

State of Montana
Office of the Legislative Auditor

REPORT TO THE LEGISLATURE

MONTANA STATE UNIVERSITY

MONTANA AGRICULTURAL
EXPERIMENT STATION

MONTANA COOPERATIVE
EXTENSION SERVICE

Financial-Compliance Audit for the
Two Fiscal Years Ended June 30, 1985

This report contains seven recommendations for improvement of the university operations. The major items addressed in the report include:

- ▶ Compliance with state and federal laws governing hiring policies and compensation for student and non-student hourly employment.
- ▶ Compliance with reporting of unrestricted student FTEs.
- ▶ Lost interest of approximately \$50,000 due to cash management of federal funds.
- ▶ Compliance with purchasing policies.

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Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant impact on the financial schedules. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office.

Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

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Office of the Legislative Auditor

MONTANA STATE UNIVERSITY
MONTANA AGRICULTURAL EXPERIMENT STATION
MONTANA COOPERATIVE EXTENSION SERVICE

Financial and Compliance Report
For the Two Fiscal Years Ended June 30, 1985

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The Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Montana State University, Cooperative Extension Service, and Agriculture Experiment Station financial activity for fiscal years 1983-84 and 1984-85. The university's written response to audit recommendations is included in the back of the audit report.

We thank the president and his staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

A handwritten signature in cursive script, reading "Scott A. Seocat".

Scott A. Seocat
Legislative Auditor

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Appointive and Administrative Officials | iv |
| Summary of Recommendations | v |
| Introduction | 1 |
| Background | 1 |
| Legal Compliance | 2 |
| Hourly Pay Issues | 3 |
| Funding Levels | 4 |
| Student Withdrawal Notices | 5 |
| Purchasing | 7 |
| Cash Management | 8 |
| Inter-Entity Loans | 9 |
| Expenditure Accruals | 10 |
| Cash Deposits | 11 |
| Equipment | 12 |
| Internal Control | 13 |
| Prior Audit Recommendations | 14 |
| Auditor's Opinion Letter and Montana State University Financial Statements | |
| Summary of Audit Opinion | |
| Auditor's Opinion Letter - MSU | 15 |
| MSU Financial Statements | |
| Balance Sheets - June 30, 1985 | 17 |
| Statement of Changes in Fund Balances Year Ended June 30, 1985 | 21 |

TABLE OF CONTENTS (Continued)

| | <u>Page</u> |
|---|-------------|
| Statement of Current Funds, Revenues, Expenditures, and Other Changes, Year Ended June 30, 1985 | 25 |
| Notes to the Financial Statements, June 30, 1985 | 27 |
| Balance Sheets - June 30, 1984 | 33 |
| Statement of Changes in Fund Balances Year Ended June 30, 1984 | 37 |
| Statement of Current Funds, Revenues, Expenditures, and Other Changes, Year Ended June 30, 1984 | 41 |
| Notes to the Financial Statements - June 30, 1984 | 43 |
| Schedule of Grant Expenditures and Disbursements Fiscal Year Ended June 30, 1985 | 49 |
| Schedule of Grant Expenditures and Disbursements Fiscal Year Ended June 30, 1984 | 63 |
| Schedule of Full-Time Equivalent (FTE) Students For the Two Years Ending June 30, 1985 | 77 |
| Auditor's Opinion Letter and Agricultural Experiment Station Financial Statements | |
| Auditor's Opinion Letter - AES | 78 |
| AES Financial Statements | |
| Balance Sheets - June 30, 1985 | 80 |
| Statement of Changes in Fund Balances Year Ended June 30, 1985 | 82 |
| Statement of Current Funds, Revenues, Expenditures, and Other Changes, Year Ended June 30, 1985 | 84 |
| Notes to the Financial Statements - June 30, 1985 | 85 |

TABLE OF CONTENTS (Continued)

| | <u>Page</u> |
|--|-------------|
| Balance Sheets - Year Ended June 30, 1984 | 88 |
| Statement of Changes in Fund Balances Year Ended June 30, 1984 | 90 |
| Statement of Current Funds, Revenues, Expenditures and Other Changes, Year Ended June 30, 1984 | 92 |
| Notes to the Financial Statements - June 30, 1984 | 93 |
| Auditor's Opinion Letter and Cooperative Extension Service Financial Statements | |
| Auditor's Opinion Letter - CES | 96 |
| CES Financial Statements | |
| Balance Sheets - Year Ended June 30, 1985 | 98 |
| Statement of Changes in Fund Balances Year Ended June 30, 1985 | 100 |
| Statement of Current Funds, Revenues, Expenditures and Other Changes, Year Ended June 30, 1985 | 101 |
| Notes to the Financial Statements - June 30, 1985 | 102 |
| Balance Sheets - Year Ended June 30, 1984 | 105 |
| Statement of Changes in Fund Balances Year Ended June 30, 1984 | 107 |
| Statement of Current Funds, Revenues, Expenditures and Other Changes, Year Ended June 30, 1984 | 108 |
| Notes to the Financial Statements | 109 |
| Agencies Response | |
| Montana State University | 112 |
| Commissioner of Higher Education | 115 |

APPOINTIVE AND ADMINISTRATIVE OFFICIALS

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| Dr. Carl J. Hoffman | Vice President for Extension and Director, Cooperative Extension Service |

SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the university's response to them. The major issues address problems concerning compliance with state and federal laws governing hiring policies and compensation for student and nonstudent hourly employment; compliance with reporting of unrestricted student FTEs; cash management of grant and contract funds; and compliance with purchasing policies.

Page

Recommendation #1

The university properly report student FTE in accordance with Regents policy. 5

University Response: Concur. See page 113.
Commissioner of Higher
Education Response: Concur. See page 116.

Recommendation #2

The university follow state purchasing laws and policies. 7

University Response: Concur. See page 113.

Recommendation #3

The university request federal moneys in a manner which will minimize the necessity for the state to advance cash to federal programs. 9

University Response: Concur. See page 113.

Recommendation #4

The university establish procedures to forecast cash needs to ensure positive cash balances are maintained in compliance with state laws. 10

University Response: Concur. See page 113.

Recommendation #5

The university:

A. Accrue expenditures in accordance with state accounting policies. 11

University Response: Concur. See page 114.

SUMMARY OF RECOMMENDATIONS (Continued)

| | <u>Page</u> |
|--|-------------|
| B. Correct invalid expenditure accruals. | 11 |
| University Response: Concur. See page 114. | |
| <u>Recommendation #6</u> | |
| The university deposit receipts on a timely basis in accordance with state law. | 12 |
| University Response: Concur. See page 114. | |
| <u>Recommendation #7</u> | |
| The university: | |
| A. Improve controls to ensure all items disposed of and all inventories are deleted from its property records. | 12 |
| University Response: Concur. See page 114. | |
| B. Ensure all state equipment items are tagged as state property. | 12 |
| University Response: Concur. See page 114. | |

INTRODUCTION

We performed a financial-compliance audit of Montana State University (MSU) and the related Cooperative Extension Service (CES) and Agricultural Experiment Station (AES) for the two fiscal years ended June 30, 1985. The objectives of the audit were to:

1. determine if the university complied with applicable laws and regulations which could have a significant effect on the financial statements;
2. determine if the financial statements present fairly the financial position and results of operations of the university for the two fiscal years ended June 30, 1985; and
3. make recommendations for improvements in the management and internal accounting controls of the university.

This report contains seven recommendations to the university. These recommendations address areas where compliance with laws and regulations, management, internal control, and financial reporting can be improved. Other areas of concern deemed not to have a significant effect on the successful operations of the university programs are not specifically included in the report, but have been discussed with management.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in this report. Each report section discloses the cost, if significant, of implementing the recommendation.

BACKGROUND

Montana State University was founded on February 15, 1893, as the Agricultural College of the state of Montana, and instruction started on April 17 of that year. The school was later named Montana State College, and on July 1, 1965, it became Montana State University (MSU). The university is a land-grant institution as authorized by the Morrill Act of 1862 and receives part of its support from land-grant income, as well as state appropriations, student fees, and federal and private grants.

The public service function of the university had its origin in the establishment of the Cooperative Extension Service (CES) in 1915, created under the federal Smith-Lever Act and state legislation. Financial support for its operation comes from county, state, and federal governments, as well as from federal and private grants. County agents and specialists are an integral part of the university and channel information to Montanans to aid in solving home, farm, and community problems.

The Agricultural Experiment Station (AES) is also an integral part of the university. It was established in 1893 by the Montana Legislature under authorization provided by the federal Hatch Act of 1887. The station receives federal funds under the Hatch Act, as well as state appropriations, federal and private grants, and funds from the sale of surplus agricultural products. The Agricultural Experiment Station has eight locations in the state, excluding the Bozeman campus. The station components are devoted to solving present and future agricultural and home economics problems of local, regional, and national concern. The distribution of research centers is such that the peculiarities of local or area soil, water, and climate can be considered.

The president of Montana State University is the chief executive officer for all three units: MSU, AES, and CES. The president is responsible for the immediate direction, management, and control of the institution under the general supervision and direction of the Board of Regents.

LEGAL COMPLIANCE

We have examined the financial statements of MSU, AES, and CES for the two fiscal years ended June 30, 1985, and have issued our report thereon dated February 14, 1986. Our examination was made in accordance with generally accepted auditing standards, Standards for Audits of Governmental Organizations, Programs, Activities, and Functions, Office Management and Budget (OMB) Circulars A-21 and A-110, and the March 1984 student aid audit guide prescribed by the U.S. Department of Education. Accordingly,

we reviewed the state and federal laws and regulations applicable to the university's operations. Areas reviewed include specific state laws which could have a material impact on the university's financial operations, specific grant provisions, cost allowability, eligibility, and grantor reporting. For the items tested, except for the items discussed in the following sections of this report, we found the university complied with applicable laws and regulations. Nothing came to our attention that causes us to believe untested compliance items are not in accordance with applicable laws and regulations.

Hourly Pay Issues

As part of the regular audit process, MSU officials provide the Legislative Auditor's Office information regarding internal audits they have performed during the audit period or are currently working on. At the end of our audit, we reviewed one internal audit which dealt with issues concerning adherence to state and federal laws and Board of Regents rules governing hiring policies and compensation for student and non-student hourly employment.

The first issue addressed the legality of MSU hiring hourly employees without regard to the state pay classification plan. Board of Regents policy (Montana University System Policy and Procedures Manual, section 707), states: "The state classification system shall apply to all non-academic employees of the Montana University System not on individual Board of Regent's contracts."

The second issue addressed MSU not paying overtime for temporary hourly employees working in excess of 40 hours per week. This is a violation of state statutes and the federal Fair Labor Standards Act.

MSU personnel are currently working with the Office of the Commissioner of Higher Education to resolve the concerns addressed in the internal audit report. Personnel Services and the Financial Aid Office at MSU are in the process of developing systems which will monitor and report any individual who works in excess of 40 hours per week to ensure overtime is paid.

Due to the corrective actions MSU is currently taking to address the policy and compliance issues raised in the internal audit report, we are disclosing these compliance issues for informational purposes and make no recommendation at this time. During the next audit, we will follow up on these issues to ensure MSU adequately resolves them.

Funding Levels

Student enrollment is a factor used by the legislature when it determines state funding levels for each unit of the Montana University System. Each unit converts its enrollment figures into full-time equivalents (FTEs).

The Office of the Commissioner of Higher Education (CHE) has established policies outlined in the "Registrars' Manual for Reporting Enrollment Data" for the university units to follow in reporting enrollment information. One of the reports CHE requires is the "Summary of Restricted Enrollments and Student Classifications." The criteria for this report states that enrollments generated by restricted funds must be identified so they may be removed from the total enrollment figures utilized to generate state funding. It further states that restricted enrollments mean student credit hours generated in any course or program in which the instructor's teaching responsibilities are funded by sources outside the regular operating budget (current unrestricted) of the institution. Because MSU receives funding other than state (current unrestricted) moneys for some of its academic programs, MSU should eliminate the FTEs associated with this type of funding from the total FTE counts to properly determine state funding levels.

MSU generates a report based on quarterly statistics showing the student credit hours and associated FTE levels produced by grant and contract (restricted) funding. These restricted enrollment figures indicate the necessary reductions to total FTEs needed to be made in order to properly compute state funding. We noted that, although the Military Science program is partially federally funded, MSU does not factor out the applicable FTEs in

computing the state funded FTE levels. The FTEs associated with the Military Science program were 28.53 in fiscal year 1983-84 and 29.82 in fiscal year 1984-85. MSU reports these FTE because the instructor salaries are paid directly by the federal government and are not supported through a MSU grant and contract account. Therefore, MSU does not consider these FTE to be restricted enrollments. As defined in regents policy, Military Science FTEs clearly meet the restricted criteria and MSU should identify and remove them from enrollment figures used to generate state funding.

A university official estimated the General Fund support per FTE is approximately \$2,648 during fiscal years 1983-84 and 1984-85. Since MSU did not remove the FTEs associated with the Military Science program, MSU received a maximum of approximately \$77,255 additional funding for each of the fiscal years 1983-84 and 1984-85.

RECOMMENDATION #1

WE RECOMMEND THE UNIVERSITY REPORT STUDENT FTE IN ACCORDANCE WITH REGENTS POLICY.

Student Withdrawal Notices

Federal regulations (34 CFR Part 682) require schools to notify lenders who issue students Guaranteed Student Loan (GSL) whenever the students graduate, withdraw, or cease to be enrolled at least half-time. The notification is to be made within 60 days of the withdrawal. MSU uses the Student Confirmation Report (SCR), which discloses the status of GSL students, as a source for lender notification. The Student Confirmation Report is initiated by a private company contracted by the state to act as an information pool and processing facility for the Montana Guaranteed Student Loan Program. The company sends the report to MSU's financial aid office each May and October. The financial aid office sends the report to the registrar's office. The registrar's office

indicates the enrollment status of each student and sends the report back to the financial aid office. The report is sent back to the company who then uses the information to update its data base and notify applicable lenders. In those instances where notification of lenders within 60 days cannot be met via the SCR process, MSU notifies the lenders directly. In a sample of four students who met the above criteria, we found one instance where MSU did not notify the lender of the change in the student's status because MSU did not complete the SCR report for the period covering spring quarter 1984.

In order to determine the approximate number of students affected, we reviewed the SCRs for the period just prior and subsequent to the period notification was not made. The SCR for the fall of 1983 showed approximately 400 students who were not enrolled at least half-time and about 800 for the fall of 1984. Since the report for the spring of 1984 was not issued, the fall 1984 report contained the students for both spring and fall. Based on this data, we estimate lenders were not informed of 400 students who had GSLs and were less than half-time as of spring quarter 1984.

Beginning in spring quarter 1985, MSU revised its time consuming manual reporting system to an automated one. This system compares a computerized listing of students with GSLs to those students who are not registered at least half-time. A listing is generated for those students meeting the match and MSU then notifies the lenders.

After reviewing the procedures employed at MSU to update and complete the SCRs, we determined the procedures appear adequate to ensure these reports are completed and lenders are notified. Therefore, we are only disclosing the compliance issue and do not make a recommendation at this time. We will follow up on MSU's revised reporting system during the next audit and re-evaluate its adequacy to meet federal regulations and reporting requirements.

Purchasing

State law (section 18-4-221, MCA) states the Department of Administration (DofA), shall govern the procurement of all supplies and services to be procured by the state. The DofA, Purchasing Division, acts as the state's central purchasing agent. The purpose of having a centralized function is to provide state agencies with necessary supplies and materials at a reduced cost through quantity discounts and lower overhead. The Department of Administration has delegated purchasing authority to the Cooperative Extension Service Multilith Department for purchases up to \$2,000.

In our previous two audits we found the Multilith Department of the Cooperative Extension Service (CES) was not properly using Central Purchasing for paper purchases. We reviewed a sample of purchases greater than \$2,000 to ensure Multilith was complying with purchasing policies. We found that in five instances Multilith did not use Central Purchasing as required. These purchases ranged from slightly above \$2,000 to over \$17,000.

Multilith personnel explained they do not always use Central Purchasing because they believe they can usually get a better quality paper more suited to their printing needs at a lower cost and in less time than Central Purchasing can deliver. In fiscal year 1983-84, Multilith requested delegated authority for purchases up to \$30,000 from DofA. However, DofA denied this request. Because CES has an exemption only for purchases up to \$2,000, Multilith purchases greater than \$2,000 are in violation of state purchasing policies.

In addition, federally sponsored projects use Multilith services. Federal regulations (OMB Circular A-21 section C3) states that one of the factors affecting allowability of costs is that the costs claimed for federal reimbursement must be consistent with state laws and regulations.

RECOMMENDATION #2

WE RECOMMEND THE UNIVERSITY FOLLOW STATE PURCHASING LAWS AND POLICIES.

Cash Management

During fiscal year 1984-85, the university received approximately \$16 million of federal moneys for federally assisted grants, contracts, and student aid. The university receives these funds through cash requests or drawdowns. Because drawdowns are predominantly on a reimbursement basis and are requested on a monthly or longer basis, there is a time lag between an expenditure and subsequent reimbursement that is filled by using state funds. Based on our analysis of balances in federal accounts, we estimated MSU's use of state funds to cover federal cash shortfalls due to the time lag is costing the state approximately \$50,000 per year in lost interest.

According to university personnel, one of the reasons MSU needs state funds to cover federal cash shortfalls is because of the timing of drawdowns. Drawdowns are generally made during the first 10 days of the month prior to the payroll costs being paid. If MSU were to request federal funds more frequently and also at the time the payroll expenses are paid, it should help reduce the amount of state funds needed to temporarily support federal projects. MSU personnel also indicated that in the past, insufficient staff made frequent drawdowns unrealistic. Since the hiring of additional staff, it should be feasible for MSU to request more frequent drawdowns. A certain amount of time lag can be expected, however, we believe MSU could substantially reduce the time lag through more frequent drawdowns.

Federal regulations (OMB Circular A-110 Attachment F(2e)) state the recipient shall make drawdowns as close as possible to the time of making disbursements. State law (section 17-2-108, MCA), requires agencies to use non-General Fund moneys wherever possible before using General Fund moneys. These federal and state requirements advocate the use of frequent drawdowns in order to minimize lost interest on state or federal funds.

RECOMMENDATION #3

WE RECOMMEND THE UNIVERSITY REQUEST FEDERAL MON-
EYS IN A MANNER WHICH WILL MINIMIZE THE NECESSITY
FOR THE STATE TO ADVANCE CASH TO FEDERAL PRO-
GRAMS.

Inter-Entity Loans

State law (section 17-2-107(2),MCA) states that when an expenditure of an appropriation is necessary and there is an insufficient amount of cash, the Department of Administration may authorize a cash transfer (inter-entity loan) of unrestricted moneys from other accounts, provided there is reasonable evidence that income provided for the remainder of the year will be sufficient to restore the transferred amount. The loan must be repaid by the end of the fiscal year unless an extension is granted by the Department of Administration. Extensions may be granted for one additional fiscal year if the Department of Administration receives sufficient written justification that the loan is for the sole purpose of:

- a) repairing or replacing property damage covered by insurance; or
- b) payment of expenses which will later be reimbursed by certain receipts as detailed in 17-2-107(3), MCA.

In addition, section 17-2-107(6), MCA, states that no accounting entity may have a negative cash balance at fiscal year-end.

Just prior to fiscal year-end 1983-84 and 1984-85, AES and CES had negative cash balances in certain designated funds. Since this was in violation of section 17-2-107(6), MCA, and to comply with generally accepted accounting principles, MSU recorded inter-entity loans to correct the negative cash balances. However, since the loans were not in accordance with sections 17-2-107(2) and (3), MCA, the Department of Administration did not authorize

them. The Department of Administration processed the loans without giving its approval.

The problems noted with inter-entity loans are not confined to MSU. The overall issue of inter-entity loans is further addressed in the Department of Administration's report for fiscal years 1983-84 and 1984-85. The Department of Administration has acknowledged that this issue exists and intends to address, at least in part, this issue in the next legislative session. MSU should establish cash controls that will ensure compliance with state laws and accounting policies.

RECOMMENDATION #4

WE RECOMMEND THE UNIVERSITY ESTABLISH PROCEDURES TO FORECAST CASH NEEDS TO ENSURE POSITIVE CASH BALANCES ARE MAINTAINED IN COMPLIANCE WITH STATE LAWS.

Expenditure Accruals

According to state law (section 17-7-302, MCA) and accounting policies (MOM 2-1420 and Management Memo 2-85-3), agencies are allowed to accrue expenditures at fiscal year-end for any valid obligations. An agency has a valid obligation when it has requested goods or services through a valid purchase order or inter-agency or intra-agency agreement or has received those goods or services but has not yet paid for them.

We found MSU accrued \$32,600 for a deferred plant maintenance project for which MSU had not received the goods nor had a valid maintenance work order agreement been issued. Plant personnel indicated the accrual was made to use available funds for a project to replace windows in one of the campus buildings as soon as the plans were final. Since MSU did not have a valid obligation, the accrual was not valid under state accounting policies. MSU would have reverted \$32,600 of appropriation authority if this accrual had not been made.

We also found that during fiscal year 1983-84 MSU received \$132,399 of services through computer use agreements. MSU did not accrue these expenditures at fiscal year-end 1983-84. When MSU paid these expenditures, it recorded them as fiscal year 1984-85 expenditures. Since MSU had received the services, it should have accrued the expenditures.

In addition, at fiscal year-end 1983-84 CES accrued \$3,466 related to two purchases. However, CES did not receive a purchase order for these items until July of fiscal year 1984-85. Since CES did not have a valid obligation at June 30, 1984, the accrual was not valid under state accounting policies. If CES reverses these accruals, it will not cause a General Fund reversion because Chapter 710, Laws of 1983 allowed CES to carry over fiscal year 1983-84 unused appropriation balance into fiscal year 1984-85 to fund vacancy savings.

RECOMMENDATION #5

WE RECOMMEND THE UNIVERSITY:

- A. ACCRUE EXPENDITURES IN ACCORDANCE WITH STATE ACCOUNTING POLICIES.
- B. CORRECT INVALID EXPENDITURE ACCRUALS.

Cash Deposits

State law (section 17-6-105(6), MCA) requires all moneys received be deposited each day when the accumulated amount of coin and currency exceeds \$100 or total collections exceed \$500. In any event, all moneys collected shall be deposited at least weekly. During our testing we noted Multilith collections were not deposited on a timely basis. We reviewed deposits made between July 1984 and April 1985. During this time period Multilith deposited collections once or twice a month. These deposits ranged from \$207 to \$3,000. Multilith personnel indicated this occurs because of busy schedules and wanting to ensure deposits are accurate. The failure to deposit receipts on a timely basis results in lost interest on the undeposited amounts during the time period the deposits are delayed and increases possibility of loss.

RECOMMENDATION #6

WE RECOMMEND THE UNIVERSITY DEPOSIT RECEIPTS ON A TIMELY BASIS IN ACCORDANCE WITH STATE LAW.

