

2

0

0

9

# Innovation

Missoula

Helena College of Technology

Montana Tech

Western

Annual Financial Report

The University of Montana



# introduction

The University of Montana is committed to the acknowledgment that, no matter our new buildings built, our resources enhanced, or even money spent, it is the people—the students, faculty, and administrators alike—who make not just a difference but, in fact, an education. It is the innovation that only *people* can provide, whether through insightful and compassionate administrative footwork, or in giving students the kinds of experiences that illuminate not only their majors but also their world, or by offering mentorship and help that is not only caring but also effective.

At each of our four campuses—from Missoula to Montana Tech, in Butte, and from the Helena College of Technology to UM-Western, in Dillon—innovative people are hard at work, and their aim is to give students more than a reason to go to college—to give them an education that can last their whole lifetime, and, in doing so, benefit our communities, our state, nation, and beyond.

Innovation requires a way of thinking that does not just dwell in one mode, or get mired in an inexplicable root—it is a thinking that makes leaps, adjusts, and leaps again. It is a thinking that does not sink into the mud of details but rather uses those details in a new dance—one that might allow, in our case, for more students to benefit from our system, and, as we see it, for the world to benefit from our students.

int



# table of contents

Introduction .....	2
Innovation.....	4-13
Second Chance & Partnering for Student Success.....	4-5
Access to Success .....	6-7
Restoring Habitat for the Arctic Grayling .....	8-9
Native Plant Diversity Nursery Project .....	10-11
Rural News Network .....	12-13
Joint Message from the President and Vice President of Administration and Finance.....	14
Independent Auditor's Report.....	15
Summary Financial Statements and Notes .....	16-21
Board of Regents and Administration.....	23

Compiled by: The Office of Business Services

Lommasson Center

32 Campus Drive

The University of Montana

Missoula, MT 59812

406.243.6260

The audited financial statements and related notes can be viewed online at

**[www.umt.edu/bussrvcs/employees/reports.aspx](http://www.umt.edu/bussrvcs/employees/reports.aspx)**

Contributing Writer – Caren Beilin

Conceptual Design – Debbie Erbacher – Business Services

Graphic Design - Shauna Murphy – UM Printing & Graphics Services

Photos – Todd Goodrich, Caren Beilin, Elliot Jenko, Mike Cronin,

Amanda Badovinac, Montana Western, Keith Graham



# innovat

## Second Chance and Partnering for Student Success

**M**elody Paulson can meet in front of the Music Building at 10:30 a.m., but first, she says, "I have to drop off my books at my car and get my next set of books."

Melody is busier than most students. She's taking 23 credits this semester, maintains a 4.0 GPA, and spends her time shuttling between buildings on the University of Montana's Missoula campus, learning to play an instrument and taking math exams. This spring, she'll start her teaching practicum, which will hopefully lead to full employment at Hellgate Elementary, where she's worked as a teaching assistant for special needs children.

"I can see myself working in a classroom for the rest of my life," Melody says. And it is because she can see this so clearly that, approaching 30, she is back in school and ready to finish. "There's no way you're going to have the kind of job you want and the kind of happiness you want unless you finish school. It's become a personal thing," she says, keeping her eye on the time. "I had to do this."

Melody, who has been in and out of higher education for the past decade, is enrolled in The Second Chance Program, an opportunity that allows students who were once in school to come back — if they maintain high grades, and graduate, their previous debt is forgiven.

Mark Pullium, director of Business Services, had been trying to figure out what kept students from returning. It seemed that once they were gone, they were gone. "I saw it as an access barrier," he says. "People who were otherwise bright and had the academic capabilities just didn't have the economic wherewithal to come back to school."

Students who'd been receiving financial aid owed thousands of dollars. Federal aid works in such a way that if you do not pass your classes, you owe the money yourself — and some students need help, mentors, and administrators who can guide them through the process.

"Those students come from families that are disadvantaged," Pullium points out. "They don't have a silver spoon in their mouth."

The Second Chance Program gives students the opportunity, sans spoon, to become, as Pullium muses, "You never know, maybe a Nobel Prize winner."

But this program is not just about money.

"The best part about the Second Chance Program," Melody says emphatically, "is that I always have somebody I can go to. There's always somebody in my corner."

That is where Bill Jackson comes in. Students enrolled in Second Chance must maintain a mentorship relationship with Jackson, which Pullium notes would make a great model for the rest of campus, too.

Jackson remembers the day when one of his students visited his cubicle in the Lommasson Center. "She came and knocked on my wall and just smiled. Didn't say anything, just smiled. It really was something that made me know that the program is working."

Jackson, who has met Melody in front of the Music Building, seems fluent in her extensive roster of classes as they catch up on exams taken and the ongoing preparations to begin student teaching. "We found out that a lot of students just simply don't ask. We are here for this purpose, to obtain all these vast things for you, but you need to ask a question. They'd never done that before. It's just remarkable how much help you can give someone when they do ask," he says. "I take this program to heart. These kids are very important to me. You get your little group going."

Pullium would agree. While he takes some time to articulate the importance of providing Montana residents with a genuine chance to obtain a degree, that this will benefit society, the community, and the nation, what it comes down to in the end is, with an emphasis on the obvious, pretty plainly put: "Just show you care, I guess."



# the university of montana

The administrative team behind a new program, Partnering for Student Success, still believe what they've always believed — higher education is essential for the same reason it always has been: *it works.*

Provost Royce Engstrom states, "I can't think of anything else that creates opportunities like higher education."

