

**THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998,
SERIES F 1999, SERIES G 2002, SERIES H 2003, SERIES I 2004 & SERIES J 2005
PLEGDED REVENUE FUNDS**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
AND CONTINUING DISCLOSURE INFORMATION**

June 30, 2009

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
June 30, 2009

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE UNIVERSITY REVENUE BOND INDENTURE.....	2
INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION.....	3
DEBT SERVICE COVERAGE.....	4
COMBINED REVENUES AND EXPENDITURES.....	5
DEBT SERVICE FUND, AUXILIARY REPAIR AND REPLACEMENT FUND, AND CONSTRUCTION FUND - STATEMENT OF CHANGES IN FUND BALANCE	
▫ MISSOULA.....	6
▫ BUTTE (No Auxiliary R & R).....	7
▫ DILLON (No Auxiliary R & R).....	8
▫ HELENA (No Auxiliary R & R).....	9
DEBT SERVICE FUND INVESTMENTS WITH TRUSTEE	10
AUXILIARY REPAIR AND REPLACEMENT FUND - MISSOULA INVESTMENTS WITH TRUSTEE.....	11
CONSTRUCTION FUND INVESTMENTS WITH TRUSTEE.....	12
NOTES TO FINANCIAL STATEMENTS	13 - 22
CONTINUING DISCLOSURE INFORMATION	23 - 40

INDEPENDENT AUDITOR'S REPORT

Montana Board of Regents
The University of Montana
Missoula, Montana

We have audited the financial statements (Pages 4 through 12) for the year ended June 30, 2009 of The University of Montana Facilities Improvement and Refunding Revenue Bonds Series C 1995, Series E 1998, Series F 1999, Series G 2002, Series H 2003, Series I 2004 and Series J 2005 Pledged Revenue Funds for Missoula, Butte, Dillon, and Helena. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenues and expenditures of The University of Montana Facilities Improvement and Refunding Revenue Bonds Series C 1995, Series E 1998, Series F 1999, Series G 2002, Series H 2003, Series I 2004 and Series J 2005 Pledged Revenue Funds for the year ended June 30, 2009 in conformity with the restrictive covenants contained in the Revenue Bond Indentures of Trust.

Galusha Higgins & Galusha, PC

Missoula, Montana

@

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE UNIVERSITY REVENUE BOND INDENTURE

Montana Board of Regents
The University of Montana
Missoula, Montana

We have examined management's assertion included in its representation letter dated **November 3, 2008**, that The University of Montana complied with restrictive covenants contained in Article VIII of the Series C 1995 Second Supplemental Indenture of Trust, Series E 1998 Fourth Supplemental Indenture of Trust, Series F 1999 Fifth Supplemental Indenture of Trust, Series G 2002 Sixth Supplemental Indenture of Trust, Series H 2003 Seventh Supplemental Indenture of Trust, Series I 2004 Eighth Supplemental Indenture of Trust and Series J 2005 Ninth Supplemental Indenture of Trust during the year ended June 30, 2009. As discussed in that representation letter, management is responsible for The University of Montana's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about The University of Montana's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about The University of Montana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on The University of Montana's compliance with specified requirements.

In our opinion, management's assertion that The University of Montana complied with the aforementioned requirements for the year ended June 30, 2009 is fairly stated, in all material respects.

Galusha Higgins & Galusha, PC

Missoula, Montana

@

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Montana Board of Regents
The University of Montana
Missoula, Montana

Our report on our audit was made for the purpose of forming an opinion on the financial statements of The University of Montana Facilities Improvement and Refunding Revenue Bonds Series C 1995, Series E 1998, Series F 1999, Series G 2002, Series H 2003, Series I 2004, Series J 2005 Pledged Revenue Funds taken as a whole. The financial data presented for 2008 has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Continuing Disclosure Information presented on Pages 23 through 40, is presented for the purpose of meeting the continuing disclosures required by Rule 15c2-12 of the Securities and Exchange Commission, 1934 Act, and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Galusha Higgins & Galusha, PC

Missoula, Montana

@

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999,
 SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS
 DEBT SERVICE COVERAGE
June 30, 2009

AUXILIARY FACILITIES	
Revenues	\$ 55,520,987
Expenditures	<u>41,742,481</u>
NET AUXILIARY FACILITIES REVENUES	<u>13,778,506</u>
OTHER PLEDGED REVENUES	
Investment income	1,548,185
Student building fees	1,928,337
Academic facilities fees	1,363,034
Events revenue	5,414,709
Continuing education	2,169,945
Land grant income	1,581,863
Current unrestricted funds allocation	<u>926,547</u>
	<u>14,932,620</u>
TOTAL PLEDGED REVENUES AVAILABLE FOR DEBT SERVICE	<u>\$ 28,711,126</u>
ACTUAL DEBT SERVICE	<u>\$ 12,439,147</u>
ACTUAL COVERAGE	<u>2.31</u>
REQUIRED BY INDENTURE	<u>1.15</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
COMBINED REVENUES AND EXPENDITURES
June 30, 2009

