8,151	7,400
Debt service		5,241	2,688	2,690	2,692	427	492	1,140	1,139	1,142	1,143
Debt service coverage	$	4.53	10.32	9.23	9.22	49.05	20.03	10.47	8.55	7.14	6.47

Source: Gallatin Airport Authority records

Aircraft Operations and Total Passengers

Ten Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Aircraft Operations										
Air carrier	20,660	21,333	19,411	22,494	18,054	13,607	15,574	11,861	10,735	9,990
Air taxi	12,975	12,409	12,001	12,335	11,499	10,379	9,996	9,834	9,009	8,923
GA itinerant	45,382	49,381	46,334	44,224	46,495	36,691	35,633	30,298	31,108	30,456
Military	490	616	552	535	634	543	642	274	297	340
Total itinerant	79,507	83,739	78,298	79,588	76,682	61,220	61,845	52,267	51,149	49,709
GA local	37,797	41,715	40,471	34,284	39,770	34,765	34,560	26,052	25,794	30,920
Total aircraft operations	117,304	125,454	118,769	113,872	116,452	95,985	96,405	78,319	76,943	80,629
Total Passengers										
Enplanements	1,340,656	1,269,749	1,169,924	1,124,292	618,964	624,562	744,316	628,533	573,767	530,903
Deplanements	1,338,927	1,273,073	1,168,597	1,117,217	622,708	619,449	743,695	629,441	574,580	529,829
Total passengers	2,679,583	2,542,822	2,338,521	2,241,509	1,241,672	1,244,011	1,488,011	1,257,974	1,148,347	1,060,732
Growth	5.4%	8.7%	4.3%	80.5%	-0.2%	-16.4%	18.3%	9.5%	8.3%	6.3%

Source: Gallatin Airport Authority records

Enplanements and Load Factor by Air Carrier

Ten Years Ended June 30

	Enplanements in 000's									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Delta										
Enplanements	320	314	315	297	178	211	255	233	214	223
Load factor	84.0%	83.9%	86.0%	82.8%	52.9%	76.4%	83.1%	85.0%	85.9%	85.3%
United										
Enplanements	381	336	309	297	163	203	266	225	208	177
Load factor	83.1%	85.6%	83.3%	79.9%	64.0%	79.0%	78.7%	78.6%	82.6%	83.2%
Alaska										
Enplanements	156	143	119	113	82	82	91	86	89	82
Load factor	80.1%	75.0%	78.4%	71.4%	52.3%	74.5%	79.1%	86.4%	86.3%	84.7%
Frontier										
Enplanements	0	0	0	3	17	23	25	8	14	16
Load factor	0.0%	0.0%	0.0%	57.0%	65.7%	82.1%	86.2%	87.2%	83.9%	86.6%
Allegiant										
Enplanements	52	57	57	49	34	30	34	29	29	29
Load factor	81.8%	81.9%	82.3%	72.9%	56.1%	78.9%	82.9%	87.5%	88.2%	86.6%
American										
Enplanements	145	131	115	133	117	69	66	46	19	2
Load factor	87.2%	86.2%	90.5%	83.1%	68.5%	79.3%	81.5%	81.9%	81.2%	1
JetBlue										
Enplanements	22	17	16	22	8	4	5			
Load factor	77.8%	78.6%	71.9%	51.9%	34.5%	57.1%	0.71	-	-	-
Sun Country										
Enplanements	8	8	5	8	4.00	-	-	-	-	-
Load factor	92.5%	87.2%	80.6%	62.2%	52.7%	0.36	-	-	-	-
Southwest										
Enplanements	252	255	232	195	14.00	-	-	-	-	-
Load factor	82.8%	78.5%	76.9%	62.2%	0.48	-	-	-	-	-
Avelo										
Enplanements	2	7	0	4	2.00	-	-	-	-	-
Load factor	72.4%	63.8%	52.4%	51.3%	0.30	-	-	-	-	-
Market share	40.9%	40.9%	40.9%	40.9%	0.41	-	-	-	-	-
Total available seats	1,608	1,545	1,417	1,498	1,072	804	918	792	708	659
Total scheduled enplanements	1,338	1,268	1,168	1,121	619	622	742	627	572	529
Average load factor	83.4%	82.2%	82.4%	74.8%	57.7%	77.4%	80.8%	79.2%	80.8%	80.3%
Charter										
Enplanements	3	2	2	3	-	3	2	2	2	1
Total enplanements	1,341	1,270	1,170	1,124	619	625	744	629	574	530