EQUIPMENT

MSU, AES, and CES had approximately \$45.5 million of equipment recorded on its respective Net Investment in Plant Fund at June 30, 1985. During our audit, we noted the following problems:

1. MSU did not delete, from its property listing, all equipment which had been disposed of in previous years. For instance, we noted a mass spectrometer valued at \$100,000 and a Sigma computer valued at \$345,457 were still on the listing even though MSU had disposed of them. MSU should ensure all items disposed of are removed from its property listing.
2. MSU recorded service shop, chemical store, on-campus living and Multilith inventories in its property listing. MSU also recorded these inventories on the financial statements in the Current Funds. Since inventories are not fixed assets, MSU should exclude them from its property listing.
3. MSU did not tag numerous equipment items. For example, we noted many dining hall items and musical instruments were not tagged. To safeguard items, state policy requires all items over \$200 be tagged or otherwise identified as state property. MSU should ensure all items are tagged. For those items where placing tags on them is not feasible, MSU should consider alternatives, such as engraving, to identify them as state property.

RECOMMENDATION #7

WE RECOMMEND THE UNIVERSITY:

- A. IMPROVE CONTROLS TO ENSURE ALL ITEMS DISPOSED OF AND ALL INVENTORIES ARE DELETED FROM ITS PROPERTY RECORDS.
- B. ENSURE ALL STATE EQUIPMENT ITEMS ARE TAGGED AS STATE PROPERTY.

INTERNAL CONTROL

We have examined the financial statements of the Montana State University (MSU), Montana Cooperative Extension Service (CES), and Montana Agricultural Experiment Station (AES) for the two fiscal years ended June 30, 1985. We issued our opinions dated February 14, 1986, on these statements. As part of our examination, we made a study and evaluation of the system of internal control of the university. Our study evaluated the system as required by generally accepted auditing standards and Standards for Audits of Governmental Organizations, Programs, Activities, and Functions for financial and compliance audits. We classified the controls in the following categories:

1. revenue/receipts;
2. operating expenditures;
3. payroll;
4. accounts payable/interfund loans payable;
5. accounts receivable/interfund loans receivable;
6. plant, property, and equipment;
7. inventory;
8. cash;
9. contracts and grants;
10. student financial aid; and
11. investments.

Our study included the control categories listed above. Through our study, we determined the nature, timing, and extent of our auditing procedures. We applied alternative audit tests to cash, inventory, investments, accounts payable, and accounts receivable because the audit could be performed more efficiently by expanding substantive audit work. We did not evaluate the control system to the extent necessary to give an opinion on either individual segments or the system as a whole.

The management of the university is responsible for establishing and maintaining a system of accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable assurance that: 1) assets are safe-

guarded against loss from unauthorized use or disposition; 2) transactions are executed in accordance with management's authorization; and 3) transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Inherent limitations in any system of controls may cause errors or irregularities to remain undetected. The current system evaluation should not be used to project to future periods since procedures may become inadequate or compliance with them may deteriorate.

The limited purpose study described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of controls used by the university. However, our study and evaluation disclosed no conditions that we believe to be a material weakness.

The preceding four paragraphs are intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon presentation to the Legislative Audit Committee, is a matter of public record.

PRIOR AUDIT RECOMMENDATIONS

Our last financial-compliance audit and student financial aid audit of the university for the two fiscal years ended June 30, 1983, contained ten recommendations applicable to the university. The university implemented six of the recommendations, partially implemented three of the recommendations, and did not implement one of the recommendations. The recommendations which the university partially implemented concern recording construction in progress, compliance with state law concerning surplus property, and final determinations of questioned federal costs. These recommendations were not included in the report but have been discussed with management. The recommendation which the university did not implement concerns CES purchasing and is discussed on page 7.

MONTANA STATE UNIVERSITY
AUDITOR'S OPINION AND AGENCY FINANCIAL STATEMENTS

SUMMARY OF AUDIT OPINION

The auditor's opinions issued on Montana State University, Agricultural Experiment Station and Cooperative Extension Service are intended to convey to the reader of the financial statements the degree of reliance which can be placed on the amounts presented. The reader may rely on the fairness of the amounts presented on the statements listed in paragraph one of each of the auditor's opinions on pages 15, 78, and 96, except for the specific item discussed in the auditor's opinion on page 15, when analyzing the unit's operations.

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL-COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the accompanying Balance Sheets of Montana State University (MSU) at June 30, 1984 and June 30, 1985, and the related Statements of Changes in Fund Balances and Current Funds Revenues, Expenditures, and Other Changes for each of the two fiscal years ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards and Standards for Audits of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

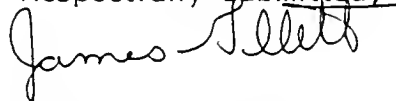
The financial statements presented are only for Montana State University. Accordingly, the accompanying financial statements are not intended to present fairly the financial position of the state of Montana as of June 30, 1984 and 1985 or the results of its operations and changes in its fund balances for the two fiscal years then ended, in conformity with generally accepted accounting principles.

The bond payable footnote did not provide adequate disclosure. Adequate footnote disclosure for bonds payable should include a summary of the interest rates and repayment amount for each of the next five years on the bonds and a combined amount due following the five year repayment.

In our opinion, except for the effects discussed in paragraph three, the financial statements referred to above present fairly the financial position of Montana State University as of June 30, 1984 and June 30, 1985, the changes in its fund balances, and the current funds revenues, expenditures, and other changes for each of the two years then ended in conformity with generally accepted accounting principles which have been applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedules of Grant Expenditures for fiscal years ended June 30, 1984 and 1985, and the Schedule of Full-Time Equivalent (FTE) Students for the two years ending June 30, 1985 prepared in accordance with the U.S. Department of Education, U.S. Department of Health and Human Services, and the Registrar's Manual for Reporting Enrollment Data reporting requirements are presented as supplemental information and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our examination of the basic financial statements. In our opinion, except for the effects of the matter discussed in paragraph three, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Gillett", written over a horizontal line.

James Gillett, CPA
Deputy Legislative Auditor

February 14, 1986

MONTANA STATE UNIVERSITY
BALANCE SHEETS
Year Ended June 30, 1985

ASSETS

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|----------------------------|--------------|
| Cash | \$ 1,513,739 |
| Accounts receivable | 865,956 |
| Due from other fund groups | 2,427,761 |

| | |
|-------------------------|-----------|
| Total general operating | 4,807,456 |
|-------------------------|-----------|

Designated:

| | |
|----------------------------|-----------|
| Cash | 123,928 |
| Accounts receivable | 277,278 |
| Due from other fund groups | 609,871 |
| Investments (Note 3) | 225,255 |
| Inventories | 503,479 |
| Total designated | 1,739,811 |

Auxiliary enterprises:

| | |
|----------------------------|-----------|
| Cash | 421,493 |
| Accounts receivable | 68,362 |
| Due from other fund groups | 16,944 |
| Investments (Note 3) | 1,561,081 |
| Inventories | 460,056 |

| | |
|-----------------------------|-----------|
| Total auxiliary enterprises | 2,527,936 |
|-----------------------------|-----------|

| | |
|--------------------|-----------|
| Total unrestricted | 9,075,203 |
|--------------------|-----------|

Restricted:

| | |
|----------------------------|-----------|
| Cash | 625,529 |
| Accounts receivable | 1,049,632 |
| Due from other fund groups | 12,691 |
| Investments (Note 3) | 640,950 |

| | |
|------------------|-----------|
| Total restricted | 2,328,802 |
|------------------|-----------|

| | |
|---------------------|--------------|
| Total current funds | \$11,404,005 |
|---------------------|--------------|

STUDENT LOAN FUNDS:

| | |
|--|------------|
| Cash | \$ 112,840 |
| Loans receivable - less allowance for bad debts \$327,902 | 7,869,646 |
| Accounts receivable | 390 |

| | |
|--------------------------|--------------|
| Total student loan funds | \$ 7,982,876 |
|--------------------------|--------------|

See notes to financial statements

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|--|--------------------|
| Accrued payroll | \$ 2,536,107 |
| Accounts payable and accrued liabilities | 740,126 |
| Due to other fund groups | 931,499 |
| Deposits | 40,957 |
| Deferred revenue | 487,322 |
| Compensated absences payable (Note 7) | 3,278,410 |
| Fund balance (Note 1) | <u>(3,206,965)</u> |
| Total general operating | <u>4,807,456</u> |

Designated:

| | |
|--|------------------|
| Accrued payroll | 236,532 |
| Accounts payable and accrued liabilities | 279,737 |
| Due to other fund groups | 1,112,537 |
| Compensated absences payable (Note 7) | 245,374 |
| Fund balance (Note 1) | <u>(134,369)</u> |
| Total designated | <u>1,739,811</u> |

Auxiliary enterprises:

| | |
|--|------------------|
| Accrued payroll | 255,633 |
| Accounts payable and accrued liabilities | 166,249 |
| Deposits | 248,506 |
| Deferred revenue | 41,514 |
| Due to other fund groups | 247,461 |
| Compensated absences payable (Note 7) | 301,313 |
| Fund balance | <u>1,267,260</u> |
| Total auxiliary enterprises | <u>2,527,936</u> |

| | |
|--------------------|------------------|
| Total unrestricted | <u>9,075,203</u> |
|--------------------|------------------|

Restricted:

| | |
|--|------------------|
| Accrued payroll | 309,444 |
| Accounts payable and accrued liabilities | 2,026 |
| Due to other fund groups | 1,359,080 |
| Compensated absences payable (Note 7) | 252,723 |
| Fund balance | <u>405,529</u> |
| Total restricted | <u>2,328,802</u> |

| | |
|---------------------|---------------------|
| Total current funds | <u>\$11,404,005</u> |
|---------------------|---------------------|

STUDENT LOAN FUNDS:

| | |
|--|---------------------|
| Accounts payable and accrued liabilities | \$ 5,427 |
| Fund balances: | |
| U.S. Government grants refundable | \$7,094,974 |
| University funds | 788,330 |
| Private gifts | <u>94,145</u> |
| | 7,977,449 |
| Total student loan funds | <u>\$ 7,982,876</u> |

MONTANA STATE UNIVERSITY
BALANCE SHEETS
Year Ended June 30, 1985

ASSETS

ENDOWMENT FUNDS:

| | |
|-----------------------|-------------------|
| Cash | \$ 13,789 |
| Investments (Note 3) | <u>560,095</u> |
| Total endowment funds | <u>\$ 573,884</u> |

PLANT FUNDS:

| | |
|--------------------------------|-------------------|
| Unexpended: | |
| Cash | \$ 242,272 |
| Accounts receivable | 406,864 |
| Investments (Note 3) | 11,322,330 |
| Construction advances to state | <u>140,848</u> |
| Total unexpended | <u>12,112,314</u> |

Renewals and replacements:

| | |
|---------------------------------|----------------|
| Cash | 27,527 |
| Accounts receivable | 2,566 |
| Due from other fund groups | 275,000 |
| Investments (Note 3) | <u>257,592</u> |
| Total renewals and replacements | <u>562,685</u> |

Retirement of indebtedness:

| | |
|----------------------------------|------------------|
| Cash | 138,023 |
| Accounts receivable | 135,518 |
| Investments (Note 3) | <u>4,653,623</u> |
| Total retirement of indebtedness | <u>4,927,164</u> |

Investment in plant:

| | |
|--|--------------------|
| Land and land improvements | 2,431,358 |
| Buildings (including construction in progress) | 81,600,562 |
| Equipment | 40,077,758 |
| Livestock | <u>62,075</u> |
| Total investment in plant | <u>124,171,753</u> |

| | |
|-------------------|----------------------|
| Total plant funds | <u>\$141,773,916</u> |
|-------------------|----------------------|

AGENCY FUNDS:

| | |
|----------------------------|----------------|
| Cash | \$ 398,150 |
| Accounts receivable | 134,804 |
| Due from other fund groups | 626,939 |
| Investments (Note 3) | <u>428,595</u> |

| | |
|--------------------|---------------------|
| Total agency funds | <u>\$ 1,588,488</u> |
|--------------------|---------------------|

See notes to financial statements

LIABILITIES AND FUND BALANCES

ENDOWMENT FUNDS:

| | |
|--------------|------------|
| Fund balance | \$ 573,884 |
|--------------|------------|

| | |
|-----------------------|-------------------|
| Total endowment funds | <u>\$ 573,884</u> |
|-----------------------|-------------------|

PLANT FUNDS:

Unexpended:

| | |
|---|------------|
| Accounts payable and accrued expenditures | \$ 5,594 |
| Due to other fund groups | 17,407 |
| Bonds payable (Note 4) | 10,396,328 |
| Fund balance | 1,692,985 |

| | |
|------------------|-------------------|
| Total unexpended | <u>12,112,314</u> |
|------------------|-------------------|

Renewals and replacements:

| | |
|---|---------|
| Accounts payable and accrued expenditures | 16,080 |
| Due to other fund groups | 26,132 |
| Fund balance | 520,473 |

| | |
|---------------------------------|----------------|
| Total renewals and replacements | <u>562,685</u> |
|---------------------------------|----------------|

Retirement of indebtedness:

| | |
|--------------------------|-----------|
| Due to other fund groups | 103 |
| Fund balance | 4,927,061 |

| | |
|----------------------------------|------------------|
| Total retirement of indebtedness | <u>4,927,164</u> |
|----------------------------------|------------------|

Investment in plant:

| | |
|-------------------------|-------------|
| Bonds payable (Note 4) | 17,633,672 |
| Other payables | 48,984 |
| Net investment in plant | 106,489,097 |

| | |
|---------------------------|--------------------|
| Total investment in plant | <u>124,171,753</u> |
|---------------------------|--------------------|

| | |
|-------------------|----------------------|
| Total plant funds | <u>\$141,773,916</u> |
|-------------------|----------------------|

AGENCY FUNDS:

| | |
|--|-----------|
| Accrued payroll | \$ 24,263 |
| Accounts payable and accrued liabilities | 162,307 |
| Compensated absences payable (Note 7) | 2,288 |
| Due to other fund groups | 274,985 |
| Deposits held in custody for others | 1,124,645 |

| | |
|--------------------|---------------------|
| Total agency funds | <u>\$ 1,588,488</u> |
|--------------------|---------------------|

MONTANA STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1985

| | Current Funds | | | |
|--|----------------------|------------------|--------------------------|-------------------|
| | Unrestricted | | | Restricted |
| | General Operating | Designated | Auxiliary Enterprises | |
| Revenue and other additions: | | | | |
| Current funds revenue | \$44,585,416 | \$ 6,232,697 | \$11,961,914 | \$11,172,679 |
| Federal capital contribution | - | - | - | - |
| University capital contribution | - | - | - | - |
| Private capital contribution | - | - | - | - |
| Interest on loans receivable | - | - | - | - |
| Bond indenture proceeds (Note 5) | - | - | - | - |
| Gain on bond defeasance (Note 5) | - | - | - | - |
| Student fees | - | - | - | - |
| Investment income | - | - | - | - |
| Endowment income & grants (Note 2) | - | - | - | - |
| Discount on bonds purchased | - | - | - | - |
| Debt retirement (Note 5) | - | - | - | - |
| Transfer of bond liability | - | - | - | - |
| Expended for plant facilities (including \$3,350,552 charged to current funds) | - | - | - | - |
| Insurance proceeds | - | - | - | - |
| State appropriations | - | - | - | - |
| Other | - | - | - | - |
| Total revenue and other additions | <u>44,585,416</u> | <u>6,232,697</u> | <u>11,961,914</u> | <u>11,172,679</u> |
| Expenditures and other deductions: | | | | |
| Current funds expenditures | 44,634,354 | 6,807,600 | 10,429,787 | 11,099,975 |
| Loan cancellations | - | - | - | - |
| Refunded to grantors | - | - | - | - |
| Administrative expenditures | - | - | - | - |
| Provision for bad debts | - | - | - | - |
| Expended for plant facilities (Including \$425,137 non-capital expenditures) | - | - | - | - |
| Debt retirement (Note 5) | - | - | - | - |
| Interest on debt | - | - | - | - |
| Transfer of bond liability | - | - | - | - |
| Bond indenture debt (Note 5) | - | - | - | - |
| Other (Note 5) | - | - | - | - |
| Total expenditures and other deductions | <u>44,634,354</u> | <u>6,807,600</u> | <u>10,429,787</u> | <u>11,099,975</u> |

See notes to financial statements

| Loan Funds | Endowment and Similar Funds | Plant Funds | | | |
|----------------|--------------------------------|-------------------|--------------------------------------|---------------------------------------|--------------------------------|
| | | <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Retirement of Indebtedness</u> | <u>Investment In Plant</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 121,956 | - | - | - | - | - |
| 12,471 | - | - | - | - | - |
| 635 | 202,809 | 101,663 | - | - | - |
| 112,348 | - | - | - | - | - |
| - | - | - | - | 8,108,454 | - |
| - | - | - | - | 1,370,506 | - |
| - | - | 381,734 | - | 1,154,934 | - |
| 12,032 | - | 680,837 | 52,732 | 456,414 | - |
| - | - | - | - | 297,462 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 9,518,295 |
| - | - | 4,732,503 | - | - | - |
| - | - | - | - | - | 7,967,002 |
| - | - | 310,085 | - | - | - |
| - | - | 628,566 | - | - | - |
| - | 583 | 78,543 | 11,561 | 56,742 | - |
| <u>259,442</u> | <u>203,392</u> | <u>6,913,931</u> | <u>64,293</u> | <u>11,444,512</u> | <u>17,485,297</u> |
| - | - | - | - | - | - |
| 40,375 | - | - | - | - | - |
| - | - | - | - | - | - |
| 55,694 | - | - | - | - | - |
| 13,696 | - | - | - | - | - |
| - | - | 4,382,733 | 658,854 | - | - |
| - | - | - | - | 9,518,295 | - |
| - | - | - | - | 2,113,085 | - |
| - | - | - | - | - | 4,732,503 |
| - | - | - | - | - | 8,108,454 |
| - | - | - | - | 1,269,593 | - |
| <u>109,765</u> | <u>-</u> | <u>4,382,733</u> | <u>658,854</u> | <u>12,900,973</u> | <u>12,840,957</u> |

MONTANA STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES (Continued)
Year Ended June 30, 1985

| | Current Funds | | | |
|--|-----------------------------|----------------------------|----------------------------|--------------------------|
| | Unrestricted | | | Restricted |
| | General Operating | Designated | Auxiliary Enterprises | |
| Transfer among funds - additions (deductions): | | | | |
| Mandatory: | | | | |
| All fund groups | \$ - | \$ - | \$ (1,277,200) | \$ - |
| Voluntary: | | | | |
| General operating | (9,706) | - | - | - |
| Designated | - | (48,784) | - | - |
| Auxiliary enterprises-net | - | 29,345 | (235,016) | - |
| Repair and replacement-net | - | - | - | - |
| Retirement of debt-net | - | - | 100,776 | - |
| Total transfers | <u>(9,706)</u> | <u>(19,439)</u> | <u>(1,411,440)</u> | <u>-</u> |
| Net increase (decrease) in fund balance | <u>(58,644)</u> | <u>(594,342)</u> | <u>120,687</u> | <u>72,704</u> |
| Fund balances at beginning of year as previously reported | <u>(2,992,186)</u> | <u>555,176</u> | <u>1,209,917</u> | <u>467,911</u> |
| Adjustments: (Note 1 & 7) | | | | |
| Prior year revenues | (17,341) | 20,547 | (964) | 9,329 |
| Prior year expenditures | (740) | (96,453) | (38,259) | (67,835) |
| Compensated absences payable | (138,054) | (8,351) | (24,121) | (7,417) |
| Other | - | (10,946) | - | (69,163) |
| Total adjustments | <u>(156,135)</u> | <u>(95,203)</u> | <u>(63,344)</u> | <u>(135,086)</u> |
| Fund balances at beginning of year as adjusted | <u>(3,148,321)</u> | <u>459,973</u> | <u>1,146,573</u> | <u>332,825</u> |
| Fund balances at end of year | <u><u>\$(3,206,965)</u></u> | <u><u>\$ (134,369)</u></u> | <u><u>\$ 1,267,260</u></u> | <u><u>\$ 405,529</u></u> |

See notes to financial statements

| Loan Funds | Endowment and Similar Funds | Plant Funds | | | |
|---------------|--------------------------------|----------------|------------------------------|-------------------------------|------------------------|
| | | Unexpended | Renewals and Replacements | Retirement of Indebtedness | Investment in Plant |
| \$ - | \$ - | \$ (1,782,900) | \$ - | \$ 3,060,100 | \$ - |
| - | - | - | - | 9,706 | - |
| - | - | 48,784 | - | - | - |
| - | - | - | 205,671 | - | - |
| - | - | 177,259 | (177,259) | - | - |
| - | - | 171,433 | 457,783 | (729,992) | - |
| - | - | (1,385,424) | 486,195 | 2,339,814 | - |
| 149,677 | 203,392 | 1,145,774 | (108,366) | 883,353 | 4,644,340 |
| 7,695,791 | 370,492 | 585,463 | 647,579 | 4,043,968 | 101,290,337 |
| 131,491 | - | 91,356 | - | (260) | - |
| 490 | - | (129,608) | (18,740) | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 554,420 |
| 131,981 | - | (38,252) | (18,740) | (260) | 554,420 |
| 7,827,772 | 370,492 | 547,211 | 628,839 | 4,043,708 | 101,844,757 |
| \$7,977,449 | \$ 573,884 | \$ 1,692,985 | \$ 520,473 | \$ 4,927,061 | \$106,489,097 |

MONTANA STATE UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1985

| | Unrestricted | |
|---|----------------------|---------------------|
| | General Operating | Designated |
| Revenues: | | |
| Tuition and fees | \$ 8,703,238 | \$ - |
| Federal appropriations | 50,000 | - |
| State appropriations | 34,097,964 | - |
| Federal grants and contracts | 856,158 | - |
| State grants and contracts | 70,300 | - |
| Private gifts, grants and contracts | 225,608 | - |
| Endowment income | 441,402 | - |
| Other sources | 140,746 | - |
| Sales and services | - | 6,232,697 |
| Total revenue | <u>44,585,416</u> | <u>6,232,697</u> |
| Expenditures and mandatory transfers: | | |
| Education and general | | |
| Instruction | 24,940,895 | - |
| Research | 577,274 | - |
| Public service | 9,955 | - |
| Academic support | 5,754,897 | - |
| Student services | 4,087,884 | - |
| Institutional support | 3,463,924 | - |
| Operation and maintenance of plant | 4,943,870 | - |
| Scholarships and fellowships | 855,655 | - |
| Other | - | - |
| Education and general expenditures | <u>44,634,354</u> | <u>-</u> |
| Designated and auxiliary enterprises: | | |
| Expenditures | - | 6,807,600 |
| Mandatory transfers | - | - |
| Total designated and auxiliary | <u>-</u> | <u>6,807,600</u> |
| Total expenditures and mandatory transfers | <u>44,634,354</u> | <u>6,807,600</u> |
| Other transfers and additions (deductions): | | |
| Excess of restricted receipts over transfers to revenue | - | - |
| Transfers | <u>(9,706)</u> | <u>(19,439)</u> |
| Net increase (decrease) in fund balance | <u>\$ (58,644)</u> | <u>\$ (594,342)</u> |

See notes to financial statements

| <u>Auxiliary Enterprises</u> | <u>Restricted</u> | <u>Total</u> |
|----------------------------------|-------------------|---------------------|
| \$ - | \$ 21,389 | \$ 8,724,627 |
| - | - | 50,000 |
| - | - | 34,097,964 |
| - | 8,362,135 | 9,218,293 |
| - | 1,063,315 | 1,133,615 |
| - | 1,560,447 | 1,786,055 |
| - | 592 | 441,994 |
| - | 92,097 | 232,843 |
| 11,961,914 | - | 18,194,611 |
| <u>11,961,914</u> | <u>11,099,975</u> | <u>73,880,002</u> |
| - | 639,423 | 25,580,318 |
| - | 3,915,658 | 4,492,932 |
| - | 1,101,748 | 1,111,703 |
| - | 92,098 | 5,846,995 |
| - | 218,214 | 4,306,098 |
| - | 437,670 | 3,901,594 |
| - | 17,796 | 4,961,666 |
| - | 4,507,731 | 5,363,386 |
| - | 169,637 | 169,637 |
| - | <u>11,099,975</u> | <u>55,734,329</u> |
| 10,429,787 | - | 17,237,387 |
| 1,277,200 | - | 1,277,200 |
| <u>11,706,987</u> | <u>-</u> | <u>18,514,587</u> |
| <u>11,706,987</u> | <u>11,099,975</u> | <u>74,248,916</u> |
| - | 72,704 | 72,704 |
| (134,240) | - | (163,385) |
| <u>\$ 120,687</u> | <u>\$ 72,704</u> | <u>\$ (459,595)</u> |

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies

Related parties:

Montana State University, Montana Agricultural Experiment Station and Montana Cooperative Extension Service are related through common management and control; however, they are separate and distinct agencies and they receive separate federal and state appropriations. These agencies have certain related-party transactions, including sharing office facilities, management, accounting and office services. The accounts of Montana Agricultural Experiment Station and Montana Cooperative Extension Service have not been included in the accompanying financial statements.