AUXILIARY FACILITIES	Missoula	Butte	Dillon	Helena	Total
OPERATING REVENUES					
Residence Life	\$13,603,338	\$ 1,196,034	\$ 1,135,262	\$ -	\$15,934,634
Food Services	11,124,477	1,699,484	1,657,396	87,483	14,568,840
Student Union Facilities	4,160,935	388,606	104,132	-	4,653,673
Student Health Services	5,820,519	-	-	-	5,820,519
Parking	1,842,414	88,168	48,400	-	1,978,982
Recreational Facilities	3,338,027	-	31,004	-	3,369,031
Bookstore	73,002	1,460,859	764,742	562,448	2,861,051
Printing Services	2,021,639	-	-	-	2,021,639
Adams Center Operations	1,531,708	-	-	-	1,531,708
Miscellaneous	2,474,441	13,505	265,919	27,045	2,780,910
Total operating revenues	<u>45,990,500</u>	<u>4,846,656</u>	<u>4,006,855</u>	<u>676,976</u>	<u>55,520,987</u>
AUXILIARY FACILITIES					
OPERATING EXPENDITURES					
Residence Life	7,744,678	847,628	914,797	-	9,507,103
Food Services	9,439,468	1,612,482	1,491,475	92,276	12,635,701
Student Union Facilities	2,795,157	357,071	93,831	-	3,246,059
Student Health Services	5,015,160	-	-	-	5,015,160
Parking	1,600,075	79,601	18,636	-	1,698,312
Recreational Facilities	2,115,195	-	245,010	-	2,360,205
Bookstore	75,107	1,420,748	750,191	461,374	2,707,420
Printing Services	1,761,049	-	-	-	1,761,049
Adams Center Operations	957,511	-	-	-	957,511
Miscellaneous	1,566,622	11,835	254,546	20,958	1,853,961
Total operating expenditures	<u>33,070,022</u>	<u>4,329,365</u>	<u>3,768,486</u>	<u>574,608</u>	<u>41,742,481</u>
NET AUXILIARY FACILITIES					
OPERATING REVENUE	<u>12,920,478</u>	<u>517,291</u>	<u>238,369</u>	<u>102,368</u>	<u>13,778,506</u>
OTHER PLEDGED REVENUES					
Investment Income	1,483,842	27,671	15,635	21,037	1,548,185
Student Fees	1,125,544	437,659	186,647	178,487	1,928,337
Academic Facilities Fees	1,138,573	126,375	56,219	41,867	1,363,034
Events Revenue	5,414,709	-	-	-	5,414,709
Continuing Education	2,169,945	-	-	-	2,169,945
Land Grant	213,246	1,082,353	286,264	-	1,581,863
Current Unrestricted					
Funds Allocation	906,141	20,406	-	-	926,547
Total other pledged revenues	<u>12,452,000</u>	<u>1,694,464</u>	<u>544,765</u>	<u>241,391</u>	<u>14,932,620</u>
TOTAL PLEDGED REVENUES					
AVAILABLE FOR DEBT SERVICE	<u>\$25,372,478</u>	<u>\$ 2,211,755</u>	<u>\$ 783,134</u>	<u>\$ 343,759</u>	<u>\$28,711,126</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
DEBT SERVICE FUND, AUXILIARY REPAIR AND REPLACEMENT FUND, AND
CONSTRUCTION FUND - STATEMENT OF CHANGES IN FUND BALANCE - MISSOULA
for the year ended June 30, 2009

	Debt Service Fund	Auxiliary Repair & Replacement Fund	Construction Fund
INCOME			
Investments	\$ 1,089	\$ 10,900	\$ 22,950
Other income	-	2,996	-
Total income	<u>1,089</u>	<u>13,896</u>	<u>22,950</u>
EXPENDITURES AND TRANSFERS			
Expenditures			
Principal & interest on indebtedness	10,775,214	-	-
Expended for plant facilities	-	719,782	3,853,031
Trustee and audit fees	43,734	-	-
Total expenditures	<u>10,818,948</u>	<u>719,782</u>	<u>3,853,031</u>
Transfers in			
From pledged revenue fund	10,816,317	2,453,798	-
From various funds for risk reserve	2,000,000	-	-
From various funds for pre-paid bond debt service	347,752	-	-
From various funds for repair and maintenance	-	1,725,421	-
From NIIP for bond liability associated with completed proje	-	-	3,901,096
From student fees	9,342	-	-
From bond construction funds held by trustee	-	-	7,596,653
Total transfers in	<u>13,173,411</u>	<u>4,179,219</u>	<u>11,497,749</u>
Transfers out			
To risk reserve	-	-	264,416
To other R&R projects	-	3,373,341	-
To bond construction projects	-	-	7,680,856
Total transfers out	<u>-</u>	<u>3,373,341</u>	<u>7,945,272</u>
Total expenditures and transfers, net	<u>(2,354,463)</u>	<u>(86,096)</u>	<u>300,554</u>
NET INCREASE (DECREASE) FOR THE YEAR	2,355,552	99,992	(277,604)
FUND (DEFICIT) BALANCE			
Beginning of year	<u>1,522,696</u>	<u>9,692,431</u>	<u>(123,260)</u>
End of year	<u>\$ 3,878,248</u>	<u>\$ 9,792,423</u>	<u>\$ (400,864)</u>
FUND BALANCE CONSISTS OF:			
Cash in pooled funds	\$ 4,620,430	\$ 4,439,496	\$ 240,464
MUS pooled investments	-	2,000,000	-
Investments with trustee	170	980,397	56,032
Accrued interest receivable	-	46	2
Construction in progress	-	2,541,342	17,213,517
Accrued bond interest payable	(742,353)	-	-
Accounts payable and accrued expenditures	-	(168,859)	(2,103,848)
Bonds payable, net of bond discount	-	-	(15,807,031)
	<u>\$ 3,878,247</u>	<u>\$ 9,792,422</u>	<u>\$ (400,864)</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999,
 SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS
 DEBT SERVICE FUND AND CONSTRUCTION FUND -
 STATEMENT OF CHANGES IN FUND BALANCE - BUTTE
for the year ended June 30, 2009

