

FINANCIAL AUDIT

University of Montana

For the Fiscal Year Ended June 30, 2014

JANUARY 2015

13-10B

REPORT SUMMARY

The University of Montana is comprised of University of Montana–Missoula, Montana Tech of the University of Montana, University of Montana–Western, and Helena College University of Montana. Enrollment of full-time equivalent students continued to decline in fiscal year 2014 to 17,139 from 17,877 in fiscal year 2013, resulting in a corresponding decrease in tuition and fees revenue of \$2.8 million.

Context

We perform an annual financial statement audit of the University of Montana (university) to provide an independent assessment of whether the university's financial statements reliably represent the financial position of the university as of June 30, 2014, as well as the results of operations and cash flows for the year then ended.

The financial statements in this report also contain information regarding the financial activity of the university-related foundations supporting the Missoula, Montana Tech, and Western campuses. These foundations had a combined net position of \$242.7 million at June 30, 2014, comparable to the university's net position of \$278.9 million.

During fiscal year 2014, the university incurred a \$1.2 million decline in net position. The fall in net position reflects the continued decrease in the number of full-time equivalent students.

The university issued \$7.9 million of revenue bonds in December 2013 to fund construction projects at the Butte and Missoula campuses. Repayments of previously issued bonds limited the increase in revenue bond debt to \$700,000.

In performing this audit, we documented our understanding of controls related to material balances and activities. We tested controls to the extent appropriate to reduce risk of not detecting misstatements. Test procedures covered certain controls within the university's automated accounting system and compliance with laws and regulations where noncompliance could cause risk of material misstatement of the presented financial information.

Audit procedures detected an error in the method used to estimate Other Post Employment Benefits (OPEB), the liability for medical expenses of retirees. As a result, the university restated the OPEB liability as of June 30, 2013, which decreased by \$7.8 million from the amount previously reported.

Results

We issued an unmodified opinion on the university's consolidated financial statements and the combined financial statements of the university's component units.

Readers of this report can rely on financial information included in our report as a basis for financial decisions. The audit report does not contain any findings or recommendations.

For a complete copy of the report (13-10B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>

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