Vice President for Student Affairs Teresa Branch, who co-chairs the Retention Plan Implementation and Assessment Committee along with Provost Engstrom, believes it is a vital part of lifelong fulfillment. "Education can be the pathway to a degree and ultimately to a satisfying and rewarding career," she says.

"I wouldn't be where I am today without it," affirms Arlene Walker-Andrews, Associate Provost for Undergraduate Education and Policy, one of seven children in her family who went straight to college and without reservation states. Simple as that.

These are the beliefs that shape Partnering for Student Success, the focus of a multi layered program is as simple as administrators' belief in higher education—it is there to help students. "The old model of a student sinking or swimming, that is no longer what we can do," Engstrom says, adding with an impassioned flourish, "If we do, we're holding back as a society."

Partnering for Student Success has been three years in the making, and is now, in its first year of implementation, already seeing positive results. "Retention rates," Engstrom reports, "are rising in this first year as a response to the intense conversation we've started."

"The goal," explains Teresa Branch, "is to get to 80 percent in approximately four to five years. We also are working on improving the six-year graduation rate from 43 percent to 57 percent which would put us in the top quartile of peer universities, also within four to five years."

The initiative lists several concrete actions the University can take to improve those rates, ranging from the preparation of K-12 students to training for faculty and staff. For example, over the course of 10 weeks last spring, 1,100 students visited the UC Commons to participate in STUDY JAMS, weekly tutoring sessions where students struggling or interested in group thinking can sit around cozy tables with tutors, discussing classes, homework, equations, exams, or anything else that helps. Events like these, which explicitly reach out to students, are now coordinated by the Office for Student Success.

The Office for Student Success, under the direction of Sharon O'Hare will oversee programs targeted at first-year students, such as the First-Year Interest Groups, or FIGs. By joining a FIG, groups of 20 or so students travel from class to class with peers who have



similar passions. FIGs ideally help each participant find a smaller community within the larger UM environment. It is this kind of tangible assistance that Partnering for Student Success is all about — providing students with a variety of opportunities to approach school and with more resources.

Considering the larger implications of helping students pursue an education, "It's about what it does for a society as a whole," Engstrom says. "Education creates scientific and cultural and economic progress for the local community, Missoula, for the state, the nation, and the world. We need to raise students' awareness of the global issues that we face as a society."

"We need a new work force, and new solutions, for the problems we face," Walker-Andrews agrees.

By encouraging communication between administrators, faculty, staff and students, and by taking an in-depth look at what students need — advising, tutoring, understanding, and more — this program is on its way toward achieving its ambitious goals.



The University of  
**Montana**



# Access To Success

Kristin Grue doesn't teach a typical high school physical education class, and maybe it's because she doesn't teach in a high school, or to typical students. Grue is a teacher for UM-Helena's Access to Success program, which aspires to bring high school dropouts back into the fold, by bringing them to college.

"We hiked up Mount Helena," Grue remembers. "I was surprised. They all brought packed lunches. We got to the top and they didn't want to leave. We had a picnic."

The metaphor is apt. Access to Success is just that — a getting to the top and not wanting to leave, to, in fact, keep going.

Kevin Brockbank of UM-Helena, who co-founded the program with David Strong, the Career, Technical & Adult Education coordinator for Helena Public Schools, hopes that Access to Success allows students to not only get their diploma, but to graduate from college. "We provide a seamless transition for students, so they are comfortable, prepared. We get them on campus, in a different environment, surrounded by college students, faculty, the library," he says.

Students, who range in age from 16 to 21, can begin to take college classes while earning their high school diploma. Brockbank emphasizes that you cannot tell the difference between an Access student and a UM-Helena student. "They have to feel like a part of UM-Helena, and not part of the system that didn't work for them," he says of the students, whose numbers have leapt to 55 from 20 since the program started in 2007.

Two years ago, Strong and Brockbank began to look at some distressing numbers. There were over 4,000 people in the Helena

community who were 18 or older and did not have their diploma. "When people think of a high school dropout, it's that they couldn't cut it," Strong says. "But many of these students are in the gifted and talented range. And we need to re-engage them in a different environment, and in a different way."

"For us, it's part of our mission," Brockbank cuts in — the two men speak in a kind of calm, intertwined tandem, having worked together closely, and, clearly, on something they are both passionate about — "to provide those services to people in our community and that dropout portion is a part of that. It's work force development. If we have 5,000 or more people in our community who don't have their diploma, that's not a very educated work force. It is the essence of what we do."

While some students concentrate first on their diploma and then transition to college level courses, if they are ready for the college classes, they take them, too, and so begin their higher education in advance, and this allows a kind of active and real engagement with their future. In a sense, high school becomes activated by college. "High school is not enough anymore," Strong points out. "We are preparing all students for life. And we mean all students. They're going to be out there. So if we can't serve them through the traditional system, what is another way?"

Josh Faure, 18, a student of Grue's, plans to earn his diploma and then a practical nursing degree at UM-Helena, and become a registered nurse. He is already taking a college level writing course alongside his high school studies, such as Grue's Strategies for Success class — a requirement of all Access students — and

helena college of technology



physical education, too, which, if not spent hiking up a mountain, involves Pilates in the basement.

"They're getting you ready for college, but you're already in college," Faure explains about his experience so far.