	<u>Debt Service Fund</u>	<u>Construction Fund</u>
INCOME		
Investments	<u>\$ 12</u>	<u>\$ -</u>
EXPENDITURES AND TRANSFERS		
Expenditures		
Principal & interest on indebtedness	1,131,551	-
Other expenditures	<u>-</u>	<u>-</u>
Total expenditures	<u>1,131,551</u>	<u>-</u>
Transfers in		
From net investment in plant	-	-
From unexpended plant fund	1,114,796	-
From pledged revenues	<u>20,406</u>	<u>-</u>
Total transfers in	<u>1,135,202</u>	<u>-</u>
Total expenditures and transfers, net	<u>(3,651)</u>	<u>-</u>
NET INCREASE FOR THE YEAR	3,663	-
FUND (DEFICIT) BALANCE		
Beginning of year	<u>(66,548)</u>	<u>-</u>
End of year	<u>\$ (62,885)</u>	<u>\$ -</u>
FUND (DEFICIT) BALANCE CONSISTS OF:		
Investments with trustee	\$ 12	\$ -
Unamortized bond issuance costs	-	-
Accrued bond interest payable	(62,896)	-
Bonds payable, net of bond discount	<u>-</u>	<u>-</u>
	<u>\$ (62,884)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
DEBT SERVICE FUND AND CONSTRUCTION FUND -
STATEMENT OF CHANGES IN FUND BALANCE - DILLON
for the year ended June 30, 2009

	Debt Service Fund	Construction Fund
INCOME		
Investments	\$ 26	\$ -
EXPENDITURES AND TRANSFERS		
Expenditures		
Principal & interest on indebtedness	480,043	-
Operating and administrative costs	9,633	-
Total expenditures	489,676	-
Transfers in		
From pledged revenue funds	501,651	-
From net investment in plant	-	-
Total transfers in	501,651	-
Transfers out		
To debt service fund	20,406	-
Total expenditures and transfers, net	8,431	-
NET DECREASE FOR THE YEAR	(8,405)	-
FUND (DEFICIT) BALANCE		
Beginning of year	(47,133)	-
End of year	\$ (55,538)	\$ -
FUND (DEFICIT) BALANCE CONSISTS OF:		
Cash in pooled funds	\$ 76	\$ -
Investment with trustee	-	-
Unamortized bond issuance costs	67,399	-
Accrued interest payable	(45,981)	-
Bonds payable, net of bond discount	(77,032)	-
	\$ (55,538)	\$ -

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
DEBT SERVICE FUND AND CONSTRUCTION FUND -
STATEMENT OF CHANGES IN FUND BALANCE - HELENA
for the year ended June 30, 2009

	<u>Debt Service Fund</u>	<u>Construction Fund</u>
INCOME		
Investments	\$ 1	\$ -
EXPENDITURES AND TRANSFERS		
Expenditures		
Principal & interest on indebtedness	52,339	-
Construction work in process	-	-
Bond issuance cost/discount amortization	-	-
Total expenditures	<u>52,339</u>	<u>-</u>
Transfers in		
Mandatory transfers	83,182	-
From unexpended	-	-
From net investment in plant fund	-	-
Total transfers in	<u>83,182</u>	<u>-</u>
Transfers out		
Mandatory transfers	31,159	-
To debt service funds	-	-
Total transfers out	<u>31,159</u>	<u>-</u>
Total expenditures and transfers, net	<u>316</u>	<u>-</u>
NET INCREASE (DECREASE) FOR THE YEAR	(315)	-
FUND (DEFICIT) BALANCE		
Beginning of year	<u>3,015</u>	<u>-</u>
End of year	<u>\$ 2,700</u>	<u>\$ -</u>
FUND DEFICIT CONSISTS OF:		
Cash in pooled funds	\$ 7,508	\$ -
Investments with trustee	1	-
Unamortized bond issuance costs	-	-
Unamortized discount on bonds payable	-	-
Accounts payable and accrued expenditures	(4,809)	-
Bonds payable, net of bond discount	<u>-</u>	<u>-</u>
	<u>\$ 2,700</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999,
 SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS
 DEBT SERVICE FUND
 INVESTMENTS WITH TRUSTEE
June 30, 2009

	Missoula	Butte	Dillon	Helena
Cash equivalents	<u>\$ 2,556</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
AUXILIARY REPAIR AND REPLACEMENT FUND - MISSOULA
INVESTMENTS WITH TRUSTEE
June 30, 2009

Cash equivalents	<u>\$ 980,397</u>
------------------	-------------------

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS
CONSTRUCTION FUND
INVESTMENTS WITH TRUSTEE - MISSOULA
June 30, 2009

Cash equivalents	<u>\$</u> <u>8</u>
------------------	--------------------

The accompanying notes are an integral part of these financial statements.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Presentation of financial information in this report is limited to that portion of the University's operations associated specifically with the Facilities Improvement and Refunding Revenue Bonds Series C 1995, Series E 1998, Series F 1999, Series G 2002, Series H 2003, Series I 2004, and Series J 2005 and does not include all financial activities of the University.