Financial Statements:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities except as noted hereafter.

The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

Fund balance for unrestricted general operating funds includes \$50,925 allocated for encumbrances and \$20,520 prior period revenue overage netted to the unfunded liability of \$3,278,410 for compensated absences payable. Fund balance for unrestricted designated funds includes positive fund balances of \$111,005 netted to the unfunded liability of \$245,374 for compensated absences payable.

Per recommendation of the Legislative Auditor's Office and concurrence by the Financial Aid Office at the University, \$69,163 of restricted current funds scholarship were reclassified to agency funds because the awards recipients are selected by parties outside the institution.

Fund accounting:

The accounts of the University are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed upon their use. Separate accounts are maintained for each fund; however, accounts with common characteristics are combined into fund groups and reflected as such in the accompanying financial statements. The common characteristics of the funds contained in the various fund groups are as follows:

Current funds:

The current funds group includes economic resources expendable in performing the primary objectives of the University, i.e.,

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies (continued)

Fund accounting (continued):

Current funds (continued):

Instruction, Research and Public Service. The current funds group has two basic distinct sub-groups; unrestricted funds which have no expenditure restrictions, and restricted funds which have expenditure restrictions. Unrestricted current funds are comprised of the following:

General Operating - utilized for general operations in performing the primary objectives of the University.

Designated - utilized for educational related service activities; these funds are separately classified in order to accumulate and distinguish the costs of these specialized service or function areas.

Auxiliary Enterprises - utilized in providing essential on-campus services primarily to students, faculty, and staff.

Student loan funds:

The resources from this group of funds are available to students to aid in financing their education. Funds for the loans are provided by private and University sources with the majority of the funds being provided by the Federal Government.

Endowment funds:

Endowment funds are funds with specific restrictions negating the expenditure of the principal. Generally, the principal is to be maintained in perpetuity and invested for the purpose of producing income.

Plant funds:

Plant funds are separated into four distinct self-balancing sub-group accounts:

Unexpended plant - utilized for acquisition of long-term institutional assets.

Renewal and replacement - utilized for long-term institutional asset maintenance.

Retirement of indebtedness - utilized for interest and debt retirement.

Investment in plant - denotes the cost of long-term institutional assets and related liabilities.

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies (continued)

Inventories:

Inventories, which consist mainly of food and operating supplies, are valued at cost (first-in, first-out method).

Investments:

Investments are carried at cost, which approximate market value at June 30, 1985.

Plant and equipment:

At June 30, 1985, investment in plant was adjusted \$554,420 to reflect the totals in the property control subsidiaries. Livestock is carried at current market value with any difference from the prior year values recorded in the plant fund.

Depreciation:

No provision has been made for depreciation of plant facilities in accordance with generally accepted accounting principles for colleges and universities.

Allowance for Bad Debts:

Except for Loan Funds, an allowance for bad debts has not been recorded. Losses from bad debts in other funds are recorded as adjustments to revenue in the year in which they are deemed uncollectable.

Allocated for encumbrances:

The University records encumbrances of general operating funds as expenditures in conformance with the Statewide Budgeting and Accounting System.

At June 30, 1985, the University had encumbered \$50,925 of general operating funds that are not included in expenditures in the accompanying financial statements. The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and that liabilities include only the unpaid amounts associated with such transactions.

Unearned tuition and fees:

Summer school tuition and fee revenues are deferred at June 30 and recorded as revenue in the succeeding fiscal year.

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1985

2. Endowment funds - land grants

Montana State University benefits from two separate land grants. The first granted 90,000 acres for the University under provisions of the Morrill Act of 1862 and the second, under the Enabling Act of 1889, granted an additional 50,000 acres for the University.

Under provisions of both grants, income from the sale of land and land assets must be reinvested and constitutes, along with the balance of the unsold land, a perpetual endowment fund. The State of Montana, State Land Board administers both grants and holds all assets.

Investment income from the first grant may be used for current operations of the University and is reported as current unrestricted funds revenue. Investment income from the second grant is currently pledged to the retirement of the December 1, 1984 - Series 1984 Indenture revenue bonds and is reported as revenue in the retirement of indebtedness fund.

3. Investments

Investments at June 30, 1985 consist of the following:

| | <u>Cost</u> |
|---|----------------------|
| State of Montana short-term investment pool | \$ 3,833,712 |
| U.S. Treasury securities, held by trustees | 15,366,712 |
| Federal securities | <u>449,097</u> |
| | <u>\$ 19,649,521</u> |

The investments at June 30, 1985 are owned by the following funds:

| | |
|----------------------------|---------------------|
| Current funds: | |
| Designated | \$ 225,255 |
| Auxiliary enterprises | 1,561,081 |
| Restricted | 640,950 |
| Endowment funds | 560,095 |
| Plant funds: | |
| Unexpended plant | 11,322,330 |
| Renewals and replacements | 257,592 |
| Retirement of indebtedness | 4,653,623 |
| Agency | <u>428,595</u> |
| | <u>\$19,649,521</u> |

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1985

4. Bonds payable

Bonds payable at June 30, 1985 include the following:

| | |
|--|---------------------|
| Indenture - December 1, 1984 - Series 1984 | \$ 8,850,000 |
| Indenture - December 1, 1984 - Series B 1984 | 9,920,000 |
| Indenture - December 15, 1984 - Series 1984 | 9,260,000 |
| | <u>\$28,030,000</u> |

The records and accounts of the University's revenue bonds are subject to an annual audit by a certified public accounting firm; copies of the report which provides complete descriptive details of each indenture are available upon request.

5. Bonds defeased, issued, and escrowed:

Defeasance of October 14, 1963 and April 12, 1971 Resolutions:

All bonds outstanding under the October 14, 1963 and April 12, 1971 Resolutions totaling \$3,965,000 were defeased when funds from the sale of bonds issued under the December 15, 1984 Indenture, along with funds on hand were deposited in an irrevocable escrow account. This resulted in a gain. Obligations of the United States Government, calculated to be sufficient to provide for the payment of principal and interest on the October 14, 1963 and April 12, 1971 refunded bonds as they become due, were purchased and are held by the Escrow Agent. Other retirement of indebtedness deductions include \$1,246,000 to defease the October 14, 1963 and April 12, 1971 Resolutions and issue the December 1, 1984 Series B and December 15, 1984 Indentures.

Issuance of December 1, 1984 Indenture Series B 1984:

An original issue of \$9,920,000 dated December 1, 1984 consisting of fully registered bonds without coupons for the construction renovation, improvement, furnishing, and equipping of new and existing Student Housing System Facilities at and for the University.

Issuance of December 15, 1984 Indenture:

An original issue of \$9,260,000 dated December 15, 1984, consisting of fully registered bonds without coupons to defease all bonds outstanding under the October 14, 1963 and April 12, 1971 Resolutions, to escrow certain General Obligation Bonds under the responsibility of the University, and to finance the construction renovation, improvement, and equipping of certain Health and Physical Education Facilities at and for the University.

Escrowed General Obligation Bonds:

General Obligation Refunding Bonds, Series 1983A, dated August 1, 1983, in the amount of \$4,945,000 were placed in escrow by utilizing the proceeds of the December 15, 1985 Indenture - Series 1984.

MONTANA STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

6. Retirement plans

All of the University's full-time employees are members of the Montana Public Employees Retirement System or Montana Teacher's Retirement System. The University's contributions to these plans, which were determined to be actuarially sound by the most recent biennial valuations, totaled \$2,591,631 for the year ended June 30, 1985.

7. Commitments and contingencies

Compensated absences payable:

As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Vacation and sick leave payments are recorded as an expenditure at the time they are paid to the employee.

Due to system limitations, the change in the compensated absences payable amount is stated as an adjustment and not identified with the fiscal period earned or utilized by the employee.

Capital projects:

As of June 30, 1985, the University has initiated construction on the following major capital projects:

| <u>Project</u> | <u>Amount Authorized</u> | <u>Amount Exp. as of 6/30/85</u> |
|---|------------------------------|--------------------------------------|
| Student union bldg. addition/renovation | \$ 5,394,400 | \$ 5,362,318 |
| Physical education facilities addition | 2,500,000 | 2,475,294 |
| University apartments '84 | 4,200,000 | 3,073,272 |
| Animal lab facility | 2,260,000 | 2,171,901 |
| Visual communications building | 4,598,000 | 4,589,911 |
| On campus living - fire detection | 620,000 | 568,710 |
| Controlled environmental facility | 5,302,000 | 612,693 |
| Engineering/physical science complex | 350,000 | 171,663 |
| Hedges food system exhaust | 197,736 | 151,974 |
| 1984B On Campus Living Construction | 8,137,100 | 10,150 |
| 1984 P.E. Indenture Construction | 1,400,000 | 8,896 |
| | <u>\$34,959,236</u> | <u>\$19,196,782</u> |

Leases:

The University reserves the right to limit the amount of expenditures associated with lease contracts without penalty, when in the sole judgment of the University annual funding or program changes necessitate. Capital lease agreements for various purposes and time periods totaling \$104,893 at June 30, 1985 are not added to net investment in plant and not deemed to be material to the overall consolidated financial position of the University.

MONTANA STATE UNIVERSITY
BALANCE SHEETS
Year Ended June 30, 1984

ASSETS

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|----------------------------|--------------|
| Cash | \$ 3,337,958 |
| Accounts receivable | 727,650 |
| Due from other fund groups | 1,455,327 |

Total general operating 5,520,935

Designated:

| | |
|----------------------------|------------------|
| Cash | 105,250 |
| Accounts receivable | 243,936 |
| Due from other fund groups | 995,232 |
| Investments (Note 3) | 296,071 |
| Inventories | 522,160 |
| Total designated | <u>2,162,649</u> |

Auxiliary enterprises:

| | |
|----------------------------|-----------|
| Cash | 328,551 |
| Accounts receivable | 47,473 |
| Due from other fund groups | 179,934 |
| Investments (Note 3) | 1,378,098 |
| Inventories | 533,037 |

Total auxiliary enterprises 2,467,093

Total unrestricted 10,150,677

Restricted:

| | |
|----------------------------|-----------|
| Cash | 314,049 |
| Accounts receivable | 1,164,314 |
| Due from other fund groups | 18,449 |
| Investments (Note 3) | 459,764 |

Total restricted 1,956,576

Total current funds \$12,107,253

STUDENT LOAN FUNDS:

| | |
|--|-----------|
| Cash | \$ 71,048 |
| Loans receivable - less allowance for bad debts \$314,206 | 7,540,951 |
| Accounts receivable | 87,887 |
| Due from other fund groups | 180 |

Total student loan funds \$ 7,700,066

See notes to financial statements

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|--|--------------------|
| Accrued payroll | \$ 2,712,143 |
| Accounts payable and accrued liabilities | 750,374 |
| Due to other fund groups | 1,356,223 |
| Deposits | 43,112 |
| Deferred revenue | 510,913 |
| Compensated absences payable (Note 7) | 3,140,356 |
| Fund balance (Note 1) | <u>(2,992,186)</u> |
| Total general operating | <u>5,520,935</u> |

Designated:

| | |
|--|------------------|
| Accrued payroll | 221,994 |
| Accounts payable and accrued liabilities | 377,656 |
| Due to other fund groups | 781,746 |
| Compensated absences payable (Note 7) | 226,077 |
| Fund balance | <u>555,176</u> |
| Total designated | <u>2,162,649</u> |

Auxiliary enterprises:

| | |
|--|------------------|
| Accrued payroll | 264,399 |
| Accounts payable and accrued liabilities | 89,772 |
| Deposits | 306,352 |
| Deferred revenue | 59,459 |
| Due to other fund groups | 260,002 |
| Compensated absences payable (Note 7) | 277,192 |
| Fund balance | <u>1,209,917</u> |
| Total auxiliary enterprises | <u>2,467,093</u> |

| | |
|--------------------|-------------------|
| Total unrestricted | <u>10,150,677</u> |
|--------------------|-------------------|

Restricted:

| | |
|--|------------------|
| Accrued payroll | 230,893 |
| Accounts payable and accrued liabilities | 74,613 |
| Due to other fund groups | 937,853 |
| Compensated absences payable (Note 7) | 245,306 |
| Fund balance | <u>467,911</u> |
| Total restricted | <u>1,956,576</u> |

| | |
|---------------------|---------------------|
| Total current funds | <u>\$12,107,253</u> |
|---------------------|---------------------|

STUDENT LOAN FUNDS:

| | |
|--|---------------------|
| Accounts payable and accrued liabilities | \$ 4,275 |
| Fund balances: | |
| U.S. Government grants refundable | \$6,845,403 |
| University funds | 760,600 |
| Private gifts | <u>89,788</u> |
| Total student loan funds | <u>7,695,791</u> |
| | <u>\$ 7,700,066</u> |

MONTANA STATE UNIVERSITY
BALANCE SHEETS
Year Ended June 30, 1984

ASSETS

ENDOWMENT FUNDS:

| | |
|-----------------------|-------------------|
| Cash | \$ 3,189 |
| Investments (Note 3) | <u>367,303</u> |
| Total endowment funds | <u>\$ 370,492</u> |

PLANT FUNDS:

Unexpended:

| | |
|--------------------------------|------------------|
| Cash | \$ 421,361 |
| Accounts receivable | 129,922 |
| Due from other fund groups | 4,918 |
| Investments (Note 3) | 3,905,217 |
| Construction advances to state | <u>201,209</u> |
| Total unexpended | <u>4,662,627</u> |

Renewals and replacements:

| | |
|---------------------------------|----------------|
| Cash | 144,413 |
| Accounts receivable | 27,472 |
| Investments (Note 3) | <u>493,402</u> |
| Total renewals and replacements | <u>665,287</u> |

Retirement of indebtedness:

| | |
|----------------------------------|------------------|
| Cash | 614,846 |
| Accounts receivable | 84,376 |
| Investments (Note 3) | <u>3,349,054</u> |
| Total retirement of indebtedness | <u>4,048,276</u> |

Investment in plant:

| | |
|--|--------------------|
| Land and land improvements | 2,394,226 |
| Buildings (including construction in progress) | 76,373,148 |
| Equipment | 36,857,556 |
| Livestock | <u>25,400</u> |
| Total investment in plant | <u>115,650,330</u> |

| | |
|-------------------|----------------------|
| Total plant funds | <u>\$125,026,520</u> |
|-------------------|----------------------|

AGENCY FUNDS:

| | |
|----------------------------|----------------|
| Cash | \$ 225,770 |
| Accounts receivable | 135,709 |
| Due from other fund groups | 716,562 |
| Investments (Note 3) | <u>412,315</u> |

| | |
|--------------------|---------------------|
| Total agency funds | <u>\$ 1,490,356</u> |
|--------------------|---------------------|

See notes to financial statements

LIABILITIES AND FUND BALANCES

ENDOWMENT FUNDS:

| | |
|--------------|------------|
| Fund balance | \$ 370,492 |
|--------------|------------|

| | |
|-----------------------|-------------------|
| Total endowment funds | <u>\$ 370,492</u> |
|-----------------------|-------------------|

PLANT FUNDS:

Unexpended:

| | |
|---|-----------|
| Accounts payable and accrued expenditures | \$ 7,118 |
| Due to other fund groups | 12,760 |
| Bonds payable (Note 4) | 4,057,286 |
| Fund balance | 585,463 |

| | |
|------------------|------------------|
| Total unexpended | <u>4,662,627</u> |
|------------------|------------------|

Renewals and replacements:

| | |
|--------------------------|---------|
| Due to other fund groups | 17,708 |
| Fund balance | 647,579 |

| | |
|---------------------------------|----------------|
| Total renewals and replacements | <u>665,287</u> |
|---------------------------------|----------------|

Retirement of indebtedness:

| | |
|--------------------------|-----------|
| Due to other fund groups | 4,308 |
| Fund balance | 4,043,968 |

| | |
|----------------------------------|------------------|
| Total retirement of indebtedness | <u>4,048,276</u> |
|----------------------------------|------------------|

Investment in plant:

| | |
|-------------------------|-------------|
| Bonds payable (Note 4) | 14,302,714 |
| Other payables | 57,279 |
| Net investment in plant | 101,290,337 |

| | |
|---------------------------|--------------------|
| Total investment in plant | <u>115,650,330</u> |
|---------------------------|--------------------|

| | |
|-------------------|----------------------|
| Total plant funds | <u>\$125,026,520</u> |
|-------------------|----------------------|

AGENCY FUNDS:

| | |
|--|-----------|
| Accrued payroll | \$ 14,507 |
| Accounts payable and accrued liabilities | 591,955 |
| Compensated absences payable (Note 7) | 11,765 |
| Deposits held in custody for others | 872,129 |

| | |
|--------------------|---------------------|
| Total agency funds | <u>\$ 1,490,356</u> |
|--------------------|---------------------|

MONTANA STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1984

| | Current Funds | | | |
|--|----------------------|------------------|--------------------------|-------------------|
| | Unrestricted | | | Restricted |
| | General Operating | Designated | Auxiliary Enterprises | |
| Revenue and other additions: | | | | |
| Current funds revenue | \$43,288,774 | \$ 6,248,194 | \$11,931,510 | \$10,783,571 |
| Federal capital contribution | - | - | - | - |
| University capital contribution | - | - | - | - |
| Private capital contribution | - | - | - | - |
| Interest on loans receivable | - | - | - | - |
| Bond indenture proceeds (Note 5) | - | - | - | - |
| Gain on bond defeasance (Note 5) | - | - | - | - |
| Student fees | - | - | - | - |
| Investment income | - | - | - | - |
| Endowment income & grants (Note 2) | - | - | - | - |
| Discount on bonds purchased | - | - | - | - |
| Debt retirement (incl. defeasance) | - | - | - | - |
| Transfer of bond liability | - | - | - | - |
| Expended for plant facilities (including \$3,425,097 charged to current funds) | - | - | - | - |
| G.O. bond refunding (Note 5) | - | - | - | - |
| State appropriations | - | - | - | - |
| Other | - | - | - | - |
| Total revenue and other additions | <u>43,288,774</u> | <u>6,248,194</u> | <u>11,931,510</u> | <u>10,783,571</u> |
| Expenditures and other deductions: | | | | |
| Current funds expenditures | 43,358,513 | 6,494,516 | 10,050,700 | 10,516,676 |
| Loan cancellations | - | - | - | - |
| Refunded to grantors | - | - | - | - |
| Administrative expenditures | - | - | - | - |
| Provision for bad debts | - | - | - | - |
| Expended for plant facilities (Including \$817,706 non-capital expenditures) | - | - | - | - |
| Debt retirement (incl. defeasance) | - | - | - | - |
| Interest on debt | - | - | - | - |
| Transfer of bond liability | - | - | - | - |
| Bond indenture debt (Note 5) | - | - | - | - |
| Other (Note 5) | - | - | - | - |
| Total expenditures and other deductions | <u>43,358,513</u> | <u>6,494,516</u> | <u>10,050,700</u> | <u>10,516,676</u> |

See notes to financial statements

| Loan Funds | Endowment and Similar Funds | Plant Funds | | | |
|---------------|--------------------------------|-------------|------------------------------|-------------------------------|------------------------|
| | | Unexpended | Renewals and Replacements | Retirement of Indebtedness | Investment In Plant |
| - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 164,443 | - | - | - | - | - |
| 31,082 | - | - | - | - | - |
| - | 80,100 | 70,000 | - | - | - |
| 118,122 | - | - | - | - | - |
| - | - | - | - | 4,800,000 | - |
| - | - | - | - | 3,426,240 | - |
| - | - | 371,587 | - | 1,537,246 | - |
| - | - | 36,760 | 15,105 | 669,030 | - |
| - | - | - | - | 491,478 | - |
| - | - | - | - | 138,346 | - |
| - | - | - | - | - | 12,449,392 |
| - | - | 142,714 | - | - | - |
| - | - | - | - | - | 6,370,834 |
| - | - | - | - | - | 1,150,000 |
| - | - | 1,843,267 | - | - | - |
| - | 1,725 | 171,815 | 7,148 | 48,543 | - |
| 313,647 | 81,825 | 2,636,143 | 22,253 | 11,110,883 | 19,970,226 |
| - | - | - | - | - | - |
| 69,649 | - | - | - | - | - |
| 968 | - | - | - | - | - |
| 53,653 | - | - | - | - | - |
| 20,838 | - | - | - | - | - |
| - | - | 3,238,764 | 524,679 | - | - |
| - | - | - | - | 12,449,392 | - |
| - | - | - | - | 1,068,936 | - |
| - | - | - | - | - | 142,714 |
| - | - | - | - | - | 4,800,000 |
| - | - | - | - | 581,993 | - |
| 145,108 | - | 3,238,764 | 524,679 | 14,100,321 | 4,942,714 |

MONTANA STATE UNIVERSITY
STATEMENT OF CHANGES IN FUND BALANCES (Continued)
Year Ended June 30, 1984

| | Current Funds | | | |
|--|-----------------------------|--------------------------|----------------------------|--------------------------|
| | Unrestricted | | | Restricted |
| | General Operating | Designated | Auxiliary Enterprises | |
| Transfer among funds - additions (deductions): | | | | |
| Mandatory: | | | | |
| All fund groups | \$ - | \$ - | \$ - | \$ - |
| Voluntary: | | | | |
| General operating | (10,093) | - | - | - |
| Auxiliary enterprises-net | - | 21,611 | (2,970,462) | - |
| Repair and replacement | - | - | - | - |
| Retirement of debt-net | - | - | - | - |
| Total transfers | <u>(10,093)</u> | <u>21,611</u> | <u>(2,970,462)</u> | <u>-</u> |
| Net increase (decrease) in fund balance | <u>(79,832)</u> | <u>(224,711)</u> | <u>(1,089,652)</u> | <u>266,895</u> |
| Fund balances at beginning of year as previously reported | <u>354,257</u> | <u>989,583</u> | <u>2,621,652</u> | <u>681,124</u> |
| Adjustments: (Note 1 & 7) | | | | |
| Prior year revenues | 24,722 | 10,834 | 243 | (75,116) |
| Prior year expenditures | (150,977) | 5,547 | (45,134) | (154,686) |
| Compensated absences payable | (3,140,356) | (226,077) | (277,192) | (245,306) |
| Other | - | - | - | (5,000) |
| Total adjustments | <u>(3,266,611)</u> | <u>(209,696)</u> | <u>(322,083)</u> | <u>(480,108)</u> |
| Fund balances at beginning of year as adjusted | <u>(2,912,354)</u> | <u>779,887</u> | <u>2,299,569</u> | <u>201,016</u> |
| Fund balances at end of year | <u><u>\$(2,992,186)</u></u> | <u><u>\$ 555,176</u></u> | <u><u>\$ 1,209,917</u></u> | <u><u>\$ 467,911</u></u> |