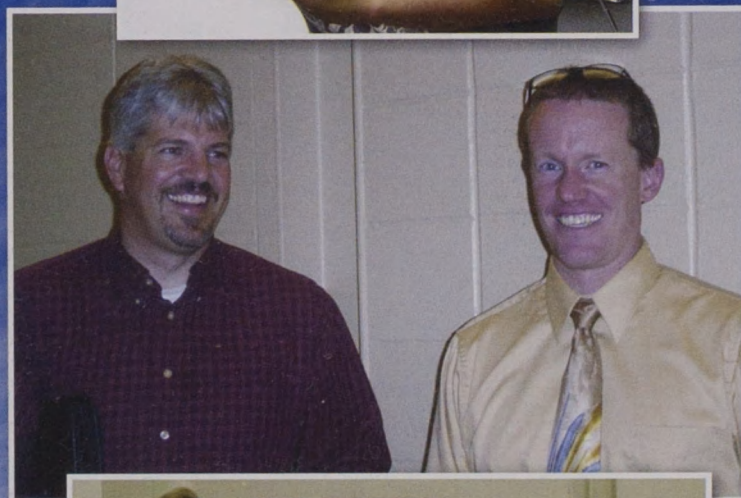
At 16, he had dropped out of his sports-oriented high school, and, in search of a better form of fulfillment, tried an alternative school and then night classes. But Access to Success gives him a relationship with teachers he'd been craving — "They make it important to interact with you," he says.

Now, as Josh earns his diploma, and works toward his degree, he works as a cook, lives away from home, pays rent, and bills. It is incredibly apt that, as he puts it, "They don't treat you like a child."

It's time for students, and Grue, to transition from Strategies for Success to physical education, from learning, in today's particular lesson, about how the brain works, to working with the body, and they need to get down to the locker room to change — to say nothing about how they are already changing or climbing.



**The University of Montana - Helena**  
COLLEGE OF TECHNOLOGY





um western

## Restoring Habitat for the Arctic Grayling

Instead of sitting in a classroom listening to a geology lecture, Professor Rob Thomas' students are standing in the kind of heavy rubber boots that must get hooked into your belt, in the hay-like grass that grows up to the banks of the Big Hole River in Dillon, Mont. But this kind of boot is not meant to limit a person to the grass.

"OK, let's go over there," Professor Thomas says, throwing out a swooping welcoming gesture from where he stands knee deep in the water.

With help from Jeff Everett, of Montana Fish, Wildlife & Parks, Thomas has been explaining the difference between a pool and a glide. "A glide," he says, "is what comes out of a pool, where the water rises. But a glide is something you can feel better than see." And so, his students are now wading into the water, setting down their surveying equipment to take a moment and feel what could never be felt in a classroom — but then, they really must get back to work.

Their work is serious. "We need boots on the ground, and this is boots on the ground," says Everett, who has in his own survey work for Fish and Wildlife been on a mission to affect change in the Big Hole so that the grayling, a fish whose numbers may be as small as 2,000 total, have the habitat they need for survival. "Because these guys are doing real fieldwork, and at the depth that they're doing it, it's more than what I usually do, so I get a lot of information," he says. He wears a straw cowboy hat to keep off the sun, and the students often circle around him, gaining tips and insights about their potential futures.

Today is day one, and the students — juniors and seniors who have waited with anticipation to enroll in Thomas' "legacy" class — are marking off cross sections of the river, establishing the groundwork that will allow them to study how it might change, and hopefully benefit from current restoration efforts. The restoration, which involves agreements with private landowners concerning fencing that can protect the banks from grazing cattle, has not yet arrived to

this tributary, so all survey work will be a depiction of the problem before it is lessened, if Everett has his way.

The work is hard. The sun is hot, and the boots on the ground are heavy ones. There's equipment to carry, and a lot of information to retain. Everyone seems focused — their intimidation struck into purpose. Also, their professor isn't holding any hands.

"Follow Dillon's lead on this," Thomas says at the first bend. Dillon, a senior environmental studies major, begins to set up a tripod, which he will use to "plot the stream."

"You guys will all be experts on this in a few days," Thomas assures, and then leaves, off to the next cross section.

In 1993, Thomas had a cozy position as a geology professor at Vassar College — and, in 1993, the University of Montana Western was struggling to survive as a teachers' college, offering two types of degree to a decreasing number of students. "I, among many others, just saw great opportunity," Thomas remembers of his decision to come to Montana Western.

Now, if Montana Western is struggling, it is struggling to accommodate its 94 percent retention rate and an historical enrollment, which Thomas describes proudly (and accurately) as "bursting at the seams." The college now not only offers a full breadth of liberal arts and science majors, but offers them with a stunning innovation called block scheduling, an idea 12 years in the making.

Block scheduling allows students to take one class at a time, spending one intensive month with one professor, and that professor spends that month, in many cases out in the field, solely with them. This kind of concentration of purpose allows students to fully engage with each class. Other benefits are not lost on the students. "This is his only class," Helen Sladek, a senior environmental studies major, says, "So it's a lot of one-on-one time." Sladek, who hopes to work with the Department of Fish and Wildlife but is also considering grad school, has opted for a full suit today — green rubber overalls — and



# tion

often takes out a notebook to write down information in between hammering in cross section poles and measuring out paces by the bank. "It's a small school so you can kind of shine a little bit more," she says.

This winter, she will be accompanying Thomas as he accepts the prestigious Council for Advancement and Support of Education and The Carnegie Foundation for the Advancement of Teaching outstanding Baccalaureate Colleges Professor of the Year award for undergraduate teaching. He is the first Montana professor to do so.

Thomas is mostly excited to accept this award so that he may spread the word about block scheduling, which has worked well in Dillon, but, for now, at the Big Hole, he finds it important to spread the word — or rather, the work — about grayling.