Basis of Presentation. The accompanying statements have been prepared on the accrual basis. The statement of debt service coverage and the statement of revenues and expenditures are statements of financial activities of funds related to the reporting period.

Fund Accounting. In order to ensure observance of limitations and restrictions placed on the use of the available resources, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the nature and purpose of such funds. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

AUXILIARY FACILITIES GROSS PLEDGED REVENUES DERIVED FROM:

UM Missoula Campus

1. Housing (Family Housing, Residence Halls, Biological Station Lodging, Lubrecht Lodging).
2. Field House Facilities Operations (including revenues from various athletic, concert, and other activities held in arenas, fieldhouses and similar facilities including Washington Grizzly Stadium, Adams Center, (formerly known as the Harry Adams Fieldhouse and Dahlberg Fieldhouse Arena), and Dornblazer Field; but excluding Events Revenues which constitute Net Pledged Revenues and not Auxiliary Facilities Gross Pledged Revenues).
3. Student Union Facilities (including all Campus Card revenues).
4. Parking Facilities.
5. Recreation Facilities (including all recreation fees and golf course revenues).
6. Printing Services.
7. Food Services (all dining services facilities including revenue from concessions and Biological Station; but excluding the UM COT snack bar).

Continued

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

UM Missoula Campus, continued

8. Residential Rental Property.
9. Student Health and Dental Services, including Health Service Fees.
10. Auxiliary Administration (consisting of lease rentals derived from the rental and leasing of Auxiliary Facilities).
11. Montana Island Lodge.

UM Butte Campus

1. Housing (Family Housing and Residence Halls).
2. Food Services (all dining services).
3. Student Union Facilities.
4. Parking Facilities.
5. Bookstore.
6. Facilities Rental (consisting of lease rental derived from rental and leasing of Auxiliary Facilities).

UM Dillon Campus

1. Housing (Residential Rentals, Family Housing and Residence Halls).
2. Food Services (Dining Facilities).
3. Student Union Facilities.
4. Parking Facilities.
5. Recreation Facilities (including PE Complex and Swimming Pool).
6. Bookstore.
7. Birch Creek.
8. Event Scheduling.

Continued

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

UM Helena Campus

1. Food Service (Dining Facilities).
2. Student Union Facilities.
3. Bookstore.

AUXILIARY FACILITIES NET PLEDGED REVENUES:

UM Missoula Campus

1. Investment Income.
2. Student Building Fees.
3. UC Renovation Fee.
4. Continuing Education (non-credit).
5. Information Technology.
6. Land Grant Income.
7. Events Revenue.
 - (a) Revenues derived from all UM sponsored ticket sales for athletic, concert and other events held in stadiums, arenas, fieldhouses and similar facilities inclusive of Washington Grizzly Stadium, Adams Center (formerly known as Harry Adams Fieldhouse and Dahlberg Fieldhouse Arena), and Dornblazer Field.
 - (b) All revenues generated from the operations of the University Theatre.
8. Academic Facilities Fee.
9. Current Unrestricted Funds Allocation

UM Butte Campus

1. Investment Income.
2. Student Building Fees.
3. Land Grant Income.
4. Debt Service Grant.
5. Academic Facilities Fee.

Continued

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

UM Dillon Campus

1. Investment Income.
2. Student Building Fee.
3. Land Grant Income.
4. Academic Facilities Fee.

UM Helena Campus

1. Investment Income.
2. Student Union Building Fee.
3. Student Building Fee.
4. Academic Facilities Fee.

Investments. Beginning in fiscal year 1998, certain investments are required to be carried and reported at fair value in accordance with Statement #31 of the Governmental Accounting Standards Board (GASB). Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Investment income includes changes in the fair value of investments.

Inventories. Inventories consist of food items, supplies and merchandise held for resale. Inventories are valued at cost on a first-in, first-out, moving average, or specific identification basis depending on the management of the inventories.

Cash Balances. All University cash balances including the pledged revenue bond funds are maintained by the State Treasurer.

Income Taxes. Although the University (a political subdivision of the State of Montana) is exempt from federal income taxes under Section 115 of the Internal Revenue Code, certain income generated by the Pledged Revenue Funds is considered unrelated business income. The Montana University System does file appropriate tax returns with the Internal Revenue Service to report such income. Because the tax liability for the system as a whole is expected to be immaterial, no provision for taxes has been recorded in the accompanying financial statements.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE B INVESTMENTS

Investments consist of funds managed through the Montana State Board of Investments using its Short-Term Investment Pool (STIP), and investments secured by the Trustee in accordance with the provisions of the bond indenture.

NOTE C BONDS PAYABLE

Revenue bonds were issued pursuant to an Indenture of Trust between the Board of Regents of Higher Education for the State of Montana (on behalf of The University of Montana) and U.S. Bank Trust National Association MT. The bonds are secured by a first lien on the combined pledged revenues of the four campuses of The University of Montana. The pledged revenues earned at each campus are cross-pledged among all campuses of The University of Montana. Bonds payable recorded by each campus reflect the liability associated with the bond proceeds deposited into the accounts of that campus and do not necessarily mean that the debt service payments on that liability will be made by that campus.

The total aggregate principal amount originally issued pursuant to the Indenture of Trust and the various supplements to the Indenture for all campuses of The University of Montana at June 30, 2009 was \$168,411,780. The combined outstanding principal amount at June 30, 2009 was \$136,314,997.