See notes to financial statements

| <u>Loan Funds</u> | <u>Endowment and Similar Funds</u> | <u>Plant Funds</u> | | | |
|-----------------------|--|--------------------|--------------------------------------|---------------------------------------|--------------------------------|
| | | <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Retirement of Indebtedness</u> | <u>Investment in Plant</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 10,093 | - |
| - | - | 22,639 | 521,664 | 2,404,548 | - |
| - | - | 178,867 | (178,867) | - | - |
| - | - | 196,236 | 557,691 | (753,927) | - |
| - | - | <u>397,742</u> | <u>900,488</u> | <u>1,660,714</u> | <u>-</u> |
| <u>168,539</u> | <u>81,825</u> | <u>(204,879)</u> | <u>398,062</u> | <u>(1,328,724)</u> | <u>15,027,512</u> |
| <u>7,527,252</u> | <u>290,828</u> | <u>3,171,241</u> | <u>254,773</u> | <u>4,995,492</u> | <u>85,712,043</u> |
| - | (2,161) | (2,375,122) | (50) | 377,700 | - |
| - | - | (5,777) | (5,206) | (500) | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 550,782 |
| - | <u>(2,161)</u> | <u>(2,380,899)</u> | <u>(5,256)</u> | <u>377,200</u> | <u>550,782</u> |
| <u>7,527,252</u> | <u>288,667</u> | <u>790,342</u> | <u>249,517</u> | <u>5,372,692</u> | <u>86,262,825</u> |
| <u>\$7,695,791</u> | <u>\$ 370,492</u> | <u>\$ 585,463</u> | <u>\$ 647,579</u> | <u>\$ 4,043,968</u> | <u>\$101,290,337</u> |

MONTANA STATE UNIVERSITY
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1984

| | Unrestricted | |
|---|----------------------|---------------------|
| | General Operating | Designated |
| Revenues: | | |
| Tuition and fees | \$ 8,386,014 | \$ - |
| Federal appropriations | 50,000 | - |
| State appropriations | 33,176,752 | - |
| Federal grants and contracts | 789,746 | - |
| State grants and contracts | 56,781 | - |
| Private gifts, grants and contracts | 239,795 | - |
| Endowment income | 421,240 | - |
| Other sources | 168,446 | - |
| Sales and services | - | 6,248,194 |
| Total revenue | <u>43,288,774</u> | <u>6,248,194</u> |
| Expenditures and mandatory transfers: | | |
| Education and general | | |
| Instruction | 24,600,899 | - |
| Research | 577,255 | - |
| Public service | 9,637 | - |
| Academic support | 5,490,831 | - |
| Student services | 3,918,496 | - |
| Institutional support | 3,316,390 | - |
| Operation and maintenance of plant | 4,702,712 | - |
| Scholarships and fellowships | 742,293 | - |
| Other | - | - |
| Education and general expenditures | <u>43,358,513</u> | <u>-</u> |
| Designated and auxiliary enterprises: | | |
| Expenditures | - | 6,494,516 |
| Mandatory transfers | - | - |
| Total designated and auxiliary | <u>-</u> | <u>6,494,516</u> |
| Total expenditures and mandatory transfers | <u>43,358,513</u> | <u>6,494,516</u> |
| Other transfers and additions (deductions): | | |
| Excess of restricted receipts over transfers to revenue | - | - |
| Transfers | <u>(10,093)</u> | <u>21,611</u> |
| Net increase (decrease) in fund balance | <u>\$ (79,832)</u> | <u>\$ (224,711)</u> |

See notes to financial statements

| <u>Auxiliary Enterprises</u> | <u>Restricted</u> | <u>Total</u> |
|----------------------------------|-------------------|-----------------------|
| \$ - | \$ 33,583 | \$ 8,419,597 |
| - | - | 50,000 |
| - | - | 33,176,752 |
| - | 7,825,341 | 8,615,087 |
| - | 776,025 | 832,806 |
| - | 1,798,989 | 2,038,784 |
| - | 3,504 | 424,744 |
| - | 79,234 | 247,680 |
| 11,931,510 | - | 18,179,704 |
| <u>11,931,510</u> | <u>10,516,676</u> | <u>71,985,154</u> |
| - | 767,280 | 25,368,179 |
| - | 3,496,956 | 4,074,211 |
| - | 717,563 | 727,200 |
| - | 74,418 | 5,565,249 |
| - | 450,294 | 4,368,790 |
| - | 647,931 | 3,964,321 |
| - | 8,829 | 4,711,541 |
| - | 4,237,729 | 4,980,022 |
| - | 115,676 | 115,676 |
| - | <u>10,516,676</u> | <u>53,875,189</u> |
| 10,050,700 | - | 16,545,216 |
| - | - | - |
| <u>10,050,700</u> | <u>-</u> | <u>16,545,216</u> |
| <u>10,050,700</u> | <u>10,516,676</u> | <u>70,420,405</u> |
| - | 266,895 | 266,895 |
| (2,970,462) | - | (2,958,944) |
| <u>\$ (1,089,652)</u> | <u>\$ 266,895</u> | <u>\$ (1,127,300)</u> |

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies

Related parties:

Montana State University, Montana Agricultural Experiment Station and Montana Cooperative Extension Service are related through common management and control; however, they are separate and distinct agencies and they receive separate federal and state appropriations. These agencies have certain related-party transactions, including sharing office facilities, management, accounting and office services. The accounts of Montana Agricultural Experiment Station and Montana Cooperative Extension Service have not been included in the accompanying financial statements.

Financial Statements:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities except as noted hereafter.

The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

Fund balance for unrestricted general operating funds includes \$140,806 allocated for encumbrances and \$7,364 prior period revenue overage netted to the unfunded liability of \$3,140,356 for compensated absences payable.

Fund accounting:

The accounts of the University are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed upon their use. Separate accounts are maintained for each fund; however, accounts with common characteristics are combined into fund groups and reflected as such in the accompanying financial statements. The common characteristics of the funds contained in the various fund groups are as follows:

Current funds:

The current funds group includes economic resources expendable in performing the primary objectives of the University, i.e., Instruction, Research and Public Service. The current funds group has two basic distinct sub-groups; unrestricted funds which have no expenditure restrictions, and restricted funds which have expenditure restrictions. Unrestricted current funds are comprised of the following:

MONTANA STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies (continued)

Fund accounting (continued):

Current funds (continued):

General Operating - utilized for general operations in performing the primary objectives of the University.

Designated - utilized for educational related service activities; these funds are separately classified in order to accumulate and distinguish the costs of these specialized service or function areas.

Auxiliary Enterprises - utilized in providing essential on-campus services primarily to students, faculty, and staff.

Student loan funds:

The resources from this group of funds are available to students to aid in financing their education. Funds for the loans are provided by private and University sources with the majority of the funds being provided by the Federal Government.

Endowment funds:

Endowment funds are funds with specific restrictions negating the expenditure of the principal. Generally, the principal is to be maintained in perpetuity and invested for the purpose of producing income.

Plant funds:

Plant funds are separated into four distinct self-balancing sub-group accounts:

Unexpended plant - utilized for acquisition of long-term institutional assets.

Renewal and replacement - utilized for long-term institutional asset maintenance.

Retirement of indebtedness - utilized for interest and debt retirement.

Investment in plant - denotes the cost of long-term institutional assets and related liabilities.

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies (continued)

Inventories:

Inventories, which consist mainly of food and operating supplies, are valued at cost (first-in, first-out method).

Investments:

Investments are carried at cost, which approximate market value at June 30, 1984.

Plant and equipment:

At June 30, 1984, investment in plant was adjusted \$550,782 to reflect the totals in the property control subsidiaries. Livestock is carried at current market value with any difference from the prior year values recorded in the plant fund.

Depreciation:

No provision has been made for depreciation of plant facilities in accordance with generally accepted accounting principles for colleges and universities.

Allowance for Bad Debts:

Except for Loan Funds, an allowance for bad debts has not been recorded. Losses from bad debts in other funds are recorded as adjustments to revenue in the year in which they are deemed uncollectable.

Allocated for encumbrances:

The University records encumbrances of general operating funds as expenditures in conformance with the Statewide Budgeting and Accounting System.

At June 30, 1984, the University had encumbered \$140,806 of general operating funds that are not included in expenditures in the accompanying financial statements. The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and that liabilities include only the unpaid amounts associated with such transactions.

Unearned tuition and fees:

Summer school tuition and fee revenues are deferred at June 30 and recorded as revenue in the succeeding fiscal year.

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1984

2. Endowment funds - land grants

Montana State University benefits from two separate land grants. The first granted 90,000 acres for the University under provisions of the Morrill Act of 1862 and the second, under the Enabling Act of 1889, granted an additional 50,000 acres for the University.

Under provisions of both grants, income from the sale of land and land assets must be reinvested and constitutes, along with the balance of the unsold land, a perpetual endowment fund. The State of Montana, State Land Board administers both grants and holds all assets.

Investment income from the first grant may be used for current operations of the University and is reported as current unrestricted funds revenue. Investment income from the second grant is currently pledged to the retirement of the April 15, 1984 indenture revenue bonds and is reported as revenue in the retirement of indebtedness fund.

3. Investments

Investments at June 30, 1984 consist of the following:

| | <u>Cost</u> |
|---|---------------------|
| State of Montana short-term investment pool | \$ 3,994,157 |
| U.S. Treasury securities, held by trustees | 6,317,059 |
| Federal securities | <u>350,008</u> |
| | <u>\$10,661,224</u> |

The investments at June 30, 1984 are owned by the following funds:

| | |
|----------------------------|---------------------|
| Current funds: | |
| Designated | \$ 296,071 |
| Auxiliary enterprises | 1,378,098 |
| Restricted | 459,764 |
| Endowment funds | 367,303 |
| Plant funds: | |
| Unexpended plant | 3,905,217 |
| Renewals and replacements | 493,402 |
| Retirement of indebtedness | 3,349,054 |
| Agency | <u>412,315</u> |
| | <u>\$10,661,224</u> |

MONTANA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS

June 30, 1984

4. Bonds payable

Bonds payable at June 30, 1984 include the following:

| | |
|---|---------------------|
| Resolution - October 14, 1963 | \$ 2,715,000 |
| Resolution - April 12, 1971 | 1,445,000 |
| Montana Long Range Building Program - March 1, 1980 | 5,200,000 |
| Indenture - April 15, 1984 | 9,000,000 |
| | <u>\$18,360,000</u> |

The records and accounts of the University's revenue bonds are subject to an annual audit by a certified public accounting firm; copies of the report are available upon request.

5. Bond defeasance, issuance, and refunding:

Defeasance of July 1, 1954 Indenture:

All bonds outstanding, \$11,069,000, under the July 1, 1954 Indenture were defeased when funds, \$4,800,000, from the sale of bonds issued under the April 15, 1984 Indenture, along with funds on hand, \$2,842,760, were deposited in an irrevocable escrow account resulting in a gain on defeasance of \$3,426,240. Obligations of the United States Government, calculated to be sufficient to provide for the payment of principal and interest on the July 1, 1954 refunded Bonds as they became due, were purchased and are held by the Escrow Agent. Other retirement of indebtedness deductions include \$556,930 to defease the July 1, 1954 Indenture and issue the April 15, 1984 Indenture.

Issuance of April 15, 1984 Indenture:

An original issue of \$9,000,000, consisting of fully registered bonds without coupons; \$4,800,000 with the purpose of defeasing all bonds outstanding under the July 1, 1954 Indenture and \$4,200,000 for construction of approximately 90 additional units of married student housing.

G.O. Bond refunding:

Outstanding general obligation long range building program bonds, Series 1980, dated March 1, 1980, issued by the State of Montana in the amount of \$6,350,000 for the construction of additions to the Physical Education Complex and Student Union Building at Montana State University, were refunded by issuance of general obligation refunding bonds, Series 1983A, dated August 1, 1983, in the amount of \$5,200,000; resulting in a \$1,150,000 lowering of the debt level associated with Investment in Plant.

MONTANA STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

6. Retirement plans

All of the University's full-time employees are members of the Montana Public Employees Retirement System or Montana Teacher's Retirement System. The University's contributions to these plans, which were determined to be actuarially sound by the most recent biennial valuations, totaled \$2,471,762 for the year ended June 30, 1984.

7. Commitments and contingencies

Compensated absences payable:

As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Vacation and sick leave payments are recorded as an expenditure at the time they are paid to the employee.

Previous financial reports have disclosed the leave liability only as a footnote. In accordance with generally accepted accounting principles the liability as of June 30, 1984 has been recorded for the first time as a liability of the applicable fund group.

Capital projects:

As of June 30, 1984, the University has initiated construction on the following major capital projects:

| <u>Project</u> | <u>Amount Authorized</u> | <u>Amount Exp. as of 6/30/84</u> |
|---|------------------------------|--------------------------------------|
| Student union bldg. addition/renovation | \$ 5,360,400 | \$ 5,320,586 |
| Physical education facilities addition | 2,500,000 | 2,419,904 |
| University apartments '84 | 4,200,000 | 142,714 |
| Animal lab facility | 2,260,000 | 2,006,193 |
| Visual communications building | 4,598,000 | 4,529,999 |
| On campus living - fire detection | 620,000 | 496,779 |
| Controlled environmental facility | 5,302,000 | 152,269 |
| Engineering/physical science complex | 350,000 | 67,487 |
| Hedges food system exhaust | 100,000 | 76,712 |
| | <u>\$25,290,400</u> | <u>\$15,212,643</u> |

Leases:

The University reserves the right to limit the amount of expenditures associated with lease contracts without penalty, when in the sole judgment of the University annual funding or program changes necessitate. Capital lease agreements for various purposes and time periods totaling \$30,193 at June 30, 1984 are not added to net investment in plant and not deemed to be material to the overall consolidated financial position of the University.