"The fish have a chance," he says. "We are getting more water in those streams, and the morphology of those streams are improving. We are assessing those changes. And once we figure out what's working, these guys adjust."

As far as he sees it, a student learns by doing. "This is more about *what can you do* than it is *are you good at memorizing and regurgitating information*. From minute one you are engaged and noticed and working on actually doing research."

But, if his students are learning by doing, they're also benefitting greatly in other ways. Montana Western students have been exempt from mandatory field camps as they pursue graduate work because of the volume of practical and rigorous work they've engaged in as undergrads. Oftentimes, students have been accepted into graduate programs based solely on the evidence of this work on the river — a 150-page report the students create later in the lab and each receive a copy of. In one case, a student went from Thomas' undergraduate survey class to a position as the environmental manager of the Diablo Trust, a sustainable land management organization in northern Arizona. Other students have gained, with report in hand, employment as the park superintendent at Makoshika State Park in eastern Montana (the largest state park in Montana), as the Great Plains regional geologist for the Bureau of Reclamation, and have gained admission and full scholarship to some of the top graduate programs in the country.

"They're getting a chance to see how to actually make progress."

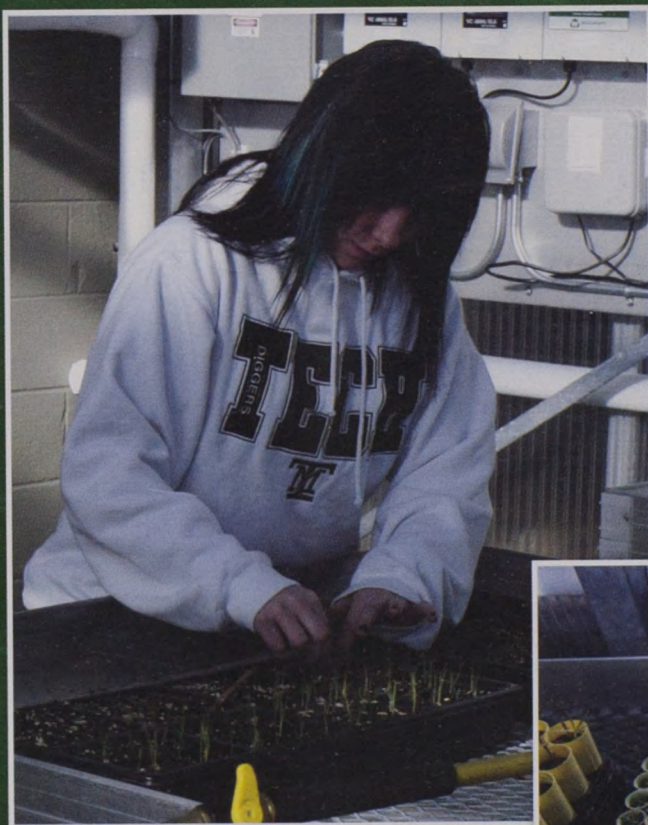


Thomas says of his students. "The grayling are suffering on the upper Big Hole for a variety of reasons, some of which have to do with private land management practices. The students, being out there in this environment, that's impossible to quantify."

The last cross section the class decides on is a particularly wide pool. It's not good for a pool to be so wide, and it speaks to the need for change in how the stream flows if the grayling are going to survive. Thomas stares at the pool dumbfounded, shaking his head, amazed at the damage. But soon, he concurs that this will be a great opportunity to detect change.

The day has been long and hot, and it's easy to stumble or fall in the hole-pocked fields by the bank, covered with that hay-like grass — especially when wearing such big boots. To set up this last cross section, the students will have to get to the other side of the pool, but it seems too deep to wade through, and Thomas suggests they take a route around it, up across a smaller section and through some willows. The students instead decide to walk through the water, which is well beyond knee-deep. They use their boots to the full effect.





**MontanaTech**  
THE UNIVERSITY OF MONTANA



## Native Plant Diversity Nursery Project

**D**ormant winter wood can be started. Alchemical it isn't, but this kind of feat, or *shrub propagation*, does require resources — and resources are exactly what Kriss Douglass and her husband, Dr. Rick Douglass, have. To be more specific, what they have is a \$298,000 greenhouse, newly built to replace Montana Tech's old greenhouse, whose cinderblocks were beginning to rot. The new greenhouse is situated next to the biology building, and besides providing the advanced hub for researching native plants, it gives students a chance to engage in work that will directly affect their community: How it looks; what chemicals are in its ground, if more birds come.

"We were trying to determine if we could collect winter wood, rather than just collecting spring rapidly growing branches," Kriss Douglass explains. "We collected willows and dogwood. We put them in the greenhouse to see if they could start. They did, they started." Besides shrubs, Douglass, who holds a research position at Montana Tech, and Rick, a professor, work with students to grow thousands of native plants, which they plan to use around town.

Butte, as a Superfund site (made so in the early '80s), has covered mine dumps with caps of grass, and to keep away weeds, these caps are treated with herbicide. The caps would benefit greatly from the infusion of local plant life — more than 80 species, half of which are wildflowers. "Getting some forbs [non-woody, non-grassy plants] establishments will bring in insects, pollinators, more birds," says Douglass. "We've picked four experimental sites where we've put what we call seed dispersal islands. Even if we get a patch that changes the visual appearance, that will help, and eventually they'll produce seeds."

If seeds do the thing that seeds do, Butte is set to look incredibly different — where there is now monotonous grass there might soon be compendiums of wild Montana.