Series C 1995. On December 14, 1995, The University of Montana issued \$34,406,784 of Series C 1995 Revenue Bonds, with interest ranging from 3.80 percent to 5.75 percent. In fiscal year 2000, the Series F 1999 Revenue Bonds issuance advance refunded a portion of Series C 1995 revenue bonds.

Series E 1998. On June 26, 1998, The University of Montana issued \$10,670,000 of Series E Facilities Improvement Revenue Bonds, with interest ranging from 3.90 percent to 5.00 percent. The proceeds from the issue provided funds for the acquisition, construction, repair, replacement, renovation and improvement of certain facilities and properties.

Series F 1999. On November 12, 1999, The University of Montana issued \$69,240,000 of Series F 1999 Revenue Bonds, with interest rates ranging from 3.80 percent to 6.00 percent. The proceeds from the issue were used for the purpose of restructuring Series B, C and D Facilities Improvement Revenue Bonds, and for the acquisition, construction, remodeling, improvement and equipping certain facilities and properties at The University of Montana.

The University of Montana recorded \$58,205,000 of the Series F 1999 Revenue Bonds to advance refund \$58,609,189 of outstanding Series B, C and D Facilities Improvements Revenue Bonds with average interest rates ranging from 4.30 percent to 6.65 percent. The bonds are considered legally defeased and as a result, the liability for those bonds is no longer recorded in the consolidated financial statements.

The University of Montana advance refunded the Series B, D and a portion of C Facilities Improvement Revenue Bonds to reduce annual debt service payments thereby, better matching the term of the debt with the life of the financed facilities. The debt service cash flows for Series F 1999 Revenue Bonds exceed the debt service cash flows for the advance refunded bonds by \$28,173,410. The economic loss for The University of Montana from the advance refunding was \$812,649 (difference between the present values of the debt service payments on the old and new debt).

NOTE C BONDS PAYABLE, continued

Continued

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Included in the Series F issuance was \$10,650,000 for construction of a new recreation facility at The University's Missoula campus. In September 2005, the Series J 2005 Revenue Bond issuance advanced refunded the outstanding principal amount of this portion of the Series F 1999 issuance (see Series J 2005 below).

Series G 2002. On October 18, 2002, The University of Montana issued \$18,900,000 of Series G Facilities Improvement Revenue Bonds, with interest at a variable rate from 3.0 to 4.65 percent. The proceeds from the issue provided funds for student housing complex at the south end of the Missoula campus and certain information technology facilities and equipment.

Series H 2003. In April 2003, The University of Montana issued \$1,015,000 of Series H Facilities Improvement Revenue Bonds, with interest at 2.70 percent. The proceeds from the issue provided funds for the Washington Grizzly Stadium expansion on the Missoula campus. The Series H 2003 bonds were paid off during the current year.

Series I 2004. In April 2004, The University of Montana issued \$40,490,000 of Series I Refunding and Facilities Improvement Revenue Bonds, with interest ranging from 3.00 percent to 4.75 percent. The proceeds from the issue paid and discharged \$30,540,000 of Series A 1993, Revenue Bonds. The issuance also provided \$7,000,000 towards future expansion of the Skaggs Building and \$2,950,000 for deferred maintenance on the Missoula campus.

The University of Montana refunded the Series A Facilities Improvement Revenue Bonds to reduce annual debt service payments thereby, better matching the term of the debt with the life of the financed facilities. The debt service cash flows for Series I 2004 Revenue Bonds (Refunding portion) are less than the debt service cash flows for the advance refunded bonds by \$3,140,401. The economic gain for The University of Montana from the current refunding was \$3,046,000 (difference between the present values of the debt service payments on the old and new debt).

Series J 2005. In September 2005, The University of Montana issued \$31,095,000 of Series J Facilities Improvement and Refunding Revenue Bonds, with interest ranging from 3.00 to 4.75 percent. The proceeds from the issue paid and discharged \$11,120,000 of Series F 1999, Revenue Bonds. The issuance also provided \$19,975,000 towards an interdisciplinary research facility on the Missoula campus, a multi-purpose building on the Helena campus and for the renovation, improvement, repair, furnishing and equipping of facilities on the Missoula, Butte and Dillon Campuses.

The University of Montana recorded \$11,120,000 of the Series J 2005 Revenue Bonds to advance refund \$10,010,000 of outstanding Series F Facilities Improvement Revenue Bonds to reduce annual debt service payments. The interest rates on the advanced refunded revenue bonds ranged from 4.8 percent to 6.0 percent. The bonds are considered legally defeased and as a result, the liability for those bonds is no longer recorded in the University of Montana consolidated financial statements. The debt service cash flows for Series J 2005 Revenue Bonds (Refunding portion) are less than the debt service cash flows for the advanced refunded bonds by \$862,000. The economic gain for The University of Montana from the advanced refunding was \$600,786 (difference between the present values of the debt service payments on the old and new debt).

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999,
 SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Defeased Bonds. In prior years, The University defeased certain bond issuances by placing proceeds of new bonds in an irrevocable trust. The proceeds, together with interest earned thereon, will be sufficient for future debt service payments on the refunded issues. Accordingly, the trust account assets and the liability for the defeased bonds are not included in The University's financial statements. At June 30, 2009, bonds outstanding in the amounts of \$39,581,200, \$2,765,000, \$4,071,649 and \$161,654 for Missoula, Butte, Dillon, and Helena, respectively, are considered legally defeased.