Source: Gallatin Airport Authority records

	Number of Employees				
Year	Maintenance & Airside Operations	Landside Operations	Public Safety & Security	Administration *	Total
2025	36	18	13	16	83
2024	36	14	11	14	75
2023	34	14	11	12	71
2022	28	14	10	9	61
2021	21	11	9	8	49
2020	18	10	9	8	45
2019	18	10	8	7	43
2018	17	9	8	5	39
2017	15	8	7	5	35
2016	12	8	7	5	32

* Administration includes Executives, Finance & Administration, HR & Training, and IT & Cybersecurity.

Source: Gallatin Airport Authority's operating budget records

Insurance Coverage

As of June 30, 2025

Policy Type	Insurer	Coverage	Expiration
Buildings	Cincinnati Insurance	$ 132,269,115	8/10/2025
Business Personal Property	Cincinnati Insurance	$ 1,580,002	8/10/2025
Automobile	Cincinnati Insurance	$ 1,000,000	8/10/2025
General Liability	Ace Property and Casualty	$ 100,000,000	8/10/2025
Mobile Equipment	Cincinnati Insurance	$ 1,879,899	8/10/2025
Employee Theft	Cincinnati Insurance	$ 50,000	8/10/2025
Employment Practices	Cincinnati Insurance	$ 1,000,000	8/10/2025
Directors & Officers	Cincinnati Insurance	$ 1,000,000	8/10/2025
Aviation	Ace Property and Casualty	$ 100,000,000	8/10/2025
Law Enforcement	Allied World	$ 1,000,000	8/10/2025

Source: Gallatin Airport Authority records

Location:	9 miles northwest of Bozeman, MT		
Area:	Fee title	1,969	acres
	Easement controlled	1,334	acres
	State lease	93	acres
	Total	3,396	acres
Airport code:	BZN		
Elevation:	4,475'		
Runways:	12/30	Paved	8,994' x 150'
	03/21	Paved	2,650' x 75'
	11/29	Turf	3,197' x 80'
	11/29	Paved	5,050' x 75'
Terminal:	300,000 sq. ft.		
Parking spaces:	Pay parking economy	1,648	
	Pay parking premium	1,868	
	Pay parking garage	91	
	One-hour	172	
	Rental car ready/returns	1,000	
	Rental car storage	1,315	
	Employee parking	328	
	Total	6,422	
Apron areas:	Terminal	1,315,030	sq. ft.
	Old terminal	71,210	sq. ft.
	General aviation	644,630	sq. ft.
	Tie-down	211,490	sq. ft.
	East ramp	883,840	sq. ft.
	Total	3,126,200	sq. ft.
Based aircraft:	Sailplane	9	
	Single engine (piston)	238	
	Twin engine (piston)	10	
	Single engine (turboprop)	26	
	Twin engine (turboprop)	23	
	Single engine (jet)	4	
	Multi engine (jet)	55	
	Helicopter	12	
	Total	377	
Hangars:	222		

Airport Employees:	Airport Authority	83
	Airlines / Ground Handling	349
	Rental Car / Ground Trans / Parking	360
	Retail / Food & Bev Concessions	174
	Federal Govt / Tower / Screening	120
	Fixed Based Operators	97
	Flight School	60
	Air Ambulance	72
	Air Cargo	60
	Rotorcraft Operation	14
	Aerial Firefighting	179
	Aviation Business	13
	Engineering / Architecture Support	31
	Total	1,612
Fixed based operators:	Jet Aviation	
	Yellowstone Jetcenter	
	Million Air	
International:	U.S. Customs User Fee Facility	