The new greenhouse, and Kriss's project, provides a worthy funnel for biology and environmental engineering students' hard work. Under the guidance of biology professor Rick Douglass, one student collected soil from 25 sites, grew marigolds in the soil, and found that most of this soil would support the flowers but some were too contaminated with herbicide. Another collected cap soil treated with herbicide and found it could be treated with activated carbon. The information collected

by students and the plants they grow are vital. The students have this chance to benefit from the use of very good resources — the greenhouse and more funding (a new grant from the Montana Natural Resource Damage Program totaling \$628,175) — but are a resource to the project themselves. "It's interesting to watch kids," Rick Douglass said, "because the research they do turns almost every one of them on, because suddenly they become the expert on this little piece that they did."

And, as the project grows, so do the pieces. The biology department has already hired a student to work in the greenhouse, and Krystal Weilage, formerly of Bitterroot Restoration, was hired for the project, bringing with her a unique technique that involves creating forb sods of perennial wildflower plants which can be rolled out similarly to lawn sod. The caps cannot be disturbed lest they release toxins back into the environment so the work must go slowly, and workers, professionals, and students alike, must act smartly and gingerly. There is a question about the survival of trees, if their roots would — upon deeper growth — survive the toxins, and further research is needed. As Rick sees it, biology students are no different than football players: They need to practice.

"Science itself is a process of determining what is going on, the truth, explaining the natural world. It is absolutely crucial that students practice doing science, that they try to explain certain phenomena," he says.

Kriss, who Rick credits as "the one that makes everything work," in thinking about getting her vision for Butte off the ground (and the seeds into it), laments that sociopolitical problems tend to overshadow pressing environmental ones. But in this case, there has been a coming together of elements, both financial and social. "We have very strong communication and agreement with the weed board," Kriss said with a pride that seems mixed with relief. "It was interesting to me that so many people got involved and made suggestions."

Shrubs and forbs were planted outdoors after this fall and others will spend the winter growing in the greenhouse. That is the essence of a greenhouse — a reversal or an introversion of a season. This winter, students working alongside Rick and Kriss will be surrounded by summering blossoms and local flora. The hope is, when real summer comes, Butte can be surrounded by blossoms.





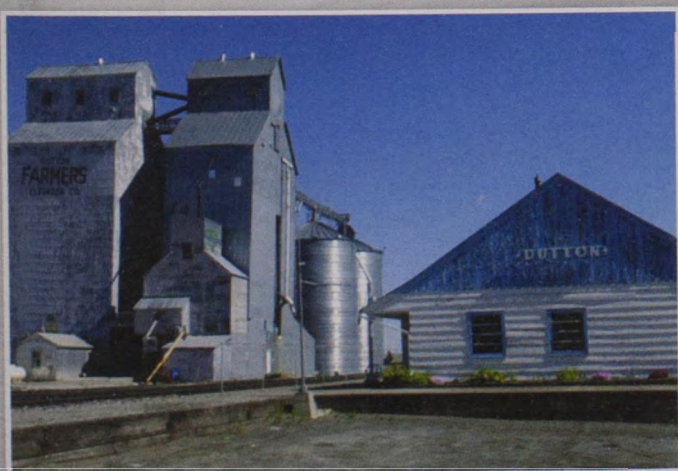


"We have all this information. We're inundated with newspapers, blogs, websites. You forget that not every place has that."

The hope for any college class is that, when it ends, it doesn't — that the insights and expansions of thought and possibility are, in fact, everlasting. With the Rural News Network, this sense of continuation is twofold. There are the lessons learned and then there are the newspapers, which live on online. Both websites are still very much functioning, having been passed on to the communities that they serve.

"This was a choose-your-own-adventure class," Lowery remembers. "Students were getting a sense of what it's like to be an entrepreneur in media." And as far as those lessons learned, Welliver uses them every day as she speaks with members of her community about the local estuaries and the environment. And she remembers taking a photograph of a young boy, in Dutton, who had to be driven 45 minutes only to be picked up by his grandfather who drove him another 15 minutes, just to get to school. Because of rising gas

prices, the town could not afford buses. "Here was this kid who has to get up at the crack of dawn just to get to school," she says. "I think that's what made this a real experience for me — understanding how all these things about our nation affect everybody, and how it's important to report on that."





# Joint Message from the President and Vice President of Administration and Finance



The University of  
**Montana**

Office of the President  
The University of Montana  
Missoula, Montana 59812-3324

Office: (406) 243-2311  
FAX: (406) 243-2797

December 2009

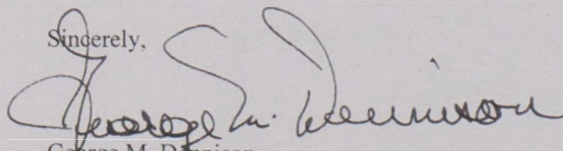
Dear Colleagues and Friends of The University of Montana,

With pleasure, we present The University of Montana's Annual Financial Report for the fiscal year that ended on 30 June 2009. You will find our summary financial statements, representing the four campuses of The University of Montana, integrated into a single presentation.

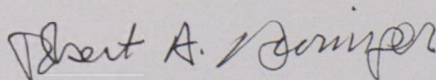
The summary financial information included in our report rests on the University's 30 June 2009 audited financial statements. The statements indicate conformity with generally accepted accounting principles. The Montana State Legislative Audit Division performed the requisite audit. Their unqualified audit opinion appears with the audited financial statements.

We have responsibility for resources from both public and private sources and take those stewardship responsibilities very seriously. We believe you will agree, following a review, that these statements reflect our commitment to excellence.