MONTANA STATE UNIVERSITY
SCHEDULE OF GRANT EXPENDITURES AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1985

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|-------------------------------------|---|
| <u>FEDERAL GRANTS</u> | |
| <u>Department of Education</u> | |
| G008402119 | \$ 148,023 |
| G008302783 | 32,035 |
| G008401682 | 161,130 |
| G008440245 | 5,806 |
| G008302783 | 62,653 |
| 00750V1058 | 8,859 |
| Altans | 9,353 |
| G00831153 | 852 |
| G008004366 | 3,871 |
| G008101025 | 43,150 |
| Pell | 3,799,391 |
| College Work Study | 673,952 |
| NDSL Disbursements | 1,214,552 |
| Administrative and Collection Costs | 15,057 |
| SEOG | <u>266,956</u> |
| <u>Department of Interior</u> | |
| IPA | \$ 5,417 |
| 141600091516#8 | 28,764 |
| CX-1200-2-B035 | 61 |
| PX157032107 | 1,964 |
| MT950-CTZ-9 | 2,993 |
| 141600091516#7 | 24,572 |
| 14-10-2-920-13 | 263 |
| 14-06-600-614A | 2,598 |
| 14-16-0006-84-92 | 3,061 |
| CX-1200-4-A038 | 8,448 |
| 14 16 0009 1516 | 4,825 |
| Picton | 3,485 |
| 1416000685912 | 2,552 |
| CX 1200 5 A051 | 266 |
| 14-16-0009-1516 | 2,460 |
| Beattie | 291 |
| C50-C-1420-5591 | <u>34,267</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>Health and Human Services</u> | |
| 5R23NS17974-123 | \$ 28,069 |
| 7R01CA39611-01 | 51,925 |
| 90AD0012/01 | 24,522 |
| 1R01AM3351001 | 65,231 |
| 1R01GM3182401 | 57,362 |
| 2507RR0710006 | 32,540 |
| 5R01AI1794803 | 11,565 |
| 2503RR0309104 | 3,368 |
| 2A11NU00239-09 | 11,595 |
| 5R01GM3182403 | 18,210 |
| 1R01CA35905-01 | 74,775 |
| 12 23 ES03254-01 | 30,453 |
| 5K04ES00063-3&4 | 11,970 |
| 1D10NU2807801 | 28,724 |
| 5R23-ES03254-02 | 18,304 |
| 2507RRD7100-07 | 9,045 |
| 1P4ORR0224901 | 131,169 |
| 1R01HD1744401 | 7,903 |
| 5R01HD1744402 | 48,874 |
| 2ALL NU-00239-08 | 667 |
| APH0031501 | 52,649 |
| 1 R01AI19089-01 | 76,526 |
| 5R01 ES02995-02 | 6,489 |
| 5G08LM03668-03 | 6,462 |
| 5K04AI00367123 | 37,653 |
| 5R01ES02995-03 | 70,002 |
| 1 506 RR08218-01 | 29,242 |
| MIN Biomed Res | 147,617 |
| 1506RR0821082 | 31,979 |
| 1506RR0821802 | 78,917 |
| Nursing Loan Disbursements Collection Costs | <u>87,084</u> |
| <u>Department of Agriculture</u> | |
| 12-14-5001-42 | \$ 165,219 |
| 58-9AHZ-3-42 | 150,136 |
| 58-32U4-3-631 | 40,276 |
| 22-C-4-INT-70 | 5,299 |
| Nielsen | 2,750 |
| 22-C-3-INT-67 | 7,838 |
| EED12170981712 | 5,616 |
| Rust | 22,820 |
| 22-C-2-INT-65 | 5,071 |
| PNW-83-318 | 21,682 |
| 28-C2-204 | 11,190 |
| 58-9AHZ-2-687 | 5,424 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|--|---|
| <u>Department of Agriculture (cont.)</u> | |
| 53-D398-3DE-3 | \$ 30,784 |
| 58-0401-4-00026 | 19,953 |
| 22-C-3-INT-66 | 3,353 |
| 22-C-3-INT-064 | 348 |
| 82CRSR21077 | 18,322 |
| USDA 5C5 | 5,499 |
| USDA | 1,106 |
| 22-C-4-INT-68 | 39,932 |
| 7059230112 | 2,483 |
| 83CR5R2-2319 | 18,730 |
| 84 CR5R 22359 | 270 |
| 53-0385-3-2685 | 24,554 |
| 530343400795 | 4,897 |
| 530343300682 | 12,627 |
| PX12002G015 | 3,788 |
| BARDUS33580 | 4,593 |
| 22-C-4-INT-69 | 592 |
| 58519B11110 | 2,628 |
| 22-C-2-OMT 63 | 424 |
| 58-32R6-3-202 | 2,622 |
| 58-9AHZ-3-724 | 3,549 |
| USDA SEA | 4,884 |
| 84 CRCR 1 1481 | 33,024 |
| 82 CRSR 2 1006 | 82,169 |
| 579020261002A | 13,849 |
| USDA | 22,937 |
| USDA | 12,339 |
| USDA | 8,878 |
| USDA | 9,279 |
| USDA | 7,474 |
| Sea Formula 84 | 36,034 |
| Sea Formula 85 | 52,109 |
| 12-05-300-663 | 5,100 |
| 12-05-300-664 | 15,923 |
| EFFM-1-6009 | 30,252 |
| 12-05-300-0699 | 559 |
| 12-05-300-567 | 5,244 |
| EIPM-1-7022 | 4,093 |
| 12-05-300-A39 | 498 |
| Smith-Lever | 2,014,378 |
| Extension | 408,628 |
| Hatch | 1,172,944 |
| Regional | <u>584,296</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|--|---|
| <u>Department of Defense</u> | |
| N00014 84 K 0309 | \$ 122,097 |
| N0001484K0118 | 68,720 |
| DAAG29-82-K-1027 | 15,328 |
| AFOSR 80-0267 | 25,987 |
| DAAG29 84 G 0032 | <u>124,000</u> |
| <u>Department of Energy</u> | |
| DEAC6581WP15430 | \$ 17,891 |
| 5-11-DO-0116 | 58,572 |
| DEAP1881FC23116 | 227 |
| DEAT0780ID1281 | 10,487 |
| 4-B001-C | <u>8,154</u> |
| <u>National Aeronautics and Space Administration</u> | |
| NAG-9-68 | \$ 15,008 |
| NAS 9 17346 | 3,797 |
| NAS-9-16007 | <u>217</u> |
| <u>National Science Foundation</u> | |
| SPE-8320677 | \$ 7,533 |
| CHE 8308398 | 19,394 |
| CPE 8404337 | 10,709 |
| CPE 8404063 | 241 |
| CEE 8318476 | 19,755 |
| INT 8414939 | 500 |
| PCM 8410144 | 71,714 |
| DMR-830946 | 348,351 |
| INT 8211113 | 4,834 |
| ATM843143 | 45,411 |
| DMR 8401196 | 51,258 |
| BSR 8506602 | 605 |
| CHE 8119857 | 80,786 |
| CPE 8200112 | 9,265 |
| 518 Priscu | 2,043 |
| DMR 8205280 | 36,020 |
| EAR 8305173 | 63,282 |
| PRM 8215000 | 18,576 |
| BSR 8315279 | 29,222 |
| BSR 8500849 | 1 |
| BNS 8408061 | 12,684 |
| PCM 8208393 | 69,805 |
| DMR 8403993 | 45,456 |
| ATM 8209836 | 27,863 |
| DMR 8205581 | 160,426 |
| CPE 8401335 | 23,259 |
| CBT 8305152 | 37,075 |
| BSN 8308209 | 22,574 |
| PRM 8011449 | 57,780 |
| FY 81 Monts | 121,121 |
| Monts | <u>25,814</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|--|---|
| <u>Other Federal</u> | |
| Chapter 36, Title 38 | \$ 8,490 |
| 5BA-1791-PMA-74 | 6,360 |
| PO1401505 | 14 |
| 294 Stover | 4,113 |
| PO HO 100408-10 | 3,355 |
| U of C WRPIAP 85 | 5,192 |
| 598AHZ2677CIMMY | 6 |
| 84-130 | 1987 |
| PO4100650-10 | 3,562 |
| DEFG2282PC50787 | 14,041 |
| 106-06 | 60,850 |
| 83-ABC-00095 | 7,857 |
| RTAP 008 | 122,060 |
| NOAA 84 ABC00173 | 13,408 |
| CA20604 | 1,312 |
| 106-05 | 32,932 |
| 186-83-3019 | 8,798 |
| PO100614-10 | 2,322 |
| TVA 1131-130 | 9,177 |
| TVA 1141-131 | 1,477 |
| IA 21198 19 G | 30,004 |
| IC40309 84 | 6,095 |
| PO 6014 9 5 | 1,451 |
| IG-40645-84 | 50,200 |
| PO-4100607-10 | 4,219 |
| DACW4584M1357 | 54 |
| NCA2-1R470-401 | 15,462 |
| DEAI7985BP22256 | 100 |
| 4 BADNF5 1332 | 600 |
| DAN1318A00404500 | 283,539 |
| AID/D5ANXIIGO161 | 72,671 |
| TV-39645A | 2,530 |
| Pesticides | <u>16,630</u> |
| <u>W.R.R.C</u> | |
| Peavy | \$ 390 |
| 83/84/WRRC | 46,070 |
| 14-08-0001-G917 | 99,729 |
| 14 08 0001 6 102 | <u>4,192</u> |
| <u>Environmental Protection Agency</u> | |
| X1149NNEX | \$ 1,255 |
| U912138 01 0 | 2,576 |
| CR811334-01 | 128,380 |
| CR811334 02 | 33,344 |
| CR80724004 | 23,605 |
| CR81001502 | 75,094 |
| CR0810955-01 | 14,585 |
| CR811958 01-0 | 145,655 |
| TOTAL FEDERAL GRANTS | <u>\$16,291,669</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>STATE GRANTS</u> | |
| <u>Department of Agriculture</u> | |
| ST DEPT AG Bahn | \$ 5,320 |
| Harris | 2,238 |
| 84 MWRMC | 28,706 |
| 85 MWRMC | 450,092 |
| 86 MWRMC | <u>1,188</u> |
| <u>Department of Commerce</u> | |
| 0229 | \$ 8,218 |
| 85-02 | 11,251 |
| Montana Dept. Commerce | 59,046 |
| McKinsey | <u>6,650</u> |
| <u>Department of Health</u> | |
| DHF540335 12056 | \$ <u>10,902</u> |
| <u>Department of Highways</u> | |
| Jennings | \$ 119,606 |
| Hyyppa | 14,993 |
| Gould | <u>8,783</u> |
| <u>Department of Natural Resources and Conservation</u> | |
| ED-MSU 672 | \$ 9,783 |
| ED-MCES 778 | 7,530 |
| ED-MSU 775 | 279 |
| WDG-84-5012 | 19,243 |
| Nowlerski | 1,769 |
| RAE-82-1017 | 45 |
| WDG-84-5005 | 13,438 |
| RAE-84-1040 | 16,871 |
| RAE-83-1031 | 1,860 |
| RAE-84-1043 | 17,457 |
| PIO 395162 | 133 |
| RAE-85-1054 | 397 |
| RAE-84-1041 | 13,541 |
| RAE-84-1042 | <u>16,556</u> |
| <u>Department of State Lands</u> | |
| MT 950-CTO-30 | \$ 576 |
| Munshower | 16,830 |
| Dollhopf | 26,507 |
| Weaver | <u>80</u> |
| <u>Fish, Wildlife and Parks</u> | |
| Gould | \$ 10,450 |
| Giddings | 4,967 |
| Wood & Herr | 9,783 |
| Mackie, S602 | <u>30,820</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>Office of Public Instruction</u> | |
| 84-5703-05-23-22 C616 | \$ 580 |
| 84-5703-05-20-16 | 1,411 |
| 84-5703-05-24-21 | 263 |
| 84-5703-05-19-17 H321 | 29 |
| 84-5703-05-23-22 C617 | 866 |
| 84-5703-05-24-21 T853 | 63 |
| 84-5703-05-23-21 | 4,416 |
| 84-5703-05-23-16 | 176 |
| 85-OPI-H331 | 14,030 |
| 84-5703-05-24-21 T851 | 686 |
| 84-5703-05-25-22 R413 | 108 |
| 84-56-5703-060-TE | 3,395 |
| 84-56-5703-064 5 | 615 |
| T874 | 2,917 |
| 85-C6333 | 8,196 |
| 85-OPI-C628 | 2,544 |
| 85-OPI T868 | 7,113 |
| 85-OPI-D275 | 23,538 |
| 85-OPI-D376 | 21,060 |
| 85-OPI-C630 | 2,100 |
| 85-OPI-D294 | 13,538 |
| 85-OPI-T867 | 23,456 |
| 85-OPI-H332 | 11,672 |
| 85-OPI-R421 | 6,282 |
| 85-OPI-C629 | 3,817 |
| 85-T865 | 1,914 |
| 85-OPI-C626 | 3,148 |
| 85-OPI-D377 | 21,430 |
| 85-56-5703-200SD | <u>33,040</u> |
| <u>Social and Rehabilitation Services</u> | |
| SRS MCG-OAA-84 | \$ 8,350 |
| MCG 4A 84 | 26,519 |
| MCG R4B 84 | <u>38,352</u> |
| <u>Montana Arts Council</u> | |
| Jahnke | \$ 10,771 |
| MAC 04-1764-4 | 32,006 |
| MAC 05-1773-4 | 1,594 |
| MAC 05-1834-5 | 2,275 |
| MAC-09-1841-5 | 630 |
| MAC-02-1866-5 | <u>1,500</u> |
| <u>Montana Historical Society</u> | |
| 3083-7256-17B | \$ 425 |
| Davis | <u>3,352</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>Montana Committee for the Humanities</u> | |
| Coffin | \$ 5,700 |
| 8-1-50 | 3,857 |
| 9-1-22 | 10,043 |
| 8-2-5 | 2,475 |
| 9-1-49 | 3,700 |
| 8-1-40 | <u>9,052</u> |
| <u>Montana State Library</u> | |
| Alldredge | \$ <u>11,000</u> |
| <u>Environmental Quality Council</u> | |
| Sel Com Water MA | \$ 351 |
| McKinsey | <u>3,650</u> |
| <u>Other</u> | |
| RRD MAES 5501 | \$ 44,100 |
| 84-52-0018 | 35,847 |
| Flathead Basin | 12,989 |
| State College Work Study | <u>107,857</u> |
| <u>Private</u> | |
| Seed Growers' Association | \$ 20,912 |
| Rosebud County Commissioners | <u>30,177</u> |
| TOTAL STATE GRANTS | <u>\$ 1,585,795</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---------------------------|---|
| <u>OTHER GRANTS</u> | |
| Kain | \$ 7 |
| DEAC 21 82 MC 19 | 8,573 |
| CH2MHILL | 22,436 |
| BARD 013179 | 3,163 |
| EAF | 150 |
| EAF | 9,344 |
| CIBA-GEIGY | 781 |
| EAF | 250 |
| Hill Task #841 | 496 |
| Montana Heart Association | 16,053 |
| Various | 34,856 |
| Burlington Northern | 25,000 |
| Tetragenics | 30 |
| Various | 5,225 |
| EAF | 3,550 |
| District Feed Res. Co. | 3,684 |
| EAF | 5,477 |
| Johns Manville | 200 |
| School District #7 | 24,949 |
| Custer | 1,667 |
| Northwest National Life | 1,979 |
| Various | 3,943 |
| Lilly | 215 |
| Hockett | 2,480 |
| Sherrick | 2,452 |
| Hoffman-Laroche | 1,627 |
| Gibson | 4,088 |
| Hyypa | 2,062 |
| Welsh | 521 |
| Wells | 1,475 |
| Burlington | 6,002 |
| Material Handlin | 500 |
| No 33214 | 1965 |
| Munshower | 949 |
| Fees | 1946 |
| Ritchey | 3,329 |
| Sheep Foundation | 4,305 |
| EAF | 14,308 |
| Distellers Feed | 3,230 |
| Tetragenics | 9,221 |
| PO#SR2545 | 2,821 |
| EAF | 376 |
| EAF | 52,541 |
| ZINPRO XOEP | 3,242 |
| Triangle Irrigat. | 113 |
| National Student Exchange | 1,948 |
| Morrill | 3,568 |
| Miles Labs | 4,242 |
| GW Sugar Commit. | 979 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|----------------------------------|---|
| OTHER GRANTS (cont.) | |
| Seed Growers Association | \$ 839 |
| Kellogg Foundation | 4,677 |
| Kellogg Foundation | 1,325 |
| Boone Crockett | 1,966 |
| Catlin | 1,409 |
| McKinesy | 49,662 |
| Utah | 401 |
| Various | 2005 |
| PO103956 | 7,108 |
| Wiesner | 1,442 |
| Videon | 4,750 |
| Phillips | 4,106 |
| EAF | 89,112 |
| Kellogg Foundation | 6,384 |
| Tetragenics | 4,715 |
| PO A 13683 | 30,318 |
| Decker No. 64 | 18,639 |
| Chevron | 4,071 |
| Anderson | 5,155 |
| Lilly | 38 |
| Meyer Trust | 15,710 |
| IRBY | 1,272 |
| Eslick/Mille | 40 |
| PO NC 280810 | 59,032 |
| ERF | 48,156 |
| Wells | 935 |
| King, F. | 4,757 |
| Hanson/Amend | 20 |
| Tetracgenics | 4,714 |
| ERF | 665 |
| 15930-GB2 | 11,002 |
| Garcia | 7,329 |
| Hart | 3,238 |
| Power Process In | 5,639 |
| FR G&C149 | 8,379 |
| Potash Corporation | 13,487 |
| Knapp | 363 |
| Lockerman | 39 |
| Holen | 12 |
| TIF307740 | 771 |
| McClure | 718 |
| Thiokol Corp. | 7,357 |
| C49550312 Nerco | 22,416 |
| Yellowstone Chemical | 9,280 |
| Scharen | 2,442 |
| American Malt Barley Association | 3,210 |
| PO 4 A205 | 1,525 |
| Whitman | 645 |
| RDI | 22,363 |
| Characklis | 201 |

Contract NumberExpenditures
and DisbursementsOTHER GRANTS (cont.)

| | |
|---------------------------|--------|
| NRI End Foundation | \$ 587 |
| Various Companies | 3,137 |
| PRF 14460-G5 | 809 |
| Hill Task #840 | 18,407 |
| Hockett | 2,927 |
| Bergman | 19,873 |
| Stallknecht | 6,140 |
| Ditterline | 3,340 |
| Anderson | 9,610 |
| Wiesner | 1,151 |
| Foley | 933 |
| Northwest Area Foundation | 21,257 |
| Weisner | 4,696 |
| Proctor/Gamble | 5,368 |
| Weiss | 11,152 |
| Stallkencht | 3,160 |
| Res. & Development Inst. | 14,450 |
| American Colloid Company | 7,816 |
| 12-14-100-2303 | 80 |
| Welty | 1,580 |
| Stewart | 766 |
| Sanks | 7,289 |
| Butte Silver-Bow | 288 |
| Bergman, J. | 4,686 |
| Lang, T. | 221 |
| 16612-AC-1 | 8,943 |
| Upjohn | 4,001 |
| Miles Labs | 5,508 |
| Jackson | 508 |
| Western Energy | 368 |
| City of Helena | 9,941 |
| RDI | 6,068 |
| RDI | 21,047 |
| RDI | 31,830 |
| 26000186 Joint | 1,243 |
| AMB Association | 18,684 |
| Fay | 51,821 |
| Helena School District #3 | 2,429 |
| GTA | 410 |
| Hockett | 170 |
| CID-MSU-WM-02 | 66,240 |
| Walter | 437 |
| EAF | 156 |
| Davis | 306 |
| RDI | 4,651 |
| Res Corporation | 514 |
| Cascade Company | 239 |
| RDI | 274 |
| SG-187 | 2,282 |
| RDI | 72 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|------------------------------------|---|
| <u>OTHER GRANTS (cont.)</u> | |
| Blue Cross | \$ 3,014 |
| Hull | 233 |
| Norden Labs | 4,540 |
| Hilde Company | 2,852 |
| Colorado Serum Company | 4,171 |
| Montana Power | 4,859 |
| American Meat Inst. | 2,804 |
| Kain | 9,625 |
| E.I. Dupont | 111 |
| RDI | 75,262 |
| Tech Committee | 11,242 |
| ICARDA | 11 |
| Stockgrowers | 223 |
| Lilly Company | 7,258 |
| Sand Line | 178 |
| Western Energy | 6,840 |
| Mathre | 12,292 |
| American Home Economic Association | 600 |
| Various | 33 |
| P315 40100 | 35,002 |
| Hovin | 456 |
| MAC0418595 | 20,010 |
| Skogley | 18 |
| Res Corp. | 8,324 |
| GTR MT FDH | 19,183 |
| Worrest | 2,220 |
| American Cyanami | 4,386 |
| Myers | 4,745 |
| Gavlak/Baude | 2,403 |
| Allied Corp | 487 |
| Woodhull | 310 |
| Canadian Government | 174 |
| Montana Heart Association | 1,365 |
| Zortman | 6,711 |
| Robson | 234 |
| Kansas 8215 | 7,850 |
| ERF | 2,094 |
| Brownson | 2,124 |
| Lewistown School District | 98 |
| RDI | 1,260 |
| Burlington Nothern | 1,060 |
| Anaconda | 37 |
| Upjohn | 5,937 |
| RDI | 5,304 |
| RDI | 868 |
| RM ELK FDN | 1,301 |
| CID MSU PCO-03 | 4,395 |
| Colorado State University | 3,843 |
| Robson | 19,101 |
| RDI | 965 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|-----------------------------|---|
| <u>OTHER GRANTS (cont.)</u> | |
| Audubon Society | \$ 24 |
| Bergman | 264 |
| MSU UM 01 | 17,478 |
| GMF | 5,507 |
| Mott 83-269 | 20,067 |
| Various | 1,628 |
| Mint Council | 991 |
| RDI | 163 |
| Exxon | 13,676 |
| POEA3221 Boeing | 13,419 |
| FDFDM University of Arizona | 32,054 |
| GH3-11678S | 25 |
| MSU | 1,469 |
| Idaho F&G | 3,140 |
| Tech Committee | 9,322 |
| OSP#3569 | 1,966 |
| S | 2,467 |
| RDI | 41,232 |
| Welsh | 33,336 |
| PVT Companies | 14,428 |
| MSU-WIDII-01 | 4,956 |
| Various | 509 |
| MSU 1985 2 | 4,686 |
| Ath. Sch. Assoc. | 40,226 |
| MCH | 9,250 |
| RDI | 5,366 |
| POT PHOS INST | 6,804 |
| Cascade City | 2,543 |
| Worley | 2 |
| MCH 8-1-1 | 497 |
| Montana Power Company | 124,519 |
| CSU SUB 7557 | 6,207 |
| Western Energy | 16,628 |
| Western Energy | 10,586 |
| Hunt | 146 |
| Montana Heart Association | 35 |
| McKinsey | 5,142 |
| Western Energy | 11,693 |
| Idaho | 2,425 |
| CID | 7,658 |
| Boeing GE0098 | 46 |
| Faulkner/Wil | 20,952 |
| American Barley Association | 20,701 |
| U of C SUB 66019 | 33,099 |
| 9-X65-V2460 | 28,419 |
| PO35034 Maimi | 26 |
| ENG | 125 |
| SERI XK404136-4 | 8,487 |
| Story | 1,191 |
| T. Weaver | 80 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|-----------------------------|---|
| <u>OTHER GRANTS (cont.)</u> | |
| FR784 | \$ 1 |
| Jackson | 16,862 |
| Stallknecht | 749 |
| Graham | 646 |
| Stewart | 22,439 |
| Gibson | 2,087 |
| Sharp | 6,071 |
| Bergman | 1,674 |
| Amend | 22,450 |
| Briggs | 1,157 |
| Catlin | 4,245 |
| Bellows | 213 |
| 58202 #6 | 8,091 |
| Proctor/Gamble | 26,809 |
| RDI | 13,828 |
| RDI | 5,695 |
| Hill Task #842 | 3,024 |
| 62015 | 154,099 |
| 58202 SUPP #7 | 2 |
| NAACOG | 263 |
| EAF | 600 |
| EAF | 1,302 |
| EAF | 95 |
| Energoinvest | 28,740 |
| ECN 0026 | 152 |
| Phillips Roxane | 8,145 |
| Various | 9,559 |
| | <hr/> |
| TOTAL OTHER GRANTS | <u>\$ 2,417,093</u> |