A summary of bonds payable from revenues of the auxiliary enterprise funds follows:

	The University of Montana				Memorandum Total
	Missoula	Butte	Dillon	Helena	
Series C 1995 Facilities Improvement Bonds 5.0 to 5.375% secured revenue bonds in varying annual installments through 2011	\$ -	\$ 1,020,000	\$ -	\$ -	\$ 1,020,000
Series E 1998 Facilities Improvement Bonds 4.4 to 5.00% secured revenue bonds in varying annual installments through 2021	4,880,000	1,050,000	140,000	-	6,070,000
Series F 1999 Facilities Improvement & Refunding Bonds 4.9 to 6.00% secured revenue bonds in varying annual installments through 2026	43,399,783	6,757,635	6,218,488	619,091	56,994,997
Series G 2002 Facilities Improvement Bonds 3.00 to 4.65% secured revenue bonds in varying annual installments through 2033	16,470,000	-	-	-	16,470,000
Series I 2004 Facilities Improvement & Refunding Revenue Bonds 3.00 to 4.75% secured revenue bonds in varying installments through 2030	29,075,000	-	-	-	29,075,000
Series J 2005 Facilities Improvement & Refunding Revenue Bonds 3.25 to 4.5% secured revenue bonds in varying installments through 2030	<u>26,400,000</u>	<u>220,000</u>	<u>65,000</u>	<u>50,000</u>	<u>26,735,000</u>
	<u>\$ 120,224,783</u>	<u>\$ 8,827,635</u>	<u>\$ 6,423,488</u>	<u>\$ 669,091</u>	<u>\$ 136,364,997</u>

NOTE C BONDS PAYABLE, continued

Continued

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999,
 SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

The annual requirements for the next five years to amortize debt outstanding as of June 30, 2009, not including interest payments, are as follows:

	The University of Montana				Rounded Totals
	Missoula	Butte	Dillon	Helena	
2010	\$ 4,980,275	\$ 659,540	\$ 70,189	\$ 14,997	\$ 5,725,001
2011	4,797,706	680,905	57,642	13,747	5,550,000
2012	5,411,742	223,487	124,832	19,939	5,780,000
2013	5,652,201	233,230	129,193	20,373	6,034,997
2014	5,919,815	244,416	130,287	20,482	6,315,000
Later years	<u>93,463,044</u>	<u>7,006,057</u>	<u>5,911,346</u>	<u>529,553</u>	<u>106,910,000</u>
	<u>\$120,224,783</u>	<u>\$ 9,047,635</u>	<u>\$ 6,423,488</u>	<u>\$ 669,091</u>	<u>\$ 136,364,997</u>

The bond indenture requires the following minimum reserve balances:

Debt Service, C Series	\$	*
Debt Service, E Series	\$	*
Debt Service, F Series	\$	*
Debt Service, G Series	\$	*
Debt Service, H Series	\$	*
Debt Service, I Series	\$	*
Debt Service, J Series	\$	*
Auxiliary Repair and Replacement Fund	\$	500,000

*This reserve requirement has been met through the purchase of a surety bond.

The University amortizes discounts on bonds payable using the straight-line method. Use of this method does not materially differ from the use of the effective interest method.

NOTE D INSURANCE

The State of Montana insures all of The University buildings and contents, including auxiliary facilities, at replacement cost. Insurance coverage also includes use and occupancy insurance on all housing and dining facilities. In addition, The University carries insurance on construction contracts.

NOTE E INDENTURE PROVISIONS

The bond indenture requires the Trustee to calculate and compute the arbitrage rebate amount, if any, at least once every bond year the bonds are outstanding. There are no reportable arbitrage rebates at this time under the Facilities Improvement and Refunding Revenue Bonds Series C 1995, Series F 1999, Series G 2002, Series H 2003, Series I 2004 and Series J 2005.

NOTE F DEFERRED REVENUE

Deferred revenue consists of fees collected for Summer Session and other income received, but not earned, as of June 30, 2009.

NOTE G COMMITMENTS

Continued

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999,
 SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

As of June 30, 2009, The University of Montana had construction activities for the following major projects funded with bond proceeds:

<u>Missoula Campus</u>	<u>Total Project</u>	<u>Total Expenditures</u>	<u>Funding Source</u>
Skaggs Building Addition	\$ 7,000,000	\$ 7,000,000	2004 I Revenue Bonds
Research Facility	14,225,979	9,319,207	2005 J Revenue Bonds
Auxiliary Steamline	1,047,480	957,261	2005 J Revenue Bonds
Auxiliary Steamline Phase II	747,520	326,048	2005 J Revenue Bonds
Avian Research Center Renow	540,000	472,911	2005 J Revenue Bonds
Renovate Journalism Building	600,000	600,000	2005 J Revenue Bonds
Anderson Building Furnishing	1,000,000	820,221	2005 J Revenue Bonds
Skaggs Building Well	74,021	74,021	2005 J Revenue Bonds
Law School Expansion	2,450,000	824,942	2005 J Revenue Bonds
Math Building Elevator	300,000	271,668	2005 J Revenue Bonds
WGS East Expansion	<u>1,000,000</u>	<u>993,177</u>	2005 J Revenue Bonds
	<u>\$ 28,985,000</u>	<u>\$ 21,659,455</u>	

NOTE H PENSION PLANS AND COMPENSATED ABSENCES

All full-time employees of The University of Montana are members of the Public Employees' Retirement System (PERS) or one of two other optional elective retirement programs. Further information regarding these plans can be found in The University's annual financial report.