Sincerely,



George M. Dennison  
President



Robert A. Durringer  
Vice President of Administration and Finance

GMD/cc  
Denlet4091



# Independent Auditor's Report

## LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor  
Monica Huyg, Legal Counsel



Deputy Legislative Auditors:  
James Gillett  
Angie Grove

### INDEPENDENT AUDITOR'S REPORT

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the business-type activities and aggregate discretely presented component units of The University of Montana, which collectively comprise The University of Montana's basic financial statements, and have issued our report thereon dated December 28, 2009.

As explained in the Using the Summary Financial Statements note on page 19, the accompanying summary financial information of The University of Montana, as of and for the fiscal years ended June 30, 2009, and 2008, as listed in the table of contents, is not a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the accompanying summary financial information is fairly stated, in all material respects, in relation to the portion of the basic financial statements from which it has been derived.

The Introduction, Innovation, Message from the President and Vice President of Administration and Finance, and Board of Regents and Administration sections listed in the table of contents have not been subjected to the auditing procedures applied in an audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "James Gillett".

James Gillett, CPA  
Deputy Legislative Auditor

December 28, 2009



# Summary Statements of Net Assets

As of June 30, 2009 and 2008

<b>ASSETS</b>	<u>2009</u>	<u>2008*</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$51,174,362	\$54,242,994
Securities lending collateral	3,633,321	1,775,795
Investments	290,604	283,871
Accounts and grants receivable, net	3,800,099	3,926,722
Due from governments	12,464,804	13,286,760
Loans to students, net	1,749,708	1,778,883
Other assets	4,947,858	4,481,287
<b>Total Current Assets</b>	<b>\$78,060,756</b>	<b>\$79,776,312</b>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	\$189,816	\$207,357
Endowment and other investments	49,310,891	47,620,691
Loans to students, net	10,695,763	10,259,975
Bond issuance costs	1,933,418	2,038,828
Capital assets, net	326,780,834	289,186,493
<b>Total Noncurrent Assets</b>	<b>\$388,910,722</b>	<b>\$349,313,344</b>
<b>Total Assets</b>	<b>\$466,971,478</b>	<b>\$429,089,656</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$23,786,303	\$20,675,857
Due to governments	1,016,095	1,038,527
Securities lending liability	3,633,321	1,775,795
Student and other deposits	2,318,126	2,246,010
Deferred revenue	12,454,291	11,285,347
Accrued compensated absences	9,536,677	8,856,934
Current portion of long-term obligations	6,027,230	5,917,736
<b>Total Current Liabilities</b>	<b>\$58,772,043</b>	<b>\$51,796,206</b>
<b>Noncurrent Liabilities</b>		
Accrued compensated absences	\$13,558,279	\$12,526,256
Long term obligations	129,396,317	135,194,873
Advances from primary government	5,022,524	4,778,384
Other post employment benefits	15,015,611	7,351,584
Due to Federal government	10,198,697	10,161,565
Derivative financial instrument	2,094,500	2,094,500
<b>Total Noncurrent Liabilities</b>	<b>\$175,285,928</b>	<b>\$172,107,162</b>
<b>Total Liabilities</b>	<b>\$234,057,971</b>	<b>\$223,903,368</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$192,230,174	\$153,832,155
Restricted	21,919,552	25,409,251
Unrestricted	18,763,781	25,944,882
<b>Total Net Assets</b>	<b>\$232,913,507</b>	<b>\$205,186,288</b>
<b>Total Liabilities and Net Assets</b>	<b>\$466,971,478</b>	<b>\$429,089,656</b>

\*Restated

The information in the Summary Statements of Net Assets is derived from The University of Montana's June 30, 2009 audited financial statements. The audited financial statements and related notes can be viewed online at [www.umt.edu/bussrvcs/employees/reports.aspx](http://www.umt.edu/bussrvcs/employees/reports.aspx)



# Summary Statements of Revenues, Expenses and Changes in Net Assets

For the Years Ended June 30, 2009 and 2008

	2009	2008*
<b>OPERATING REVENUES:</b>		
Tuition and fees	\$107,522,641	\$104,322,918
Federal grants and contracts	54,114,370	49,910,406
State and local grants and contracts	11,168,831	9,730,333
Nongovernmental grants and contracts	8,039,772	8,463,466
Grant and contract facilities and administrative cost allowances	9,347,639	8,755,911
Sales and services of educational departments	15,561,907	13,823,552
Auxiliary enterprises charges	36,593,920	36,237,201
Other operating revenues	4,213,872	3,607,460
<b>Total operating revenues</b>	<b>\$246,562,952</b>	<b>\$234,851,247</b>
<b>OPERATING EXPENSES:</b>		
Compensation and employee benefits	\$225,538,230	\$212,769,555
Other post employment benefits	7,664,027	7,351,584
Other	82,588,518	80,545,464
Scholarships and fellowships	20,394,534	17,775,884
Depreciation and amortization	19,181,605	16,811,747
<b>Total operating expenses</b>	<b>\$355,366,914</b>	<b>\$335,254,234</b>
<b>OPERATING LOSS</b>	<b>\$(108,803,962)</b>	<b>\$(100,402,987)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
State appropriations	\$79,965,549	\$73,528,981
Federal financial aid grants and contracts	18,514,559	16,227,001
Land grant revenues	1,581,881	1,616,632
Private gifts	11,322,572	13,504,444
Investment income (loss)	(1,002,689)	2,695,372
Interest expense	(7,313,503)	(7,423,405)
<b>Net non-operating revenues</b>	<b>\$103,068,369</b>	<b>\$100,149,025</b>
<b>INCOME BEFORE OTHER REVENUES (EXPENSES)</b>	<b>\$(5,735,593)</b>	<b>\$(253,962)</b>
<b>OTHER REVENUES (EXPENSES):</b>		
Capital grants and gifts	\$33,320,652	\$10,816,706
Additions to permanent endowments	312,500	312,500
Gain (Loss) on Disposal of Capital Assets	(170,340)	(92,022)
<b>Total other revenues</b>	<b>\$33,462,812</b>	<b>\$11,037,184</b>
<b>Net increase in net assets</b>	<b>\$27,727,219</b>	<b>\$10,783,222</b>
<b>Net assets - beginning of year</b>	<b>\$205,186,288</b>	<b>\$194,403,066</b>
<b>Net assets - end of year</b>	<b>\$232,913,507</b>	<b>\$205,186,288</b>

