

MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT University of Montana For the Two Fiscal Years Ended June 30, 2017

FEBRUARY 2018

17-10A

REPORT SUMMARY

Student enrollment has continued to decline, from a full-time equivalent of 15,887 in fiscal year 2016 to 15,185 in fiscal year 2017. Most of the decline was at the Missoula campus and led to a budget shortfall. In response, the University of Montana's Missoula campus offered voluntary termination and severance plans in an effort to reduce the percentage of its budget spent on personnel costs. A total of 98 employees accepted the offers in fiscal years 2017 and 2018. Additional information on terms and costs are discussed in Note 24 to the financial statements.

Context

The University of Montana (university) is comprised of University of Montana-Missoula, Montana Tech of the University of Montana, University of Montana-Western, and Helena College University of Montana. The statements include financial information from four fund-raising 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 \$320.6 million at June 30, 2017, comparable to the university's net position of \$244.7 million.

We performed an annual financial statement audit of the university to provide an independent assessment on whether the university's financial statements reliably represent the financial position of the university as of June 30, 2017, and 2016, as well as the results of operations and cash flows for the years then ended.

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

Results

We issued unmodified opinions on the university's financial statements. The audit report does not contain any recommendations to the university. The prior audit report did not contain any recommendations. This means you can rely on the statements and notes contained in this report.

For a complete copy of the report (17-10A) 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 <http://leg.mt.gov/audit>

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