Source: Gallatin Airport Authority records

GALLATIN COUNTY

Year	Population	Per Capita Personal Income	Personal Income (in 000's)	Unemployment Rate
2025	unavailable	unavailable	unavailable	2.5%
2024	129,265	unavailable	unavailable	2.5%
2023	127,795	87,254	11,150,625	2.0%
2022	124,857	80,909	10,102,055	2.0%
2021	122,713	70,276	8,623,779	2.0%
2020	118,960	63,432	7,545,871	6.9%
2019	114,434	58,195	6,659,487	2.2%
2018	111,876	53,536	5,989,394	2.5%
2017	107,810	51,410	5,542,512	2.6%
2016	104,502	49,764	5,200,438	2.7%

MONTANA

Year	Population	Per Capita Personal Income	Personal Income (in 000's)	Unemployment Rate
2025	unavailable	unavailable	unavailable	2.8%
2024	1,137,233	unavailable	unavailable	3.0%
2023	1,132,812	63,918	72,407,077	2.7%
2022	1,122,867	60,984	68,476,921	2.4%
2021	1,104,271	56,848	62,775,598	2.6%
2020	1,084,225	54,106	58,663,078	7.6%
2019	1,068,778	50,099	53,544,709	3.5%
2018	1,062,305	47,197	50,137,609	3.7%
2017	1,050,493	45,112	47,389,840	3.9%
2016	1,042,646	43,826	45,695,004	4.2%

Sources:

Census Bureau

Bureau of Economic Analysis

Current Year *		2016	
Private Employers By Class	**Number of Employees**	**Private Employers By Class**	**Number of Employees**
Bozeman Health	1,000 +	Bozeman Health	1,000 +
Oracle	250 to 499	Oracle	250 to 499
Kenyon Noble	250 to 499	Wal Mart	250 to 499
Town Pump	250 to 499	Albertson's	100 to 249
Wal Mart	250 to 499	Bridger Bowl	100 to 249
Albertson's	100 to 249	Community Food Co-Op	100 to 249
Bridger Bowl	100 to 249	Costco	100 to 249
Community Food Co-Op	100 to 249	Federal Premium Ammunition	100 to 249
Costco	100 to 249	First Student	100 to 249
First Student	100 to 249	Kenyon Noble	100 to 249
Glacier Bancorp	100 to 249	Korman Marketing Group	100 to 249
McDonalds	100 to 249	Martel Construction	100 to 249
Murdoch's Ranch & Home Supply	100 to 249	McDonalds	100 to 249
Ressler Motors	100 to 249	Murdoch's Ranch & Home Supply	100 to 249
Rosauers Food & Drug	100 to 249	Ressler Motors	100 to 249
Target	100 to 249	Rosauers Food & Drug	100 to 249
Town & Country Foods	100 to 249	Simkin Hallin Lumber	100 to 249
UPS	100 to 249	Town & Country Foods	100 to 249
Williams Plumbing & Heating	100 to 249	Town Pump	100 to 249
Zoot Enterprises	100 to 249	Zoot Enterprises	100 to 249

Public Employers By Class	**Number of Employees**	**Public Employers By Class**	**Number of Employees**
Montana State University	1,000 +	Montana State University	1,000 +
Bozeman School District	500 to 999	Bozeman School District	1,000 +
Belgrade School District	500 to 999	Belgrade School District	500 to 999
Gallatin County	500 to 999	Gallatin County	250 to 499
City of Bozeman	250 to 499	City of Bozeman	250 to 499

* 2024 information is presented for current year and is the most recent available

Region is defined as Gallatin County

Source: Montana Department of Labor & Industry

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COMPLIANCE SECTION

- Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards
- Independent auditor’s report on compliance for each major program and on internal control over compliance required by the Uniform Guidance
- Schedule of expenditures of federal awards
- Schedule of findings and questioned costs
- Independent auditor's report on compliance with requirements that could have a direct and material effect on the passenger facility charge program and on internal control over compliance applicable to the passenger facility charge program
- Schedule of passenger facility charge collections, interest and disbursements

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as listed in the table of contents, of Gallatin Airport Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rudd & Company, PLLC

Bozeman, Montana
December 19, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR POGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Gallatin Airport Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2025. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rudd & Company, PLLC