\*Restated

The information in the Summary Statements of Revenues, Expenses and Changes in Net Assets is derived from The University of Montana's June 30, 2009, audited financial statements. The audited financial statements and related notes can be viewed online at [www.umt.edu/bussrvcs/employees/reports.aspx](http://www.umt.edu/bussrvcs/employees/reports.aspx)



# Summary Statements of Cash Flows

For the Years Ended June 30, 2009 and 2008

	2009	2008*
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student tuition and fees	\$109,437,718	\$102,666,290
Grants and contracts	74,284,103	65,302,356
Grants and contracts facilities and administrative cost allowances	9,347,639	8,755,911
Sales and services of educational activities	15,354,999	13,682,501
Auxiliary enterprise charges	35,937,792	36,906,999
Other operating activities, net	4,154,197	3,088,025
Payments to employees for salaries and benefits	(223,948,815)	(208,259,183)
Operating expenses	(82,630,699)	(78,998,578)
Payments for scholarships and fellowships	(20,394,534)	(17,775,884)
<b>Net Cash Used by Operating Activities</b>	<b>\$(78,457,600)</b>	<b>\$(74,631,563)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$79,965,549	\$73,528,981
Land Grants	1,581,881	1,616,632
Federal financial aid grants and contracts	18,514,559	16,227,001
Private Gifts	11,322,572	13,504,445
Additions to permanent endowments	312,500	312,500
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>\$111,697,061</b>	<b>\$105,189,559</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchases from investing activities	\$(5,363,088)	\$(23,100,366)
Earnings received on investments	2,663,471	5,066,621
<b>Net Cash Used by Investing Activities</b>	<b>\$(2,699,617)</b>	<b>\$(18,033,745)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash paid for capital assets	\$(37,642,919)	\$(31,403,233)
Capital Gifts	16,904,336	-
Proceeds from notes payable and advances from primary government	803,206	342,993
Principal paid on long term obligations	(6,342,983)	(6,573,330)
Interest paid on capital debt and leases	(7,347,657)	(7,496,652)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>\$(33,626,017)</b>	<b>\$(45,130,222)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>\$(3,086,173)</b>	<b>\$(32,605,971)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>\$54,450,351</b>	<b>\$87,056,322</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$51,364,178</b>	<b>\$54,450,351</b>

\*Restated

The information in the Summary Statements of Cash Flows is derived from The University of Montana's June 30, 2009 audited financial statements. The audited financial statements and related notes can be viewed online at [www.umt.edu/bussrvcs/employees/reports.aspx](http://www.umt.edu/bussrvcs/employees/reports.aspx)



# Notes to the Summary Financial Statements

## USING THE SUMMARY FINANCIAL STATEMENTS

The summary financial statements consist of the following three statements: Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows. The summary financial statements were derived from the University's June 30, 2009 audited financial statements. The summary financial statements aggregate certain line items contained within some audited financial classifications to provide a more summarized presentation, and do not include the financial statements of its component units and various notes required by generally accepted accounting principles. The University's and its component units financial statements and related notes, which are presented in conformity with generally accepted accounting principles, can be viewed on our website at [www.umt.edu/bussrvcs/employees/reports.aspx](http://www.umt.edu/bussrvcs/employees/reports.aspx)

- **The Summary Statement of Net Assets** reflects the financial position of the University at the end of the fiscal year. The changes in net assets that occur over time indicate improvements or deterioration in the University's financial position.
- **The Summary Statement of Revenues, Expenses, and Changes in Net Assets** present the results of the University's operational activities for the fiscal year, categorizing them as either operating or non-operating items.
- **The Summary Statement of Cash Flows** provides information about the University's sources and uses of cash during the fiscal year.

This statement aids in assessing the University's ability to meet obligations and commitments as they become due, their ability to generate future cash flows, and their needs for external financing.

## ORGANIZATION

The University of Montana (University) is a component unit of the State of Montana (State) with an enrollment of approximately 19,000 students on its four campuses. The four campuses of the University are The University of Montana – Missoula, Montana Tech of The University of Montana, which is located in Butte, The University of Montana – Western, which is located in Dillon, and The University of Montana – Helena College of Technology. The State of Montana Board of Regents (Board of Regents) is appointed by the Governor of the State and has oversight responsibility with respect to the University. The State allocates and allots funds to each campus separately and requires that the funds be maintained accordingly.

## SUMMARY OF ACCOUNTING POLICIES AND PRACTICES

### • BASIS OF ACCOUNTING

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



# Notes to the Summary Financial Statements

## • USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

## • CASH EQUIVALENTS

For purposes of the Summary Statement of Cash Flows, the University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

## • INVESTMENTS

The University accounts for its investments at fair value. Investment income is recorded on the accrual basis. All investment income, including changes in unrealized gain (loss) on the carrying value of investments, is reported as a component of investment income.