University employees can accumulate vacation and sick leave. A maximum of twice an employee's annual vacation accrual can be carried over. Unused vacation and 25% of the value of sick leave are paid upon termination. GASB Statement No. 45, on other postemployment benefits (OPEB) accounting requires the recording of the liability associated with OPEB benefits. The University of Montana has properly recorded the OPEB obligation in its consolidated financial statement. For purposes of the Revenue Bond financial statements, the OPEB obligation has not been recorded in the financial statements. Instead, these amounts are recorded on a cash basis in the individual funds.

NOTE I AFFILIATED ORGANIZATIONS

The University of Montana is a component unit of the State of Montana. These financial statements include only the activities, funds, and accounts of the University that are pledged to the Facilities Improvement and Refunding Revenue Bonds Series C 1995, Series E 1998, Series F 1999, Series G 2002, Series H 2003, Series I 2004 and Series J 2005.

Private non-profit organizations affiliated with the University include The University of Montana Foundation (the Foundation), the Grizzly Athletic Association, and The University of Montana Alumni Association. The Foundation and associations operate exclusively for the purposes of encouraging, promoting, and supporting educational programs, research, scholarly pursuits, and athletics at or in connection with the University. In exchange, the University provides the Foundation with office space and an annually contracted fee; and the associations with office space, staff, and some related office expenses.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999,
SERIES G 2002, SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE I AFFILIATED ORGANIZATIONS, continued

In Dillon, the Director of The University of Montana - Western Foundation, a private non-profit organization, is an employee of the University. The Foundation reimburses the University for 24% of the Director's wages.

The Montana Tech Foundation in Butte raises funds for scholarships and academic/institutional support of the University. In exchange, the University provides the Foundation with office space and an annually contracted fee.

CONTINUING DISCLOSURE INFORMATION

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

General

Under the Indenture, the income producing Auxiliary Facilities from which the Net Auxiliary Revenues are derived after payment of the Auxiliary Facilities Operation and Maintenance Expenses are defined as follows:

“Auxiliary Facilities” shall mean the real and personal properties and enterprises now or hereafter located at the Missoula Campus, the Butte Campus, the Dillon Campus and the Helena Campus of the University comprising:

(i) all student union buildings and facilities and enterprises; all resident halls, dormitories, apartments, family housing and other housing facilities and enterprises, all dining rooms and halls, cafeterias and other food service facilities and enterprises and all facilities on the Missoula Campus used in connection with field house operations, including concessions sales and revenues at various athletic, concert and other activities and events held in stadiums, arenas, field houses and similar facilities now or hereafter located on the Missoula Campus;

(ii) all residential rental property located at and/or owned and operated by the Dillon Campus, the Helena Campus, and the Missoula Campus and all facilities rentals operated or managed by the Missoula Campus, the Butte Campus and the Dillon Campus;

(iii) student health and dental facilities and enterprises located at and/or operated by the Missoula Campus (but excluding student health and dental facilities located at and on the Dillon Campus, Butte Campus, and the Helena Campus);

(iv) bookstore facilities and enterprises (exclusive of the University Center bookstore and enterprise operated by the Missoula Campus);

(v) parking facilities and enterprises located at and on the Dillon, Butte and Missoula Campuses (but excluding parking facilities and enterprises located at the Colleges of Technology Campuses on the Missoula Campus and the Butte Campus);

(vi) student recreation facilities and enterprises at the Missoula Campus and the Dillon Campus;

(vii) printing facilities and enterprises, the Lubrecht Forest Experiment Station housing facilities, Montana Island Lodge and the Adams Center and facilities at the Missoula Campus; and

(viii) all other revenue producing facilities or enterprises which are now or hereafter designated by the Board and the University as Auxiliary Facilities hereunder, including without limitation all the facilities and enterprises described in Appendix C to the Indenture; provided, however, unless otherwise specifically designated by the Board and the University by an indenture supplemental to the Indenture, the following shall not be considered Auxiliary Facilities under the Indenture: the Missoula Campus

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

Prescription Pharmacy, the Washington Grizzly Stadium at the Missoula Campus, Dornblazer Field at the Missoula Campus; the student telecommunication auxiliaries at the Dillon Campus; the culinary arts food service program at the Missoula Campus; personal property in the equipment leasing pool at the Missoula Campus; and all academic and general administration buildings and facilities and all other facilities at the Campuses not described in this definition. Auxiliary Facilities shall also include all improvements to the Facilities.

Residence Life and Food Services

General. Residence hall and family housing facilities are available on the Missoula, Butte, and Dillon Campuses. Neither residence halls nor family housing facilities are currently available at the Helena Campus.

Residence Halls. The beginning fall semester occupancy of the residence halls on the three Campuses was as follows:

Fall Occupancy - Residence Halls/Upper Class Housing

	<u>Fall 2009</u>
Missoula Campus	
Available capacity	2,856
Fall occupancy	2,808
Percent occupancy	98%
Butte Campus	
Available capacity	291
Fall occupancy	291
Fall occupancy	100%
Dillon Campus	
Available capacity	352
Fall occupancy	329
Percent occupancy	93%
Total	
Available capacity	3,499
Fall occupancy	3,428
Percent occupancy	98%

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

Students at each of the three Campuses with less than thirty college level credits (freshmen) are required to live in a residence hall and take one of the available meal plans unless they are married or are single parents or are living with their immediate family within commuting distance of the campus. Students with more than thirty college level credits may live in a residence hall. The freshman requirement does not apply to students enrolled at the Colleges of Technology.