MONTANA STATE UNIVERSITY
SCHEDULE OF GRANT EXPENDITURES DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1984

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|-------------------------------------|---|
| <u>FEDERAL GRANTS</u> | |
| <u>Department of Education</u> | |
| G008302783 | \$ 33,838 |
| G008102311 | 20,321 |
| G008202081 | 549 |
| 00750V1058 | 9,738 |
| G008101116 | 54,378 |
| G008102047 | 25,113 |
| G00831153 | 38 |
| G008101025 | 39,564 |
| 6008005038 | 674 |
| G008102311 | 40,786 |
| G008004366 | 156,118 |
| G008101025 | 172,882 |
| G008004366 | 6,585 |
| Pell | 3,138,055 |
| College Work-Study | 691,260 |
| NDSL Disbursements | 1,318,682 |
| Administrative and Collection Costs | 52,079 |
| SEOG | <u>249,381</u> |
| <u>Department of Interior</u> | |
| CX12009B035 | \$ 144 |
| IPA | 49,677 |
| CX-1200-2-B035 | 13,005 |
| MT950-CTZ-9 | 415 |
| 14-10-2-920-13 | 345 |
| 141600091516#2 | 22,902 |
| 14160091516#5 | 2,850 |
| 14-06-600-614A | 3,387 |
| PX-1570-4-G003 | 3,300 |
| PO-4C50-0100282 | 4,304 |
| 14-16-0006-84-92 | 3,129 |
| Picton | 3,757 |
| 1416000980015 | 4,776 |
| CX-1200-2-B040 | 230 |
| 141600091516#4 | 5,627 |
| Beattie | 417 |
| C50-C-1420-4669 | <u>32,101</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---------------------------------------|---|
| <u>Health and Human Services</u> | |
| 5R23N517974-123 | \$ 45,271 |
| 5R01AI1351205 | 21,366 |
| 90AD0012/01 | 7,719 |
| 1R01AM3351001 | 95,907 |
| 1R01GM3182401 | 111,814 |
| 2507RR0710006 | 1,012 |
| 5R01AI1794803 | 49,864 |
| 2503RR0309104 | 1,133 |
| 1501RR0172501 | 188,830 |
| 2503RR0309103 | 3,698 |
| 12 23 ES03254-01 | 15,722 |
| 5K04ES00063-3&4 | 38,188 |
| 1R01HD1744401 | 46,641 |
| 5D10NU28051-03 | 4,733 |
| 2ALL NU-00239-08 | 20,250 |
| 5G08LM0366802 | 5,903 |
| 5D23NU000125-05 | 15,883 |
| 1 R01 AI19089-01 | 65,790 |
| 2 A11NU00239-07 | 123 |
| T01 MHA5898-04 | 2,125 |
| 5R01 ES02995-02 | 65,087 |
| 5G08LM03668-03 | 63,485 |
| 5K04AI00367123 | 21,666 |
| 1R01E50299501 | 11,388 |
| 2507RR07100234 | 3,997 |
| 1 506 RR08218-01 | 15,898 |
| MIN BIOMED RES | 18,494 |
| Nursing Loan Disbursements | <u>120,244</u> |
| <u>U.S. Department of Agriculture</u> | |
| 12-14-5001-42 | \$ 155,575 |
| 58-9AHZ-3-42 | 125,154 |
| 58-32U4-3-631 | 12,239 |
| Nielsen | 2,550 |
| USDA | 8,034 |
| 22-C-3-INT-67 | 192 |
| EED12170981712 | 13,557 |
| Rust | 37,836 |
| 22-C-2-INT-65 | 7,873 |
| PNW-83-318 | 26,243 |
| 28-C2-204 | 7,675 |
| PNW-83-316 | 9,000 |
| 58-9AHZ-2-687 | 1,745 |
| 53-0398-3DE-3 | 33,348 |
| 59010410903590 | 5,489 |
| 22-C-3-INT_66 | 472 |
| 22-C-2-INT-064 | 6,291 |
| 82CRSR21077 | 20,936 |
| USDA SC5 | 11,379 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>U.S. Department of Agriculture (cont.)</u> | |
| USDA | \$ 1,295 |
| 22-C-4-INT-68 | 8,991 |
| 7059230112 | 6,991 |
| 83CRSR2-2319 | 12,041 |
| 28-C3-288 | 6,418 |
| 53-0385-3-2685 | 29,694 |
| 530343300682 | 12,933 |
| PX12002G015 | 2,415 |
| BARDUS33580 | 27,184 |
| 589AHZ1595 | 10,422 |
| 58519B11110 | 14,596 |
| FROM G&C 706 | 3,703 |
| 22-C-2-INT-63 | 20,859 |
| USDA SEA | 923 |
| 58-32R6-3-202 | 12,378 |
| 58-9AHZ-3-724 | 1,451 |
| 12-11-204-12#56 | 6,758 |
| USDA SEA | 2,802 |
| INT-81-062-CA | 4,520 |
| SEA | 68,897 |
| BARD 016379 | 1,693 |
| 579020261002A | 8,918 |
| USDA | 4,322 |
| SEA FORMULA 84 | 41,009 |
| SEA | 56,863 |
| 12-05-300-663 | 25,900 |
| 12-05-300-664 | 25,000 |
| 12-05-300-0699 | 2,086 |
| 12-05-300-567 | 9,272 |
| 12-05-300-439 | 3,253 |
| Smith-Lever | 1,792,892 |
| Extension | 399,955 |
| Hatch | 1,127,831 |
| Regional | <u>535,381</u> |
| <u>Department of Defense</u> | |
| N00014 84 K 0309 | \$ 9,397 |
| N0001480C0475 | 24,330 |
| N0001484K0118 | 32,123 |
| DAAG29-82-K-0127 | 63,338 |
| AFOSR 80-0267 | 56,657 |
| AFOSR-82-0267 | <u>7,829</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|--|---|
| <u>Department of Energy</u> | |
| DEAC6581WP15430 | \$ 56,804 |
| DEAP1881FC23116 | 284 |
| 1-M001-C | 17,334 |
| L-K00L0C | 18,027 |
| DEAT0780ID1281 | 10,883 |
| 4-B001-C | <u>15,846</u> |
| <u>National Aeronautics and Space Administration</u> | |
| NAS-9-16007 | <u>\$ 1,874</u> |
| <u>National Science Foundation</u> | |
| SPE-8320677 | \$ 42 |
| CPE 8404063 | 3 |
| CPE-8017439 | 37,940 |
| CEE 8318476 | 18,503 |
| DMR7906892 | 71,297 |
| CHE7916134 | 48,066 |
| DMR-830946 | 184,205 |
| INT 8211113 | 4,949 |
| MEA-8011592 | 10,787 |
| CHE-8119857 | 64,888 |
| CPE 8200112 | 50,417 |
| CHE 8306254 | 110,500 |
| DEB-8023341 | 8,098 |
| DMR-8205280 | 44,692 |
| EAR-8305173 | 39,928 |
| PRM 821500 | 16,160 |
| NSF (PENDING) | 28,854 |
| PCM 8208393 | 47,576 |
| CME-7901636 | 365 |
| ATM 8209836 | 79,844 |
| DMR-8205581 | 105,468 |
| Schmidt | 65 |
| CPE8305152 | 17,361 |
| BSN 8308209 | 7,278 |
| PRM-8011449 | 50,572 |
| FY 81 MONTS | <u>277,417</u> |
| <u>Other Federal</u> | |
| UofC | \$ 8,729 |
| CHPT 36, TITLE 38 | 1,165 |
| SBA-1791-PMA-74 | 6,237 |
| P01401505 | 3,269 |
| Stover | 16,359 |
| PO HO 100408-10 | 4,166 |
| 589AHZ2677 CIMMY | 3,394 |
| DTFH61-82-P-4011 | 450 |
| ES20653 82 | 6,731 |
| DEAP1882FC24383 | 9,557 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|--|---|
| <u>Other Federal (cont.)</u> | |
| GM21560-83 (NEH) | \$ 15,000 |
| 106-04 | 22,356 |
| P0784828097 | 1,140 |
| DEFG2282PC50787 | 50,118 |
| 82-ABA-02125 | 4,561 |
| 83-ABC-00095 | 12,393 |
| RTAP 008 | 117,143 |
| CA20604 | 18,688 |
| 106-05 | 50,871 |
| 186-83-3019 | 9,447 |
| P0100614-10 | 4,883 |
| TVA 1131-130 | 3,890 |
| TVA 1131-131 | 18,931 |
| IA 21198 19 G | 78 |
| CSRS-48W40 | 8,272 |
| 784-81-8023 | 61 |
| DTFH61-40073 | 8,180 |
| DAN1318A00404500 | 9,661 |
| DSAN-C-0024 | 247,123 |
| AID/DSANXIIG0161 | 65,144 |
| TV-39645A | 10,269 |
| Pesticides | 8,352 |
| <u>WRRC</u> | |
| Peavy | \$ 2,162 |
| 83/84/ WRRC | 73,876 |
| 82OWRTWRRC | 904 |
| <u>Department of Commerce</u> | |
| 30-02-01053 | \$ 1,241 |
| <u>Environmental Protection Agency</u> | |
| X1149NNEX | \$ 1,014 |
| PO-3B0880NAEX | 5,936 |
| R8-8304-14 | 22,000 |
| R00831501 | 2,672 |
| CR81001501 | 11,276 |
| Pagenkopf | 537 |
| G008378830 | 2,080 |
| CR811334-01 | 17,588 |
| CR80724004 | 229,427 |
| CR81001502 | 46,762 |
| CR80947803 | 113,032 |
| CR0810955-01 | 4,826 |
| Williams | 74,830 |
| ERA PERS. ACT. | 2 |
| CR80593503 | 538 |
| TOTAL FEDERAL GRANTS | <u>\$14,995,224</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>STATE GRANTS</u> | |
| <u>Department of Agriculture</u> | |
| ST DEPT AG Bahn | \$ 2,215 |
| Wheat Commission | |
| 83MWRMC | 14,752 |
| 84MWRMC | 375,487 |
| 85MWRMC | <u>563</u> |
| <u>Department of Commerce</u> | |
| 0229 | \$ 34,782 |
| MT DEPT COMM | 32,795 |
| McKinsey | <u>5,999</u> |
| <u>Department of Health</u> | |
| DHF540335 12056 | <u>\$ 98</u> |
| <u>Department of Highways</u> | |
| Jennings | \$ 128,288 |
| Gould | <u>1,922</u> |
| <u>Department of Natural Resources and Conservation</u> | |
| ED MSU 672 | \$ 5,226 |
| RAE-83-1025 | 41,871 |
| WDG-84-5012 | 401 |
| Nowierski | 15,995 |
| RAE-82-1017 | 5,426 |
| WDG-84-5005 | 8,339 |
| RAE-84-1038 | 1,840 |
| RAE-84-1040 | 3,655 |
| RAE-84-1039 | 2,962 |
| RAE-83-1031 | 21,246 |
| RAE-84-1043 | 7,631 |
| ED-MCES-661 | <u>5,582</u> |
| <u>Department of State Lands</u> | |
| MT950-CTO-30 | \$ 5,184 |
| Munshower | 25,843 |
| Dollhopf | 20,876 |
| Weaver | <u>13,073</u> |
| <u>Fish, Wildlife and Parks</u> | |
| Gould | \$ 12,866 |
| Greer | 890 |
| Tweten | 2,448 |
| Irby | 408 |
| Giddings | 4,978 |
| Wood & Herr | 10,682 |
| Mackie 5602 | <u>29,695</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>Office of Public Instruction</u> | |
| Phillips | \$ 481 |
| 84-OPI C618 | 5,000 |
| 84-5703-05-23-22 C616 | 1,030 |
| 84-5703-05-25-17 | 4,795 |
| 84-5703-05-20-16 | 13,882 |
| 84-5703-05-20-22 | 2,472 |
| 84-5703-05-24-21 | 4,736 |
| 84-5703-05-19-17 H321 | 15,372 |
| 84-5703-05-23-22 C617 | 2,023 |
| 84-5703-05-24-22 T853 | 6,549 |
| 84-5703-05-24-21 T852 | 1,975 |
| 84-5703-05-23-21 | 3,149 |
| 84-5703-05-24-22 | 5,962 |
| 84-5703-05-23-16 | 4,789 |
| 84-5703-05-24-21 T851 | 1,770 |
| 84-5703-05-25-22 R413 | 6,340 |
| 84-5703-05-25-22 R414 | 1,946 |
| 83-5703-05-23-21 | 1,334 |
| 83-56-5703-05-2 TE | 6,356 |
| OPI R415 | 10,100 |
| 83-5703-05-23-21 | 1,056 |
| 83-5703-04-19-17 H22 | 3,507 |
| 83-56-5703-050-5 | 1,262 |
| 83-5703-05-25-22 | 145 |
| 84-56-5703-060 TE | 9,742 |
| 84-56-5703-064 5 | <u>5,720</u> |
| <u>Social and Rehabilitation Services</u> | |
| SRS CSD-90/IV-A | \$ 16,517 |
| SRS MCG OAA-84 | 6,055 |
| MCG AA 84 | <u>3,481</u> |
| <u>Montana Arts Council</u> | |
| MAC 226 141 029 | \$ 19,098 |
| Jahnke | 14,209 |
| MAC 04-1764-4 | 18,124 |
| MAC 05-1773-4 | 393 |
| MAC 02-1753-4 | 500 |
| MAC 02-1752-4 | 1,000 |
| MAC 05-1775-4 | <u>750</u> |
| <u>Montana Historical Society</u> | |
| 308-7256-17B | \$ 26,268 |
| SP 3012332-16-PHI | 1,835 |
| 30-83-7256-19B | 390 |
| SP-30-7256-18B | <u>2,941</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|---|---|
| <u>Montana Committee for the Humanities</u> | |
| Sexson/Merrie | \$ 1,511 |
| Andersen | 8,648 |
| 7-3-26 | 3,333 |
| Maskiell | 2,881 |
| 7-3-58 | 21,812 |
| 7-3-80 | 1,221 |
| Coffin | 600 |
| 8-1-50 | 714 |
| Cattin | <u>4,298</u> |
| <u>Department of Justice</u> | |
| Fabianic | \$ <u>1,500</u> |
| <u>Commissioner of Higher Education</u> | |
| Kohl | \$ <u>34</u> |
| <u>Bureau of Mines</u> | |
| Lageson | \$ <u>3,140</u> |
| <u>Environmental Quality Council</u> | |
| SelCom Water MA | \$ <u>2,765</u> |
| <u>Other</u> | |
| Tummala | \$ 5,249 |
| RRD MAES 5501 | 5,684 |
| 84-52-0018 | 3,664 |
| HB 469, Special Appropriation | 1,488 |
| POI-T841 | 1,427 |
| MDQA Grain Utilization | 3,188 |
| State CWS | <u>57,455</u> |
| <u>Private</u> | |
| Seed Growers' Association | \$ 17,420 |
| Rosebud County Commissioners | <u>29,762</u> |
| TOTAL STATE GRANTS | <u>\$ 1,254,866</u> |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|--------------------------|---|
| OTHER SOURCES | |
| DEAC 21 82 MC 19 | \$ 124 |
| SIGMAXI | 303 |
| Mentzer | 200 |
| BRAD 013179 | 4,593 |
| EAF | 4,849 |
| EAF | 44 |
| CIBA-GEIGY | 870 |
| EAF | 14 |
| RDI | 29 |
| Unrestricted | 51,636 |
| EC-84-011816 | 3,914 |
| Tatragenics | 4,407 |
| EAF | 2,600 |
| EAF | 1,450 |
| Dist. Fed Res. Co. | 10,984 |
| Diamond Shamrock | 331 |
| 5 R Rust | 34,098 |
| School Dist. #7 | 23,197 |
| Custer | 1,085 |
| Various | 1,965 |
| Lilly | 1,116 |
| Hockett | 4,731 |
| Sherrick | 902 |
| Fleming | 312 |
| Gibson | 4,586 |
| Hyypa | 2,314 |
| Welsh | 300 |
| Blackketter | 1,001 |
| Brownson | 1,075 |
| Stallknecht | 19,170 |
| RDI | 16,993 |
| NO 33214 | 9,937 |
| Munshower | 22,498 |
| Fees | 9,145 |
| Speer | 8,865 |
| American Malting | 3,000 |
| PO#SR2545 | 299 |
| Catlin | 27,255 |
| ZINPRO XOEP | 2,896 |
| Shannon | 122 |
| Traingle Irrigat. | 1,555 |
| Natinal Student Exchange | 356 |
| Morrill | 4,992 |
| Gilchrist | 24 |
| GW Sugar Commiit. | 4,379 |
| Seed Growers Association | 1,640 |
| Kellogg Foundation | 9,917 |
| Kellogg Foundation | 1,415 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|------------------------------|---|
| <u>OTHER SOURCES (cont.)</u> | |
| Tiahrt | \$ 504 |
| Groenhout | 22,804 |
| Catlin | 2,247 |
| McKinsey | 32,803 |
| University of Miami | 102 |
| Kain | 177 |
| EAF | 14,578 |
| Kellogg Foundation | 5,087 |
| Optical Science Center | 1,000 |
| Carrol | 469 |
| EAF | 16,000 |
| RDI | 22,583 |
| Atlanta University | 1,631 |
| IRBY | 958 |
| Eslick/Mille | 325 |
| Sloan | 223 |
| ERF | 62,976 |
| Blackketter | 2,362 |
| King, F. | 3,849 |
| Hanson/Amend | 140 |
| Ritchey | 604 |
| ERF | 3,479 |
| IMMUNEX | 9,495 |
| NCEA | 4,529 |
| Fiscus | 311 |
| Hart | 6,566 |
| Kushnak | 578 |
| Anaconda Company | 4 |
| Patash Corporation | 18,543 |
| RDI (Cargill) | 19,472 |
| Busch | 341 |
| Knapp | 638 |
| Lockerman | 1,149 |
| Holen | 674 |
| Tif307740 | 663 |
| McClure | 1,389 |
| Thiokol Corporation | 15,690 |
| 3M | 4,812 |
| TCM 28320 | 3,360 |
| Stallnecht | 16 |
| Whitman | 2,634 |
| RDI | 6,258 |
| Characklis | 3,826 |
| Various Companies | 399 |
| PRF 14460-G5 | 13,432 |
| Cont. Grain Company | 4,889 |
| Scaife/EAF | 201 |
| Ditterline | 299 |
| Wiesner | 569 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|------------------------------------|---|
| <u>OTHER SOURCES (cont.)</u> | |
| Cramer | \$ 802 |
| Weisner | 10,203 |
| Proctor/Gamble | 6,747 |
| Resource & Development Institution | 27,009 |
| TCM 28312 | 458 |
| 12-14-100-2303 | 249 |
| Stewart | 2,239 |
| Sanks | 6,214 |
| Butte Silver-Bow | 198 |
| Upjohn | 47,479 |
| Miles Lab | 2,969 |
| Western Energy | 4,981 |
| City of Helena | 3,811 |
| Econ Inc. | 58 |
| RDI | 27,040 |
| RDI | 120,570 |
| 26000186 Joint | 400 |
| AMB Association | 4,987 |
| Fay | 48,275 |
| Anaconda Schools | 307 |
| GTA | 71 |
| Hockett | 1,973 |
| Texaco | 23,024 |
| Walter | 78 |
| Montana Power | 41,268 |
| Overby | 50 |
| U of O NW Coal | 11,208 |
| RDI | 8,349 |
| Res. Corporation | 7,486 |
| Chevron | 767 |
| RDI | 6,542 |
| SG-187 | 3,070 |
| RDI | 14,862 |
| Westesen | 898 |
| Big Bud | 496 |
| Hull | 118 |
| Montana Power (EAF) | 2,167 |
| White Sulphur | 997 |
| Colorado Serum Company | 7,924 |
| American Meat Inst. | 4,728 |
| Gibson | 1,294 |
| North Cheyenne | 2,802 |
| E. I. Dupont | 2,524 |
| RDI | 74,585 |
| RDI | 8,832 |
| RDI | 66 |
| Blue Ribbon | 1,948 |
| Stockgrowers | 4,777 |
| Lilly Company | 8,557 |

| <u>Contract Number</u> | <u>Expenditures and Dibursments</u> |
|------------------------------|---|
| <u>OTHER SOURCES (cont.)</u> | |
| Sand Line | \$ 4,905 |
| Western Energy | 7,832 |
| Mathre | 5,775 |
| Dow Chemical | 106 |
| Federation Fly | 256 |
| P315 40100 | 11,793 |
| Hovin | 3 |
| Skogley | 478 |
| Res. Coporation | 6,126 |
| Gtr. Mt. Fdh. | 32,961 |
| American Cyanami | 5,154 |
| Myers | 434 |
| Ideal | 23,235 |
| Gavlak/Baude | 422 |
| Montana Heart Association | 18,500 |
| Young, S. | 26,610 |
| Young, S. | 14,729 |
| Montana Heart Association | 10,995 |
| Zortman | 4,401 |
| Robson | 5,627 |
| Kansas 8215 | 5,950 |
| ERF | 10,330 |
| Royster Company | 7,164 |
| Brownson | 2,575 |
| Champion Int. | 1,773 |
| Dry Pea Association | 2,157 |
| Roundup Public 5 | 1,146 |
| Anaconda | 2,211 |
| Upjohn | 8,146 |
| RDI | 6,696 |
| Calgon | 3,775 |
| CID MSU PCO-03 | 743 |
| Colorado State University | 4,907 |
| Robson | 32,178 |
| RDI | 7,255 |
| Thomas | 1,113 |
| Bergman | 3,394 |
| MSU1351-01 | 18,107 |
| MOTT 83-269 | 58 |
| Dry Pea Association | 934 |
| Various | 477 |
| CSU SUBCONT 5-38 | 8,469 |
| CSU SUBCONT 5-38 | 13,622 |
| RDI | 3,178 |
| RDI | 40,250 |
| Black Butte | 17,835 |
| Exxon | 24,050 |
| EAF | 3,986 |
| POEA3221 Boeing | 4,031 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|------------------------------|---|
| <u>OTHER SOURCES (cont.)</u> | |
| FDFDM University of Arizona | \$ 35,277 |
| GH3-116785 | 17,685 |
| MSU | 26,459 |
| Res. Corporation 9510X | 489 |
| POEXX2181 (Boeing) | 5,741 |
| Anaconda | 1,596 |
| S | 4,284 |
| RDI | 68,763 |
| Burfening | 40 |
| Moss | 945 |
| Welsh | 32,116 |
| PVT Company | 30,269 |
| Weaver | 1,784 |
| Ath. Sch. Assoc. | 58,838 |
| Cascade City | 12,258 |
| Worley | 878 |
| Davis | 2,721 |
| MUE5C55833195824 | 100 |
| MCH 8-1-1 | 7,154 |
| MSU-WID-01 | 1,135 |
| Montana Power | 10,500 |
| Montana Power | 51,374 |
| Munshower | 66,992 |
| CSU | 18 |
| Western Energy | 12,939 |
| Western Energy | 9,084 |
| Montana Heart Association | 278 |
| Center for Higher Education | 4,700 |
| MSUEGCP263007008 | 15,441 |
| MSUEGCP263007008 | 6,291 |
| Boeing GE098 | 3,063 |
| Faulkner/Wil | 23,228 |
| Sub #224512 | 96 |
| Sub #589055 | 4,916 |
| Univ-Wyo | 75 |
| P035034 Miami | 30,819 |
| 679 | 5,477 |
| 690 | 271 |
| 702 | 1,544 |
| 712 | 999 |
| 713 | 4,724 |
| 715 | 3,489 |
| 726 | 7,479 |
| 747 | 84 |
| 779 | 31,143 |
| 816 | 75 |
| 817 | 6,046 |
| 2912 | 20,748 |
| 58202 #6 | 159,904 |

| <u>Contract Number</u> | <u>Expenditures and Disbursements</u> |
|------------------------------|---|
| <u>OTHER SOURCES (cont.)</u> | |
| 58202 Supp #7 | \$ 14,635 |
| 118209 | 348 |
| 145 | 11,940 |
| 150 | 386 |
| 155 | 20,215 |
| 156 | 37,192 |
| 164 | 5,041 |
| 144 | 88 |
| 146 | 3,473 |
| 148 | 1,770 |
| 815 | <u>1,851</u> |
| TOTAL OTHER GRANTS | <u>\$ 2,483,703</u> |

MONTANA STATE UNIVERSITY
SCHEDULE OF FULL-TIME EQUIVALENT (FTE) STUDENTS
FOR THE TWO YEARS ENDING JUNE 30, 1985

| <u>Quarter</u> | <u>Year</u> | <u>Undergraduate, FTE's Reported¹</u> | <u>Graduate FTE's Reported²</u> | <u>Total³ FTE's</u> |
|----------------|-------------|--|--|------------------------------------|
| Summer | 1983 | 1,367 | 437 | 1,804 |
| Autumn | 1983 | 10,243 | 496 | 10,739 |
| Winter | 1984 | 9,918 | 490 | 10,408 |
| Spring | 1984 | 8,907 | 507 | 9,414 |
| Summer | 1984 | 1,275 | 429 | 1,704 |
| Autumn | 1984 | 9,821 | 466 | 10,287 |
| Winter | 1985 | 9,625 | 469 | 10,094 |
| Spring | 1985 | 8,472 | 500 | 8,973 |

¹Undergraduate quarterly credit hours divided by 15.

²Graduate quarterly credit hours divided by 12.

³Includes both Unrestricted and Restricted funded FTE's.

MONTANA AGRICULTURAL EXPERIMENT STATION
AUDITOR'S OPINION AND AGENCY FINANCIAL STATEMENTS

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

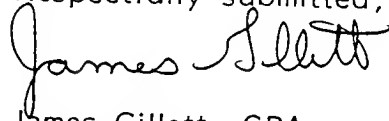
We have examined the accompanying Balance Sheets of the Agricultural Experiment Station (AES) at June 30, 1984 and June 30, 1985, and the related Statements of Changes in Fund Balances and Current Funds Revenues, Expenditures, and Other Changes for the two fiscal years ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards and Standards for Audits of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements presented are only for the Agricultural Experiment Station. Accordingly, the accompanying financial statements are not intended to present fairly the financial position of the state of Montana as of June 30, 1984 and 1985 or the results of its operations and changes in its fund balances for the two fiscal years then ended, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the financial position of the Agricultural Experiment Station at June 30, 1984 and June 30, 1985, the changes in fund balances, and the current funds revenue, expenditures, and other

changes for each of the two years ended June 30, 1985 in conformity with generally accepted accounting principles which have been applied on a consistent basis.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

February 14, 1986

AGRICULTURAL EXPERIMENT STATION
BALANCE SHEETS
Year Ended June 30, 1985

ASSETS

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|----------------------------|------------|
| Cash | \$ 710,535 |
| Accounts receivable | 101,367 |
| Due from other fund groups | 264 |
| Investments (Note 2) | 308,832 |

Total general operating

1,120,998

Designated:

| | |
|----------------------------|---------|
| Cash | 227,957 |
| Accounts receivable | 1,700 |
| Due from other fund groups | 8,481 |

Total designated

238,138

Total unrestricted

1,359,136

Restricted:

| | |
|----------------------------|---------|
| Cash | 85,951 |
| Accounts receivable | 385,737 |
| Due from other fund groups | 6,921 |
| Investments (Note 2) | 34,497 |

Total restricted

513,106

Total current funds

\$ 1,872,242

PLANT FUNDS:

Unexpended:

| | |
|----------------------------|---------------|
| Cash | \$ 13,233 |
| Accounts receivable | 20,103 |
| Due from other fund groups | 298 |
| Investments (Note 2) | 26,904 |
| Total unexpended | <u>60,538</u> |

Renewals and replacements:

| | |
|---------------------------------|----------------|
| Cash | 2,003 |
| Investments (Note 2) | 103,650 |
| Total renewals and replacements | <u>105,653</u> |

Investment in plant:

| | |
|----------------------------|-------------------|
| Land and land improvements | 1,378,525 |
| Buildings | 3,829,452 |
| Equipment | 4,771,098 |
| Livestock | 1,844,862 |
| Total investment in plant | <u>11,823,937</u> |

Total plant funds

\$11,990,128

See notes to financial statements

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|--|------------------|
| Accrued payroll | \$ 505,792 |
| Accounts payable and accrued liabilities | 216,983 |
| Due to other fund groups | 8,779 |
| Compensated absences payable (Note 4) | 1,037,106 |
| Fund balance (Note 1) | <u>(647,662)</u> |
| Total general operating | <u>1,120,998</u> |

Designated:

| | |
|--|----------------|
| Accrued payroll | 15,178 |
| Accounts payable and accrued liabilities | 38,944 |
| Due to other fund groups | 7,185 |
| Compensated absences payable (Note 4) | 5,372 |
| Fund balance | <u>171,459</u> |
| Total designated | <u>238,138</u> |

Total unrestricted \$ 1,359,136

Restricted:

| | |
|--|---------|
| Accrued payroll | 4,764 |
| Accounts payable and accrued liabilities | 496,205 |
| Compensated absences payable (Note 4) | 6,445 |
| Fund balance | 5,692 |

Total restricted 513,106

Total current funds \$ 1,872,242

PLANT FUNDS:

Unexpended:

| | |
|--|---------------|
| Accrued payroll | \$ 735 |
| Accounts payable and accrued liabilities | 6,421 |
| Fund balances | 53,382 |
| Total unexpended | <u>60,538</u> |

Renewals and replacements:

| | |
|---------------------------------|----------------|
| Fund balance | 105,653 |
| Total renewals and replacements | <u>105,653</u> |

Investment in plant:

| | |
|-------------------------|------------|
| Net investment in plant | 11,823,937 |
|-------------------------|------------|

Total investment in plant 11,823,937

Total plant funds \$11,990,128

AGRICULTURAL EXPERIMENT STATION
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1985

| | Current Funds | | |
|--|----------------------|-------------------|------------------|
| | Unrestricted | | |
| | General Operating | Designated | Restricted |
| Revenue and other additions: | | | |
| Current funds revenue | \$9,140,394 | \$ 511,349 | \$2,448,743 |
| Miscellaneous income | - | - | - |
| Expended for plant facilities (including \$523,755 charged to current funds) | - | - | - |
| Total revenue and other additions | <u>9,140,394</u> | <u>511,349</u> | <u>2,448,743</u> |
| Expenditures and other deductions: | | | |
| Current funds expenditures | 9,360,810 | 416,484 | 2,472,747 |
| Expended for plant facilities (including \$10,298 non-capital expenditures) | - | - | - |
| Total expenditures and other deductions | <u>9,360,810</u> | <u>416,484</u> | <u>2,472,747</u> |
| Transfers among funds-additions (deductions): | | | |
| Voluntary: | - | - | - |
| Total transfers | <u>-</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in fund balance | <u>(220,416)</u> | <u>94,865</u> | <u>(24,004)</u> |
| Fund balance at beginning of year as previously reported | <u>(449,092)</u> | <u>74,571</u> | <u>34,162</u> |
| Adjustments: (Note 1 & 4) | | | |
| Prior year revenues | 32,129 | 867 | 897 |
| Prior year expenditures | (3,474) | (61) | (5,090) |
| Compensated absences payable | (6,809) | 1,217 | (273) |
| Other | - | - | - |
| Total adjustments | <u>21,846</u> | <u>2,023</u> | <u>(4,466)</u> |
| Fund balances at beginning of year as adjusted | <u>(427,246)</u> | <u>76,594</u> | <u>29,696</u> |
| Fund balances at end of year | <u>\$ (647,662)</u> | <u>\$ 171,459</u> | <u>\$ 5,692</u> |