## • ACCOUNTS AND GRANTS RECEIVABLE

Accounts receivable consists of tuition and fee charges to students and to auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable is recorded net of estimated uncollectible amounts.

## • INVENTORIES

Inventories are comprised of consumable supplies, food items and items held for resale or recharge within the University. The larger inventories are valued using the moving-average method. Other inventories are valued using First In First Out (FIFO) or specific identification methods.

## • CASH AND SHORT-TERM INVESTMENTS

Cash and investments that are externally restricted to make debt service payments, or by a donor or outside agency prohibiting the expenditure of principal and possibly earnings, are classified as non-current assets in the Summary Statement of Net Assets.



## • CAPITAL ASSETS

Capital assets are stated at cost or fair market value at date of purchase or donation. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Buildings, building improvements and land improvements, and infrastructure are capitalized in accordance with the University's capitalization policy.

Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. The University capitalizes all artwork subject to applicable capitalization policies at the time of donation or purchase. The University has elected to continue to capitalize artwork subject to the current threshold, but without recording depreciation on those items.

## • DEFERRED REVENUE

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

## • COMPENSATED LEAVE

Eligible University employees earn eight hours sick leave and ten hours annual leave for each month worked. The accrual rate for annual leave increases with length of service. The maximum annual leave that eligible employees may accumulate is two hundred percent of their annual accrual. Sick leave may accumulate without limitation. Twenty five percent of accumulated sick leave earned after July 1, 1971, and one hundred percent of accumulated annual leave, if not used during employment, is paid upon termination.



# Notes to the Summary Financial Statements

## • NET ASSETS

The University's net assets are categorized as follows:

- **Invested in capital assets, net of related debt** - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted** - Net assets are subject to externally imposed stipulations that the University maintains those assets permanently, or stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted** - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, and capital programs.

## • USE OF RESTRICTED REVENUES

When the University maintains both restricted and unrestricted funds for the same purpose, the order of use of such funds is determined on a case-by-case basis. Restricted funds remain classified as restricted until they have been expended.

## • SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Summary Statements of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are generated by the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf.

## • CONTINGENCIES

The University is a defendant in several legal actions. While the outcome cannot be determined at this time, management is of the opinion that the liability, if any, from these actions will not have a material effect on the University's financial position. See note 20 of the notes to the University's consolidated financial statements for more information on commitments and contingencies at June 30, 2009.

## • SUBSEQUENT EVENT

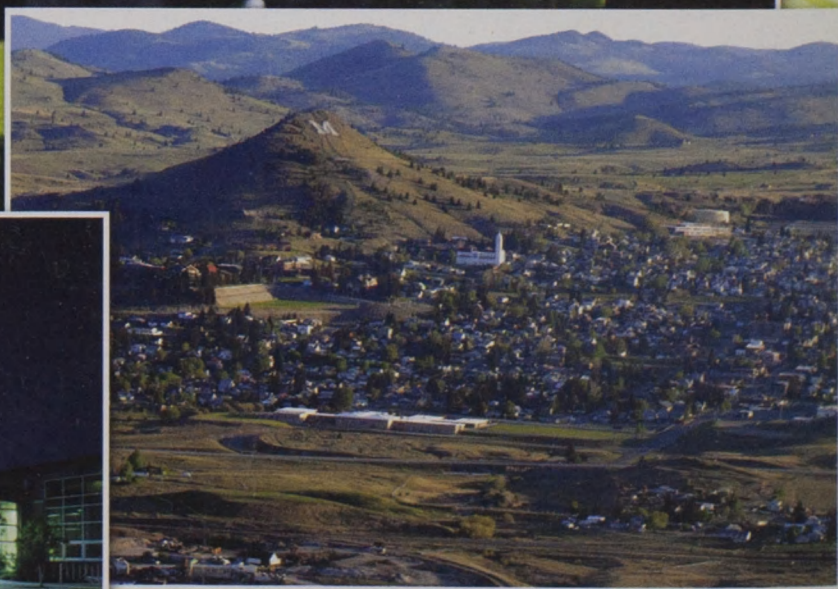
On December 21, 2009, the University terminated the forward SWAP agreement ("swaption") dated August 18, 2005, with Wachovia Bank, NA ("counterparty") due to projected unfavorable long-term interest rates and current volatility in the financial markets. In order to liquidate the derivative financial instrument amounting to \$2,094,500 and terminate the swaption agreement in its entirety, the University paid the counterparty \$5,410,000 resulting in a net loss totaling \$3,315,500.

This transaction is not presented in the Summary Statements of Net Assets as of June 30, 2009. The net effect of this transaction on the Summary Statements of Net Assets as of June 30, 2009 would be as follows:

	Unadjusted Balances	Net Change Due To Termination of Swaption	Adjusted Balances
<b>Current Assets</b>			
Cash and cash equivalents	\$51,174,362	\$(5,410,000)	\$45,764,362
<b>Noncurrent Liabilities</b>			
Derivative financial instrument	\$2,094,500	\$(2,094,500)	\$ -
<b>Net Assets</b>			
Unrestricted	\$18,763,781	\$(3,315,500)	\$15,448,281









## Administration

### Board of Regents

## Administration

George M. Dennison.....President

**The University of Montana – Missoula**

**Montana Tech of The University of Montana**

## The University of Montana – Western

The University of Montana - Helena College of Technology





The University of  
Montana



Printed on paper with recycled content using vegetable-based inks