Bozeman, Montana
December 19, 2025

Federal Source / Program	Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Aviation Administration - Airport Improvement Program (AIP)		
Project No. 3-30-0010-56	20.106	104,202
Project No. 3-30-0010-65	20.106	1,263,130
Project No. 3-30-0010-67	20.106	428,796
Project No. 3-30-0010-68	20.106	511,458
Project No. 3-30-0010-69	20.106	1,630,985
Project No. 3-30-0010-70	20.106	2,473,724
Project No. 3-30-0010-72	20.106	3,322,427
Project No. 3-30-0010-73	20.106	1,266,730
Project No. 3-30-0010-74	20.106	3,546,359
Project No. 3-30-0010-75	20.106	7,262,855
Project No. 3-30-0010-76	20.106	675,000
Total U.S. Dept. of Transportation		$ 22,485,666
U.S. DEPARTMENT OF HOMELAND SECURITY		
Transportation Security Administration - Electronic Baggage Screening Program		
OTA No. 70T04022T7672N003	97.U01	587,636
Total Transportation Security Administration		$ 587,636
Total expenditures of federal awards		$ 23,073,302

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Summary of Significant Accounting Policies

This schedule was prepared on the same basis of accounting as the financial statements (see Note 1). For this schedule, Airport Improvement Program (AIP) funds are considered expended when eligible for reimbursement by the Federal Aviation Administration. Eligibility includes having an AIP grant agreement in place specific to the costs incurred, reaching certain project milestones, and other criteria. Federal expenditures reported above that were incurred in fiscal year 2025 totaled $15,354,775.

The schedule of expenditures of federal awards for the year ended June 30, 2025 has been subjected to the applicable compliance testing requirements prescribed by the Uniform Guidance. The Authority has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of audit report issued:	Unmodified
Internal control over financial reporting:	
▪ Material weaknesses disclosed?	No
▪ Significant deficiencies identified not considered to be material weaknesses?	None reported
▪ Material noncompliance disclosed?	No

Federal Awards

Type of auditor's report on compliance for the major federal program:	Unmodified
Internal control over the major program:	
▪ Material weaknesses disclosed?	No
▪ Significant deficiencies identified not considered to be material weaknesses?	None reported
Audit findings that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major program:	20.106 Airport Improvement Program (AIP)
Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualifies as a low-risk auditee?	No

II. FINANCIAL STATEMENT FINDINGS

None reported

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM

To the Board of Commissioners
Gallatin Airport Authority
Belgrade, Montana

Report on Compliance for the Passenger Facility Charge Program

Opinion
We have audited Gallatin Airport Authority's (the Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide) that could have a direct and material effect on its passenger facility charge (PFC) program for the year ended June 30, 2025.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2025.

Basis for Opinion
We conducted our audit of compliance in accordance with auditing standards generally accepted in the the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Audit Standards*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Auidt of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that that the audit evidence we have obtained is sufficient to provide a basis for our opinion on compliance for the PFC program. Our audit does not provide a legal determination on the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the laws, statutes, regulations, and rules applicable to passenger facility charges program.

Auditors' Responsibility for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the *Passenger Facility Charge Audit Guide for Public Agencies* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of passenger facility charge program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Passenger Facility Charge Audit Guide for Public Agencies*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the PFC program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the PFC program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the PFC program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the PFC program. Accordingly, this report is not suitable for any other purpose.

Rudd & Company, PLLC

Bozeman, Montana
December 19, 2025

Schedule of Passenger Facility Charge Collections, Interest and Disbursements

Year Ended June 30, 2025

	Total June 30, 2024	FY 2025 Activity 1st qtr	2nd qtr	3rd qtr	4th qtr	Total June 30, 2025
Collections	$ 48,087,130	1,331,197	1,082,531	1,215,777	1,380,367	$ 53,097,002
Interest	416,707	4,612	5,461	1,125	342	428,247
Disbursements	(47,010,146)	-	(1,594,556)	(3,500,000)	(1,386,956)	(53,491,658)
Cash balance	$ 1,493,691	$ 1,335,809	$ (506,564)	$ (2,283,098)	$ (6,247)	$ 33,591

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AIRLINES

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OTHERS

General aviation	Summit Aviation	Life Flight
Bridger Aerospace	Ridgeline Aviation	Federal Aviation Administration
Billings Clinic	Central Copters	Transportation Security Administration

A special thanks to Rex Connell for providing many of the photos in this report.

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