See notes to financial statements

Plant Funds

| <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Investment in Plant</u> |
|-------------------|--------------------------------------|--------------------------------|
| \$ - | \$ - | \$ - |
| 64,128 | 18,971 | - |
| - | - | 609,200 |
| 64,128 | 18,971 | 609,200 |
| - | - | - |
| 85,963 | 9,780 | - |
| 85,963 | 9,780 | - |
| - | - | - |
| - | - | - |
| (21,835) | 9,191 | 609,200 |
| 75,783 | 96,462 | 12,117,752 |
| - | - | - |
| (566) | - | - |
| - | - | - |
| - | - | (903,015) |
| (566) | - | (903,015) |
| 75,217 | 96,462 | 11,214,737 |
| \$ 53,382 | \$ 105,653 | \$ 11,823,937 |

MONTANA AGRICULTURAL EXPERIMENT STATION
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1985

| | <u>Unrestricted</u> | | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|--------------------|---------------------|
| | <u>General</u> | <u>Designated</u> | | |
| | <u>Operating</u> | | | |
| Revenues: | | | | |
| Federal appropriations | \$1,757,239 | \$ - | \$ - | \$ 1,757,239 |
| State appropriations | 5,930,543 | - | 71,212 | 6,001,755 |
| Fed. grants and contracts | - | - | 1,052,016 | 1,052,016 |
| State grants and contracts | - | - | 454,445 | 454,445 |
| Private grants and con- tracts | - | - | 888,378 | 888,378 |
| Sales and service of educational activities | 1,380,008 | - | - | 1,380,008 |
| Other sources | <u>72,604</u> | <u>511,349</u> | <u>6,696</u> | <u>590,649</u> |
| . Total revenues | <u>9,140,394</u> | <u>511,349</u> | <u>2,472,747</u> | <u>12,124,490</u> |
| Expenditures: | | | | |
| Research | 8,489,984 | - | 2,459,860 | 10,949,844 |
| Institutional support | 749,399 | - | - | 749,399 |
| Operation and maintenance of plant | 121,427 | - | - | 121,427 |
| Other | <u>-</u> | <u>416,484</u> | <u>12,887</u> | <u>429,371</u> |
| Total expenditures | <u>9,360,810</u> | <u>416,484</u> | <u>2,472,747</u> | <u>12,250,041</u> |
| Transfers and other additions (deductions): | | | | |
| Transfers | - | - | - | - |
| Deficit of restricted receipts over transfers to revenue | <u>-</u> | <u>-</u> | <u>(24,004)</u> | <u>(24,004)</u> |
| Net increase (decrease) in fund balance | <u>\$ (220,416)</u> | <u>\$ 94,865</u> | <u>\$ (24,004)</u> | <u>\$ (149,555)</u> |

See notes to financial statements

MONTANA AGRICULTURAL EXPERIMENT STATION

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies

Related parties:

Montana State University, Montana Agricultural Experiment Station and Montana Cooperative Extension Service are related through common management and control; however, they are separate and distinct agencies and they receive separate federal and state appropriations. These agencies have certain related party transactions, including sharing office facilities, management and accounting and office services. The accounts of Montana State University and Montana Cooperative Extension Service have not been included in the accompanying financial statements.

Financial statements:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities except as noted hereafter.

The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

Fund balance for unrestricted general operating funds includes \$20,501 allocated for encumbrances and \$368,943 prior period revenue overage netted to the unfunded liability of \$1,037,106 for compensated absences payable.

Fund accounting:

The accounts of the Station are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed upon their use. Separate accounts are maintained for each fund, however, accounts with common characteristics are combined into groups and reflected as such in the accompanying financial statements.

Plant and equipment:

At June 30, 1985 investment in plant was adjusted \$903,015 to reflect the totals in the property control subsidiaries. Livestock is carried at current market value and any differences from the prior years values are reflected in this adjustment. Livestock is purchased and raised for experimental purposes; the revenues from livestock sales are recorded in the general operating fund, except when a breeding animal is sold and is expected to be replaced; then sales proceeds are recorded in designated funds and used for replacements as needed.

MONTANA AGRICULTURAL EXPERIMENT STATION

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies (continued)

Depreciation:

No provision has been made for depreciation of plant facilities in accordance with generally accepted accounting principles for colleges and universities.

Allowance of Bad Debts:

An allowance for bad debts has not been recorded. Losses from bad debts are recorded as adjustments to revenue in the year in which they are deemed uncollectable.

Allocated for encumbrances:

The Station records encumbrances as expenditures in conformance with the Statewide Budgeting and Accounting System.

At June 30, 1985, the Station had encumbered \$20,501 of funds that are not included in expenditures in the accompanying financial statements. The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and that liabilities include only the unpaid amounts associated with such transactions.

Investments:

Investments are carried at cost, which approximate market value at June 30, 1985.

2. Investments

Investments at June 30, 1985 consist of the following:

| | <u>Cost</u> |
|--|-------------------|
| Montana short-term investment pool | \$ 473,883 |
| | <u>\$ 473,883</u> |
| Investments at June 30, 1985 are owned by the following funds: | |
| Current funds: | |
| General operating | \$ 308,832 |
| Restricted | 34,497 |
| Plant funds: | |
| Unexpended | 26,904 |
| Renewals and replacements | 103,650 |
| | <u>\$ 473,883</u> |

MONTANA AGRICULTURAL EXPERIMENT STATION

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

3. Retirement plans

All of the Station's full-time employees are members of the Montana Public Employees Retirement System or the Montana Teachers Retirement System. Employer contributions to these systems, which were determined to be actuarially sound by the most recent biennial valuations, totaled \$363,744 for the year ended June 30, 1985.

4. Commitments and contingencies

Compensated absences payable:

As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Vacation and sick leave payments are recorded as an expenditure at the time they are paid to the employee.

Due to system limitations, the change in the compensated absences payable amount is stated as an adjustment and not identified with the fiscal period earned or utilized by the employee.

Leases:

The Station reserves the right to limit the amount of expenditures associated with lease contracts without penalty when in the sole judgment of the Station annual funding or program changes necessitate. Capital lease agreements for various purposes and time periods totaling \$34,331 at June 30, 1985 are not added to net investment in plant and not deemed to be material to the overall consolidated financial position of the Station.

AGRICULTURAL EXPERIMENT STATION
BALANCE SHEETS
Year Ended June 30, 1984

ASSETS

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|----------------------------|------------|
| Cash | \$ 729,957 |
| Accounts receivable | 79,263 |
| Due from other fund groups | 1,691 |
| Investments (Note 2) | 477,977 |

| | |
|-------------------------|------------------|
| Total general operating | <u>1,288,888</u> |
|-------------------------|------------------|

Designated:

| | |
|----------------------------|--------|
| Cash | 25,154 |
| Accounts receivable | 2,772 |
| Due from other fund groups | 70,558 |

| | |
|------------------|---------------|
| Total designated | <u>98,484</u> |
|------------------|---------------|

| | |
|--------------------|------------------|
| Total unrestricted | <u>1,387,372</u> |
|--------------------|------------------|

Restricted:

| | |
|----------------------|---------|
| Cash | 82,089 |
| Accounts receivable | 426,222 |
| Investments (Note 2) | 61,196 |

| | |
|------------------|----------------|
| Total restricted | <u>569,507</u> |
|------------------|----------------|

| | |
|---------------------|---------------------|
| Total current funds | <u>\$ 1,956,879</u> |
|---------------------|---------------------|

PLANT FUNDS:

Unexpended:

| | |
|----------------------------|---------------|
| Cash | \$ 28,824 |
| Accounts receivable | 1,193 |
| Due from other fund groups | 6,492 |
| Investments (Note 2) | 47,972 |
| Total unexpended | <u>84,481</u> |

Renewals and replacements:

| | |
|---------------------------------|---------------|
| Cash | 3,544 |
| Accounts receivable | 15,080 |
| Investments (Note 2) | 77,838 |
| Total renewals and replacements | <u>96,462</u> |

Investment in plant:

| | |
|----------------------------|-------------------|
| Land and land improvements | 1,367,767 |
| Buildings | 3,710,845 |
| Equipment | 4,483,388 |
| Livestock | 2,555,752 |
| Total investment in plant | <u>12,117,752</u> |

| | |
|-------------------|---------------------|
| Total plant funds | <u>\$12,298,695</u> |
|-------------------|---------------------|

See notes to financial statements

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|--|------------------|
| Accrued payroll | \$ 436,633 |
| Accounts payable and accrued liabilities | 195,203 |
| Due to other fund groups | 75,847 |
| Compensated absences payable (Note 4) | 1,030,297 |
| Fund balance (Note 1) | (449,092) |
| Total general operating | <u>1,288,888</u> |

Designated:

| | |
|--|---------------|
| Accrued payroll | 8,831 |
| Accounts payable and accrued liabilities | 8,384 |
| Due to other fund groups | 109 |
| Compensated absences payable (Note 4) | 6,589 |
| Fund balance | 74,571 |
| Total designated | <u>98,484</u> |

| | |
|--------------------|------------------|
| Total unrestricted | <u>1,387,372</u> |
|--------------------|------------------|

Restricted:

| | |
|--|----------------|
| Accrued payroll | 90,925 |
| Accounts payable and accrued liabilities | 437,045 |
| Due to other fund groups | 1,203 |
| Compensated absences payable (Note 4) | 6,172 |
| Fund balance | 34,162 |
| Total restricted | <u>569,507</u> |

| | |
|---------------------|---------------------|
| Total current funds | <u>\$ 1,956,879</u> |
|---------------------|---------------------|

PLANT FUNDS:

Unexpended:

| | |
|--|---------------|
| Accrued payroll | \$ 949 |
| Accounts payable and accrued liabilities | 6,167 |
| Due to other fund groups | 1,582 |
| Fund balances | 75,783 |
| Total unexpended | <u>84,481</u> |

Renewals and replacements:

| | |
|--------------|--------|
| Fund balance | 96,462 |
|--------------|--------|

| | |
|---------------------------------|---------------|
| Total renewals and replacements | <u>96,462</u> |
|---------------------------------|---------------|

Investment in plant:

| | |
|-------------------------|------------|
| Net investment in plant | 12,117,752 |
|-------------------------|------------|

| | |
|---------------------------|-------------------|
| Total investment in plant | <u>12,117,752</u> |
|---------------------------|-------------------|

| | |
|-------------------|---------------------|
| Total plant funds | <u>\$12,298,695</u> |
|-------------------|---------------------|

AGRICULTURAL EXPERIMENT STATION
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1984

| | Current Funds | | |
|--|----------------------|------------------|------------------|
| | Unrestricted | | |
| | General Operating | Designated | Restricted |
| Revenue and other additions: | | | |
| Current funds revenue | \$8,904,759 | \$ 562,861 | \$2,313,502 |
| Miscellaneous income | - | - | - |
| Expended for plant facilities (including \$392,881 charged to current funds) | - | - | - |
| Total revenue and other additions | <u>8,904,759</u> | <u>562,861</u> | <u>2,313,502</u> |
| Expenditures and other deductions: | | | |
| Current funds expenditures | 9,125,578 | 420,873 | 2,256,397 |
| Expended for plant facilities (including \$14,231 non-capital expenditures) | - | - | - |
| Total expenditures and other deductions | <u>9,125,578</u> | <u>420,873</u> | <u>2,256,397</u> |
| Transfers among funds-additions (deductions): | | | |
| Voluntary: | <u>37,973</u> | - | - |
| Total transfers | <u>37,973</u> | - | - |
| Net increase (decrease) in fund balance | <u>(182,846)</u> | <u>141,988</u> | <u>57,105</u> |
| Fund balance at beginning of year as previously reported | <u>740,513</u> | <u>(61,226)</u> | <u>43,686</u> |
| Adjustments: (Note 1 & 4) | | | |
| Prior year revenues | 178 | 48 | (13,966) |
| Prior year expenditures | 23,360 | 350 | (46,491) |
| Compensated absences payable | (1,030,297) | (6,589) | (6,172) |
| Other | - | - | - |
| Total adjustments | <u>(1,006,759)</u> | <u>(6,191)</u> | <u>(66,629)</u> |
| Fund balances at beginning of year as adjusted | <u>(266,246)</u> | <u>(67,417)</u> | <u>(22,943)</u> |
| Fund balances at end of year | <u>\$ (449,092)</u> | <u>\$ 74,571</u> | <u>\$ 34,162</u> |

See notes to financial statements

| Plant Funds | | |
|-------------------|--------------------------------------|--------------------------------|
| <u>Unexpended</u> | <u>Renewals and Replacements</u> | <u>Investment in Plant</u> |
| \$ - | \$ - | \$ - |
| 192,180 | 27,025 | - |
| - | - | 544,089 |
| 192,180 | 27,025 | 544,089 |
| - | - | - |
| 164,443 | 996 | - |
| 164,443 | 996 | - |
| (37,973) | - | - |
| (37,973) | - | - |
| (10,236) | 26,029 | 544,089 |
| 88,896 | 70,433 | 11,294,237 |
| (2,896) | - | - |
| 19 | - | - |
| - | - | - |
| - | - | 279,426 |
| (2,877) | - | 279,426 |
| 86,019 | 70,433 | 11,573,663 |
| \$ 75,783 | \$ 96,462 | \$ 12,117,752 |

MONTANA AGRICULTURAL EXPERIMENT STATION
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1984

| | <u>Unrestricted</u> | | <u>Restricted</u> | <u>Total</u> |
|---|---------------------|-------------------|-------------------|-------------------|
| | <u>General</u> | <u>Designated</u> | | |
| | <u>Operating</u> | | | |
| Revenues: | | | | |
| Federal appropriations | \$1,663,210 | \$ - | \$ - | \$ 1,663,210 |
| State appropriations | 5,660,387 | - | 77,969 | 5,738,356 |
| Fed. grants and contracts | - | - | 842,613 | 842,613 |
| State grants and contracts | - | - | 436,788 | 436,788 |
| Private grants and con- tracts | - | - | 892,648 | 892,648 |
| Sales and service of educational activities | 1,487,298 | - | - | 1,487,298 |
| Other sources | 93,864 | 562,861 | 6,379 | 663,104 |
| Total revenues | <u>8,904,759</u> | <u>562,861</u> | <u>2,256,397</u> | <u>11,724,017</u> |
| Expenditures: | | | | |
| Research | 8,301,419 | - | 2,244,976 | 10,546,395 |
| Institutional support | 711,212 | - | - | 711,212 |
| Operation and maintenance of plant | 112,947 | - | - | 112,947 |
| Other | - | 420,873 | 11,421 | 432,294 |
| Total expenditures | <u>9,125,578</u> | <u>420,873</u> | <u>2,256,397</u> | <u>11,802,848</u> |
| Transfers and other additions (deductions): | | | | |
| Transfers | 37,973 | - | - | 37,973 |
| Excess of restricted receipts over transfers to revenue | - | - | 57,105 | 57,105 |
| Net increase (decrease) in fund balance | <u>\$ (182,846)</u> | <u>\$ 141,988</u> | <u>\$ 57,105</u> | <u>\$ 16,247</u> |

See notes to financial statements

MONTANA AGRICULTURAL EXPERIMENT STATION

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies

Related parties:

Montana State University, Montana Agricultural Experiment Station and Montana Cooperative Extension Service are related through common management and control; however, they are separate and distinct agencies and they receive separate federal and state appropriations. These agencies have certain related party transactions, including sharing office facilities, management and accounting and office services. The accounts of Montana State University and Montana Cooperative Extension Service have not been included in the accompanying financial statements.

Financial statements:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities except as noted hereafter.

The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

Fund balance for unrestricted general operating funds includes \$39,334 allocated for encumbrances and \$541,871 prior period revenue overage netted to the unfunded liability of \$1,030,297 for compensated absences payable.

Fund accounting:

The accounts of the Station are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed upon their use. Separate accounts are maintained for each fund, however, accounts with common characteristics are combined into groups and reflected as such in the accompanying financial statements.

Plant and equipment:

At June 30, 1984 investment in plant was adjusted \$279,426 to reflect the totals in the property control subsidiaries. Livestock is carried at current market value and any differences from the prior years values are reflected in this adjustment. Livestock is purchased and raised for experimental purposes; the revenues from livestock sales are recorded in the general operating fund, except when a breeding animal is sold and is expected to be replaced; then sales proceeds are recorded in designated funds and used for replacements as needed.

MONTANA AGRICULTURAL EXPERIMENT STATION

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies (continued)

Depreciation:

No provision has been made for depreciation of plant facilities in accordance with generally accepted accounting principles for colleges and universities.

Allowance of Bad Debts:

An allowance for bad debts has not been recorded. Losses from bad debts are recorded as adjustments to revenue in the year in which they are deemed uncollectable.

Allocated for encumbrances:

The Station records encumbrances as expenditures in conformance with the Statewide Budgeting and Accounting System.

At June 30, 1984, the Station had encumbered \$39,334 of funds that are not included in expenditures in the accompanying financial statements. The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and that liabilities include only the unpaid amounts associated with such transactions.

Investments:

Investments are carried at cost, which approximate market value at June 30, 1984.

2. Investments

Investments at June 30, 1984 consist of the following:

| | <u>Cost</u> |
|------------------------------------|-------------------|
| Montana short-term investment pool | \$ 664,983 |
| | <u>\$ 664,983</u> |

Investments at June 30, 1984 are owned by the following funds:

| | |
|---------------------------|-------------------|
| Current funds: | |
| General operating | \$ 477,977 |
| Restricted | 61,196 |
| Plant funds: | |
| Unexpended | 47,972 |
| Renewals and replacements | 77,838 |
| | <u>\$ 664,983</u> |

MONTANA AGRICULTURAL EXPERIMENT STATION

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

3. Retirement plans

All of the Station's full-time employees are members of the Montana Public Employees Retirement System or the Montana Teachers Retirement System. Employer contributions to these systems, which were determined to be actuarially sound by the most recent biennial valuations, totaled \$354,509 for the year ended June 30, 1984.

4. Commitments and contingencies

Compensated absences payable:

As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Vacation and sick leave payments are recorded as an expenditure at the time they are paid to the employee.

Previous financial reports have disclosed the leave liability only as a footnote. In accordance with generally accepted accounting principles the liability as of June 30, 1984 has been recorded for the first time in the applicable fund groups.

Leases:

The Station reserves the right to limit the amount of expenditures associated with lease contracts without penalty when in the sole judgment of the Station annual funding or program changes necessitate. Capital lease agreements for various purposes and time periods totaling \$243,229 at June 30, 1984 are not added to net investment in plant and not deemed to be material to the overall consolidated financial position of the Station.

MONTANA COOPERATIVE EXTENSION SERVICE
AUDITOR'S OPINION AND AGENCY FINANCIAL STATEMENTS

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

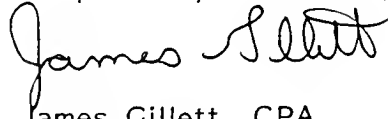
We have examined the accompanying Balance Sheets of the Cooperative Extension Service (CES) at June 30, 1984 and June 30, 1985, and the related Statements of Changes in Fund Balances and Current Funds Revenues, Expenditures, and Other Changes for each of the two fiscal years ended June 30, 1985. Our examination was made in accordance with generally accepted auditing standards and Standards for Audits of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements presented are only for the Cooperative Extension Service. Accordingly, the accompanying financial statements are not intended to present fairly the financial position of the state of Montana as of June 30, 1984 and 1985 or the results of its operations and changes in its fund balances for the two fiscal years then ended, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly the financial position of the Cooperative Extension Service at June 30, 1984 and June 30, 1985, the changes in fund balances, and the current funds revenue, expenditures, and other

changes for each of the two years ended June 30, 1985, in conformity with generally accepted accounting principles which have been applied on a consistent basis.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Gillett". The signature is written in black ink and is positioned above the printed name.

