

FINANCIAL AUDIT

University of Montana

For the Fiscal Year Ended June 30, 2015

JANUARY 2016

15-10A

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. Student enrollment has continued to decline in fiscal year 2015 to 16,717 from 17,139 in fiscal year 2014.

Context

We performed 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, 2015, as well as the results of operations and cash flows for the year then ended.

The statements include financial information from four fundraising organizations which are the University of Montana Foundation, the Montana Tech Foundation, the University of Montana–Western Foundation, and the Montana Grizzly Scholarship Association. These foundations had combined net assets of \$261.5 million at June 30, 2015, comparable to the university's net position of \$209.1 million.

During fiscal year 2015, the university incurred a \$69.8 million decline in net position. The decline in enrollment contributed to the decline in net position but did not have a significant impact on the tuition and fees revenue. The decrease is mainly related to the effect of the implementation of a new governmental accounting standard. Governmental Accounting Standards Board (GASB)

Statement No. 68 requires the university to recognize its portion of the defined benefit pension liability and expense and the related deferred outflows and inflows.

In performing this audit, we obtained an understanding of the university's controls over the significant activity and balances. We focused our audit efforts on activity related to tuition and fees, grants and contracts, compensation and benefits, student financial aid, as well as other account balances and transaction cycles.

A separate biennial audit is also conducted to determine compliance with selected state and federal laws and regulations. We issued this compliance audit (15-12) for the two fiscal years ended June 30, 2015, under separate cover in October 2015.

Results

We issued unmodified opinions on the university's financial statements.

The audit report does not contain any findings or recommendations.

For a complete copy of the report (15-10A) 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

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