James Gillett, CPA
Deputy Legislative Auditor

February 14, 1986

MONTANA COOPERATIVE EXTENSION SERVICE
BALANCE SHEETS
Year Ended June 30, 1985

ASSETS

CURRENT FUNDS:

Unrestricted:

| | |
|----------------------------|-----------|
| General operating | \$220,803 |
| Cash | 170 |
| Accounts receivable | 6,746 |
| Due from other fund groups | |

| | |
|-------------------------|----------------|
| Total general operating | <u>227,719</u> |
|-------------------------|----------------|

Designated:

| | |
|----------------------------|---------|
| Cash | 208,208 |
| Accounts receivable | 80,913 |
| Due from other fund groups | 17,021 |
| Inventories | 95,692 |

| | |
|------------------|----------------|
| Total designated | <u>401,834</u> |
|------------------|----------------|

| | |
|--------------------|----------------|
| Total unrestricted | <u>629,553</u> |
|--------------------|----------------|

Restricted:

| | |
|----------------------|--------|
| Cash | 64,668 |
| Accounts receivable | 23,330 |
| Investments (Note 2) | 1,513 |

| | |
|------------------|---------------|
| Total restricted | <u>89,511</u> |
|------------------|---------------|

| | |
|---------------------|------------------|
| Total current funds | <u>\$719,064</u> |
|---------------------|------------------|

PLANT FUNDS

Investment in plant:

| | |
|-----------|----------------|
| Buildings | \$ 44,508 |
| Equipment | <u>707,178</u> |

| | |
|-------------------|------------------|
| Total plant funds | <u>\$751,686</u> |
|-------------------|------------------|

See notes to financial statements

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|--|------------------|
| Accrued payroll | \$246,310 |
| Accounts payable and accrued liabilities | 88,997 |
| Due to other fund groups | 13,888 |
| Compensated absences payable (Note 4) | 774,071 |
| Fund balance (Note 1) | <u>(895,547)</u> |
| Total general operating | <u>227,719</u> |

Designated:

| | |
|--|----------------|
| Accrued payroll | 25,613 |
| Accounts payable and accrued liabilities | 38,929 |
| Due to other fund groups | 9,548 |
| Compensated absences payable (Note 4) | 50,228 |
| Fund balance | <u>277,516</u> |
| Total designated | <u>401,834</u> |

| | |
|--------------------|----------------|
| Total unrestricted | <u>629,553</u> |
|--------------------|----------------|

Restricted:

| | |
|--|----------------|
| Accrued payroll | 26,375 |
| Accounts payable and accrued liabilities | 39,581 |
| Due to other fund groups | 331 |
| Compensated absences payable (Note 4) | 29,682 |
| Fund balance (Note 1) | <u>(6,458)</u> |
| Total restricted | <u>89,511</u> |

| | |
|---------------------|------------------|
| Total current funds | <u>\$719,064</u> |
|---------------------|------------------|

PLANT FUNDS:

Investment in plant:

| | |
|-------------------------|------------------|
| Net investment in plant | <u>\$751,686</u> |
|-------------------------|------------------|

| | |
|-------------------|------------------|
| Total plant funds | <u>\$751,686</u> |
|-------------------|------------------|

MONTANA COOPERATIVE EXTENSION SERVICE
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1985

| | <u>Unrestricted</u> | | | <u>Plant Funds</u> |
|--|---------------------|-------------------|-------------------|--------------------|
| | <u>General</u> | <u>Designated</u> | <u>Restricted</u> | <u>Investment</u> |
| | <u>Operating</u> | | | <u>in Plant</u> |
| Revenues and other additions: | | | | |
| Current funds revenue | \$4,074,287 | \$ 671,125 | \$ 768,664 | \$ - |
| Expended for plant facilities (including \$105,602 charged to current funds expenditure) | - | - | - | 105,602 |
| Total revenues and other additions | <u>4,074,287</u> | <u>671,125</u> | <u>768,664</u> | <u>105,602</u> |
| Expenditures and other deductions: | | | | |
| Current funds expenditures | <u>4,169,021</u> | <u>658,910</u> | <u>759,347</u> | - |
| Total expenditures and other deductions | <u>4,169,021</u> | <u>658,910</u> | <u>759,347</u> | - |
| Net increase (decrease) for the year | <u>(94,734)</u> | <u>12,215</u> | <u>9,317</u> | <u>105,602</u> |
| Fund balances at beginning of year as previously reported | <u>(699,251)</u> | <u>276,997</u> | <u>(25,497)</u> | <u>759,767</u> |
| Adjustments: (Note 1 & 4) | | | | |
| Prior year revenues | - | 1,261 | 921 | - |
| Prior year expenditures | (43,058) | (7,198) | (3,571) | - |
| Compensated absences payable | (58,504) | (5,759) | 12,372 | - |
| Other | - | - | - | (113,683) |
| Total adjustments | <u>(101,562)</u> | <u>(11,696)</u> | <u>9,722</u> | <u>(113,683)</u> |
| Fund balance at beginning of year as adjusted | <u>(800,813)</u> | <u>265,301</u> | <u>(15,775)</u> | <u>646,084</u> |
| Fund balance at end of year | <u>\$ (895,547)</u> | <u>\$ 277,516</u> | <u>\$ (6,458)</u> | <u>\$ 751,686</u> |

See notes to financial statements

MONTANA COOPERATIVE EXTENSION SERVICE
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1985

| | <u>Unrestricted</u> | | <u>Restricted</u> | <u>Total</u> |
|---|------------------------------|-------------------|-------------------|--------------------|
| | <u>General Operating</u> | <u>Designated</u> | | |
| Revenues: | | | | |
| Federal appropriations | \$ 1,889,314 | \$ - | \$ 384,116 | \$2,273,430 |
| State appropriations | 2,184,973 | - | 49,908 | 2,234,881 |
| Federal grants and contracts | - | - | 166,176 | 166,176 |
| State grants and contracts | - | - | 84,173 | 84,173 |
| Local grants and contracts | - | - | 29,581 | 29,581 |
| Private gifts, grants and contracts | - | - | 35,397 | 35,397 |
| Other sources | - | 671,125 | 9,996 | 681,121 |
| Total revenues | <u>4,074,287</u> | <u>671,125</u> | <u>759,347</u> | <u>5,504,759</u> |
| Expenditures: | | | | |
| Public service | 3,198,364 | - | 757,260 | 3,955,624 |
| Institutional support | 923,741 | - | 2,087 | 925,828 |
| Operation and maintenance of plant | 46,916 | - | - | 46,916 |
| Other | - | 658,910 | - | 658,910 |
| Total expenditures | <u>4,169,021</u> | <u>658,910</u> | <u>759,347</u> | <u>5,587,278</u> |
| Transfers and other additions (deductions): | | | | |
| Excess of restricted receipts over transfers to revenue | - | - | 9,317 | 9,317 |
| Net increase (decrease) in fund balances | <u>\$ (94,734)</u> | <u>\$ 12,215</u> | <u>\$ 9,317</u> | <u>\$ (73,202)</u> |

See notes to financial statements

MONTANA COOPERATIVE EXTENSION SERVICE

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies

Related parties:

Montana State University, Montana Agricultural Experiment Station and Montana Cooperative Extension Service are related through common management and control; however, they are separate and distinct agencies and they receive separate federal and state appropriations. These agencies have certain related-party transactions, including sharing office facilities, management, and accounting and office services. The accounts of Montana Agricultural Experiment Station and Montana State University have not been included in the accompanying financial statements.

Financial statements:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities except as noted hereafter.

The statement of current funds revenues and expenditures is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

Fund balance for unrestricted general operating funds includes \$121,476 prior period revenue shortage combined with the unfunded liability of \$774,071 for compensated absences payable. Fund balance for restricted current funds includes \$23,224 of unearned revenue netted to the unfunded liability of \$29,682 for compensated absences payable.

Fund accounting:

The accounts of the Service are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed upon their use. Separate accounts are maintained for each fund, however, accounts with common characteristics are combined into groups and reflected as such in the accompanying financial statements.

Inventory:

Inventory of paper and supplies are valued at cost (first-in, first-out method).

Plant and equipment:

At June 30, 1985, investment in plant was adjusted \$113,683 to reflect the totals in the property control subsidiaries.

MONTANA COOPERATIVE EXTENSION SERVICE

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

1. Summary of significant accounting policies (continued)

Depreciation:

No provision has been made for depreciation of plant facilities in accordance with generally accepted accounting principles for colleges and universities.

Allowance for Bad Debts:

An allowance for bad debts has not been recorded. Losses from bad debts are recorded as adjustments to revenue in the year in which they are deemed uncollectable.

2. Investments

Investments are carried at cost, which approximates market value; at June 30, 1985, investments consist of the following:

| | |
|------------------------------------|----------------|
| | <u>Cost</u> |
| Montana short-term investment pool | <u>\$1,513</u> |
| | <u>\$1,513</u> |

Investments at June 30, 1985, are owned by the following fund:

Current funds:

| | |
|------------|----------------|
| Restricted | <u>\$1,513</u> |
| | <u>\$1,513</u> |

3. Retirement plans

All of the Service's full-time employees are members of the Montana Public Employees Retirement System, Montana Teachers Retirement System or the U.S. Civil Service Retirement System. Employer contributions to these plans totaled \$308,371 for the year ended June 30, 1985. The State of Montana retirement plans were determined to be actually sound by the most recent biennial valuations.

4. Commitments and contingencies

Compensated absences payable:

As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Vacation and sick leave payments are recorded as an expenditure at the time they are paid to the employee.

Due to system limitations, the change in the compensated absences payable amount is stated as an adjustment and not identified with the fiscal period earned or utilized by the employee.

MONTANA COOPERATIVE EXTENSION SERVICE

NOTES TO FINANCIAL STATEMENTS

June 30, 1985

4. Commitments and contingencies (continued)

Leases:

The Service reserves the right to limit the amount of expenditures associated with lease contracts without penalty when in the sole judgment of the Service annual funding or program changes necessitate. Capital lease agreements for various purposes and time periods totaling \$885, at June 30, 1985, are not added to net investment in plant and not deemed to be material to the overall financial position of the Service.

MONTANA COOPERATIVE EXTENSION SERVICE
BALANCE SHEETS
Year Ended June 30, 1984

ASSETS

CURRENT FUNDS:

Unrestricted:

General operating

| | |
|----------------------------|-----------|
| Cash | \$283,836 |
| Accounts receivable | 96 |
| Due from other fund groups | 4,119 |

| | |
|-------------------------|----------------|
| Total general operating | <u>288,051</u> |
|-------------------------|----------------|

Designated:

| | |
|----------------------------|---------|
| Cash | 219,009 |
| Accounts receivable | 50,376 |
| Due from other fund groups | 4,593 |
| Inventories | 111,608 |

| | |
|------------------|----------------|
| Total designated | <u>385,586</u> |
|------------------|----------------|

| | |
|--------------------|----------------|
| Total unrestricted | <u>673,637</u> |
|--------------------|----------------|

Restricted:

| | |
|----------------------------|--------|
| Cash | 62,468 |
| Accounts receivable | 22,944 |
| Due from other fund groups | 6,048 |
| Investments (Note 2) | 951 |

| | |
|------------------|---------------|
| Total restricted | <u>92,411</u> |
|------------------|---------------|

| | |
|---------------------|------------------|
| Total current funds | <u>\$766,048</u> |
|---------------------|------------------|

PLANT FUNDS

Investment in plant:

| | |
|-----------|----------------|
| Buildings | \$ 34,152 |
| Equipment | <u>725,615</u> |

| | |
|-------------------|------------------|
| Total plant funds | <u>\$759,767</u> |
|-------------------|------------------|

See notes to financial statements

LIABILITIES AND FUND BALANCES

CURRENT FUNDS:

Unrestricted:

General operating:

| | |
|--|------------------|
| Accrued payroll | \$229,142 |
| Accounts payable and accrued liabilities | 32,750 |
| Due to other fund groups | 9,843 |
| Compensated absences payable (Note 4) | 715,567 |
| Fund balance (Note 1) | <u>(699,251)</u> |
| Total general operating | <u>288,051</u> |

Designated:

| | |
|--|----------------|
| Accrued payroll | 22,349 |
| Accounts payable and accrued liabilities | 38,760 |
| Due to other fund groups | 3,011 |
| Compensated absences payable (Note 4) | 44,469 |
| Fund balance | <u>276,997</u> |
| Total designated | <u>385,586</u> |

| | |
|--------------------|----------------|
| Total unrestricted | <u>673,637</u> |
|--------------------|----------------|

Restricted:

| | |
|--|-----------------|
| Accrued payroll | 40,004 |
| Accounts payable and accrued liabilities | 33,942 |
| Due to other fund groups | 1,908 |
| Compensated absences payable (Note 4) | 42,054 |
| Fund balance (Note 1) | <u>(25,497)</u> |
| Total restricted | <u>92,411</u> |

| | |
|---------------------|------------------|
| Total current funds | <u>\$766,048</u> |
|---------------------|------------------|

PLANT FUNDS:

Investment in plant:

| | |
|-------------------------|-----------|
| Net investment in plant | \$759,767 |
|-------------------------|-----------|

| | |
|-------------------|------------------|
| Total plant funds | <u>\$759,767</u> |
|-------------------|------------------|

MONTANA COOPERATIVE EXTENSION SERVICE
STATEMENT OF CHANGES IN FUND BALANCES
Year Ended June 30, 1984

| | <u>Unrestricted</u> | | | <u>Plant Funds</u> |
|---|---------------------|-------------------|--------------------|--------------------|
| | <u>General</u> | <u>Designated</u> | <u>Restricted</u> | <u>Investment</u> |
| | <u>Operating</u> | | | <u>in Plant</u> |
| Revenues and other additions: | | | | |
| Current funds revenue | \$3,930,466 | \$ 643,619 | \$ 752,072 | \$ - |
| Expended for plant facilities (including \$52,198 charged to current funds expenditure) | - | - | - | 52,198 |
| Total revenues and other additions | <u>3,930,466</u> | <u>643,619</u> | <u>752,072</u> | <u>52,198</u> |
| Expenditures and other deductions: | | | | |
| Current funds expenditures | <u>3,886,124</u> | <u>617,440</u> | <u>756,545</u> | - |
| Total expenditures and other deductions | <u>3,886,124</u> | <u>617,440</u> | <u>756,545</u> | - |
| Net increase (decrease) for the year | <u>44,342</u> | <u>26,179</u> | <u>(4,473)</u> | <u>52,198</u> |
| Fund balances at beginning of year as previously reported | <u>2,995</u> | <u>326,891</u> | <u>32,761</u> | <u>631,785</u> |
| Adjustments: (Note 1 & 4) | | | | |
| Prior year revenues | (1,897) | (3,627) | (5,206) | - |
| Prior year expenditures | (29,124) | (27,977) | (6,525) | - |
| Compensated absences payable | (715,567) | (44,469) | (42,054) | - |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>75,784</u> |
| Total adjustments | <u>(746,588)</u> | <u>(76,073)</u> | <u>(53,785)</u> | <u>75,784</u> |
| Fund balance at beginning of year as adjusted | <u>(743,593)</u> | <u>250,818</u> | <u>(21,024)</u> | <u>707,569</u> |
| Fund balance at end of year | <u>\$ (699,251)</u> | <u>\$ 276,997</u> | <u>\$ (25,497)</u> | <u>\$ 759,767</u> |

See notes to financial statements

MONTANA COOPERATIVE EXTENSION SERVICE
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
Year Ended June 30, 1984

| | <u>Unrestricted</u> | | <u>Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------|-------------------|------------------|
| | <u>General</u> | <u>Designated</u> | | |
| | <u>Operating</u> | | | |
| Revenues: | | | | |
| Federal appropriations | \$ 1,793,152 | \$ - | \$ 415,107 | \$2,208,259 |
| State appropriations | 2,137,314 | - | 80,442 | 2,217,756 |
| Federal grants and contracts | - | - | 133,128 | 133,128 |
| State grants and contracts | - | - | 41,884 | 41,884 |
| Local grants and contracts | - | - | 37,702 | 37,702 |
| Private gifts, grants and contracts | - | - | 48,168 | 48,168 |
| Other sources | - | 643,619 | 114 | 643,733 |
| Total revenues | <u>3,930,466</u> | <u>643,619</u> | <u>756,545</u> | <u>5,330,630</u> |
| Expenditures: | | | | |
| Public service | 3,120,194 | - | 755,350 | 3,875,544 |
| Institutional support | 719,365 | - | 706 | 720,071 |
| Operation and maintenance of plant | 46,565 | - | - | 46,565 |
| Other | - | 617,440 | 489 | 617,929 |
| Total expenditures | <u>3,886,124</u> | <u>617,440</u> | <u>756,545</u> | <u>5,260,109</u> |
| Transfers and other additions (deductions): | | | | |
| Deficit of restricted receipts over transfers to revenue | - | - | (4,473) | (4,473) |
| Net increase (decrease) in fund balances | <u>\$ 44,342</u> | <u>\$ 26,179</u> | <u>\$ (4,473)</u> | <u>\$ 66,048</u> |

See notes to financial statements

MONTANA COOPERATIVE EXTENSION SERVICE

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies

Related parties:

Montana State University, Montana Agricultural Experiment Station and Montana Cooperative Extension Service are related through common management and control; however, they are separate and distinct agencies and they receive separate federal and state appropriations. These agencies have certain related-party transactions, including sharing office facilities, management, and accounting and office services. The accounts of Montana Agricultural Experiment Station and Montana State University have not been included in the accompanying financial statements.

Financial statements:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles for colleges and universities except as noted hereafter.

The statement of current funds revenues and expenditures is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

Fund balance for unrestricted general operating funds includes \$9,123 allocated for encumbrances and \$7,193 prior period revenue overage netted to the unfunded liability of \$715,567 for compensated absences payable. Fund balance for restricted current funds includes \$16,557 of unearned revenue netted to the unfunded liability of \$42,054 for compensated absences payable.

Fund accounting:

The accounts of the Service are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions placed upon their use. Separate accounts are maintained for each fund, however, accounts with common characteristics are combined into groups and reflected as such in the accompanying financial statements.

Inventory:

Inventory of paper and supplies are valued at cost (first-in, first-out method).

Plant and equipment:

At June 30, 1984, investment in plant was adjusted \$75,784 to reflect the totals in the property control subsidiaries.

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

1. Summary of significant accounting policies (continued)

Depreciation:

No provision has been made for depreciation of plant facilities in accordance with generally accepted accounting principles for colleges and universities.

Allowance for Bad Debts:

An allowance for bad debts has not been recorded. Losses from bad debts are recorded as adjustments to revenue in the year in which they are deemed uncollectable.

2. Investments

Investments are carried at cost, which approximates market value; at June 30, 1984, investments consist of the following:

| | |
|------------------------------------|--------------|
| Montana short-term investment pool | Cost |
| | \$951 |
| | <u>\$951</u> |

Investments at June 30, 1983 are owned by the following fund:

Current funds:

| | |
|------------|--------------|
| Restricted | \$951 |
| | <u>\$951</u> |

3. Retirement plans

All of the Service's full-time employees are members of the Montana Public Employees Retirement System, Montana Teachers Retirement System or the U.S. Civil Service Retirement System. Employer contributions to these plans totaled \$320,946 for the year ended June 30, 1984. The State of Montana retirement plans were determined to be actually sound by the most recent biennial valuations.

4. Commitments and contingencies

Compensated absences payable:

As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Vacation and sick leave payments are recorded as an expenditure at the time they are paid to the employee.

Previous financial reports have disclosed the leave liability only as a footnote. In accordance with generally accepted accounting principles the liability as of June 30, 1984 has been recorded for the first time as a liability of the applicable fund group.

MONTANA COOPERATIVE EXTENSION SERVICE

NOTES TO FINANCIAL STATEMENTS

June 30, 1984

4. Commitments and contingencies (continued)

Leases:

The Service reserves the right to limit the amount of expenditures associated with lease contracts without penalty when in the sole judgment of the Service annual funding or program changes necessitate. Lease agreements for various purposes and time periods, at June 30, 1984, are not deemed to be material to the overall financial position of the Service.

AGENCIES RESPONSE



Montana State University
Bozeman, Montana 59717

Office of the President

Telephone (406) 994-2341

May 21, 1986

Scott A. Seacat
Legislative Auditor
Capitol Building, Room 135
Helena, MT 59620

RECEIVED

MAY 27 1986

MONTANA LEGISLATIVE AUDITOR

Dear Mr. Seacat:

The responses of Montana State University to the audit recommendations made relative to the audit report on the Montana State University, Cooperative Extension Service, and Agricultural Experiment Station financial activity for fiscal years 1983-84 and 1984-85 are submitted herewith. As reflected by the number and magnitude of the audit recommendations, we are continuing in our efforts to operate as efficiently and effectively as possible, while maintaining compliance with the multitude of State and Federal regulations which govern our activities.

The evidence of our sound and responsible financial and business management is contained in the audit report. As we continue to make progress in our business affairs, we are proud to play an active part in assisting and cooperating with the Commissioner's Office and the Board of Regents in resolving the audit issues raised and in improving communications and the relationships between the University System and the Legislature.

Your staff who performed this audit were all of personal and professional quality and our staff was able to work with them in a personable and professional manner. We look forward to meeting with the Audit Committee to discuss the audit report and our responses and any other issues which may be of interest to you.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Bill Tietz', written over the printed name and title.
William J. Tietz
President

TG:ds
ia/l

RECOMMENDATION #1:

WE RECOMMEND THE UNIVERSITY REPORT STUDENT FTE IN ACCORDANCE WITH REGENTS' POLICY.

RESPONSE #1:

WE CONCUR WITH THIS RECOMMENDATION. However, we believe that we were correct in our interpretation of the funding formula guidelines which clearly show the Military Science component. However, we have referred this matter to the Office of the Commissioner of Higher Education for evaluation and request a clarification based upon their interpretation.

RECOMMENDATION #2:

WE RECOMMEND THE UNIVERSITY FOLLOW STATE PURCHASING LAWS AND POLICIES.

RESPONSE #2:

WE CONCUR WITH THIS RECOMMENDATION. The Multilith Department of the Cooperative Extension Service (CES) has again submitted a request to the State Department of Administration, requesting delegated purchasing authority up to \$30,000 for the purchase of paper. The granting of that level of purchasing authority will aid in Multilith's efforts to obtain higher quality, lower cost paper in a more timely manner than is currently available through State Central Stores.

RECOMMENDATION #3:

WE RECOMMEND THE UNIVERSITY REQUEST FEDERAL MONIES IN A MANNER WHICH WILL MINIMIZE THE NECESSITY FOR THE STATE TO ADVANCE CASH TO FEDERAL PROGRAMS.

RESPONSE #3:

WE CONCUR WITH THIS RECOMMENDATION. At the time this matter was first brought to our attention, the Federal funds were being ordered the first of each month on a reimbursement basis. The payroll which occurs on the eleventh of each month constitutes the great majority of Federal funds ordered on a monthly basis. Thus, in June 1985, a directive was issued which changed the order date for Federal funds to the fifteenth of each month, after the main monthly payroll.

RECOMMENDATION #4:

WE RECOMMEND THAT THE UNIVERSITY ESTABLISH PROCEDURES TO FORECAST CASH NEEDS TO ENSURE POSITIVE CASH BALANCES ARE MAINTAINED IN COMPLIANCE WITH STATE LAWS.

RESPONSE #4:

WE CONCUR WITH THIS RECOMMENDATION. This is an issue of conflicting State Statutes which is being addressed by the State Department of Administration.

RECOMMENDATION #5:

WE RECOMMEND THE UNIVERSITY:

- A. ACCRUE EXPENDITURES IN ACCORDANCE WITH STATE ACCOUNTING POLICIES.
- B. CORRECT INVALID EXPENDITURE ACCRUALS.

RESPONSE #5:

WE CONCUR WITH THIS RECOMMENDATION. We make every reasonable effort to fully comply with State accounting policies which relate to expenditure accruals. The invalid expenditure accruals will be corrected prior to this fiscal year end.

RECOMMENDATION #6:

WE RECOMMEND THE UNIVERSITY DEPOSIT RECEIPTS ON A TIMELY BASIS IN ACCORDANCE WITH STATE LAW.

RESPONSE #6:

WE CONCUR WITH THIS RECOMMENDATION. The CES administration will work directly with the department involved to ensure proper and more timely deposits of receipts.

RECOMMENDATION #7:

WE RECOMMEND THE UNIVERSITY:

- A. IMPROVE CONTROLS TO ENSURE ALL ITEMS DISPOSED OF AND ALL INVENTORIES ARE DELETED FROM ITS PROPERTY RECORDS.
- B. ENSURE ALL STATE EQUIPMENT ITEMS ARE TAGGED AS STATE PROPERTY.

RESPONSE #7:

WE CONCUR WITH THIS RECOMMENDATION. We are taking every action possible within our limited resources to ensure the accuracy of the property listing. We are also continuing in our efforts to identify and tag State property which was not properly tagged in years past.



THE MONTANA UNIVERSITY SYSTEM

33 SOUTH LAST CHANCE GULCH
HELENA, MONTANA 59620-2602
(406) 444-6570

COMMISSIONER OF HIGHER EDUCATION

RECEIVED

MAY 27 1986

MONTANA LEGISLATIVE AUDITOR

May 23, 1986

Scott A. Seacat
Legislative Auditor
Room 135, State Capitol
Helena, Montana 59620

Dear Mr. Seacat,

The response for the Montana State University audit is attached. I appreciate the opportunity that you provide for my staff to participate in all entrance and exit conferences.

Sincerely,

A handwritten signature in cursive script, reading "Carol Krause".

Carrol Krause
Commissioner of Higher Education

CK/JHN/11t

Attachment

RECOMMENDATION #1

We recommend the University report student FTE in accordance with Regents policy.

Agency Response:

Concur.

We will review the reporting criteria for restricted credit hours as they would pertain to military science programs and revise our practice if necessary.

A few additional facts are relevant to the auditor's finding.

1. The study that established the funding formula for higher education in 1981 included military science in the unrestricted portion of the formula (see page 39 of the Final Report).
2. While the salaries of the faculty are paid directly by the military, the state must pick up the other program costs and provide the facilities. The student must pay the tuition costs for the enrolled credit hours and the tuition revenue is deposited in the unrestricted funds as general fund offset. If we are going to treat the student credit hour production as restricted, the tuitions collected must also be segregated into the restricted account.