On the Missoula Campus, the last residence facility was completed in Fall 2004. A 216-unit facility with a capacity of 432 students was completed at a cost of approximately \$16.7 million, which was funded with the proceeds of the Series G 2002 Bonds.

Annually, the Board establishes rates for the academic year for the residence halls on each of the Campuses. The rates vary among the Campuses and depend on the particular residence hall and single or double occupancy. For the 2009-2010 academic years, semester rates will range at the Missoula Campus from \$1,494.50 for a double room to \$2103.50 for a suite; at the Butte Campus from \$1,394 for a double room to \$1,657 for a suite; and at the Dillon Campus from \$1,090 for a double room to \$1,410 for a single suite.

Family Housing. Family housing is also available on the Missoula, Butte, and Dillon Campuses. The beginning fall semester occupancy of the family housing units was as follows:

Fall Occupancy - Family Housing

	<u>Fall 2009</u>
Missoula Campus	
Available capacity	578
Fall occupancy	568
Percent occupancy	98%
Butte Campus	
Available capacity	60
Fall occupancy	57
Percent occupancy	95%
Dillon Campus	
Available capacity	24
Fall occupancy	21
Percent occupancy	88%
Total	
Available capacity	662
Fall occupancy	646
Percent occupancy	98%

The Board of Regents establishes monthly rental rates for the family housing facilities. With the exception of a limited number of units on the Butte Campus, the units are unfurnished. For the 2009-2010 academic year monthly rents range on the Missoula Campus from \$314 for the least expensive studio to \$760 for the most expensive four bedroom. For the 2008-2009 academic year, on the Butte Campus, monthly rents will range from \$340 for a two-bedroom to \$433 for a three bedroom, and on the Dillon Campus from \$310 for a one bedroom to \$510 for a two-bedroom suite. The rents are generally significantly below the rents for comparable housing in the respective communities.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

Food Services. Students living in residence halls on the three campuses are required to purchase one of the available meal plans.

The meal plan rates vary among the Campuses and depend upon the particular plan selected by the student. Each of the Campuses permits the students to select among several plans providing for differing numbers of meals per week. For the 2009-2010 academic year, semester meal plan rates will range on the Missoula Campus from \$1,611 for a 14 meals per week plan to \$1,811 for a 21 meals per week plan; on the Butte Campus from \$1,724 for a five-day meal plan to \$1,829 for a seven-day meal plan; and on the Dillon Campus \$1,665 for a seven-day meal plan.

In addition to meal plans, cash dining is available on each campus. Cash dining is the only food service available at the Helena campus.

Student Union Facilities

Student union facilities are located on each of the four Campuses of the University.

On the Missoula Campus, the University Center is a general-purpose facility for students enrolled in undergraduate and graduate programs, and for faculty, staff and the general public. Located within the University Center are two food service operations of University Dining Services, a recreation center, student government offices, meeting rooms, the United States Postal Service, box office, information desk, University copy services, theater, Griz Card Center, and University Center administrative offices. A not-for profit corporation leases space in University Center for a bookstore and a convenience store. Various retail operations are also located within the University Center.

The student union building at the Dillon and Butte Campuses house activities such as student government, snack bar, bookstore, etc.

The student union building at the Helena Campus houses food services and other student facilities. Limited student food service and lounge facilities are located at the other Colleges of Technology.

The maintenance and operational costs of the student union facilities at the Campuses are funded from a student fee dedicated for such purpose and from revenues and lease rental charged for the use of the facilities, all of which constitute Auxiliary Facilities Revenues. Biennially the Board of Regents establishes such fees, and the fee is mandatory for all students depending on the credit hours enrolled. For Academic Year 2009-2010, the per semester student union operations fee at Missoula, Butte, Dillon, and Helena Campuses will be as follows:

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

	Student Union Operations Fee Full-Time Students <u>Per Semester</u>	Student Union Renovation Fee Full-Time Students <u>Per Semester</u>
Missoula	\$84.70	\$30.00
Butte	\$78.84	\$21.60
Dillon	\$28.20	N/A
Helena	\$62.40	N/A

Student Health Services

The Missoula Campus operates an extensive health care service for students. This includes a 24-hour medical, dental and psychological service. The Health Service is funded primarily by prepaid health fees (\$196.50 per semester in 2009-2010) and fees for services. Services include an inpatient area, multiple specialists, full laboratory, x-ray and permanent physician staffing.

The Butte Campus operates a Student Health Center staffed part-time by a physician and a nurse. Rental of the space for the Health Center is included in Auxiliary Facility Revenues, while revenues from operation of the Student Health Service are not.

Health Services are not offered at the Dillon or Helena Campus. However, health insurance programs are offered to students at all Campuses.

Parking

Revenues from parking fees and fines on the Missoula, Butte, Helena and Dillon Campuses are designated as Auxiliary Facilities Pledged Revenues under the Indenture. Fees for parking are not charged at the two College of Technology Campuses located on the Missoula Campus and the Butte Campus.

Beginning in the fall of 2008, Helena COT students, staff and faculty are charged an annual parking/access fee for the development and improvement of parking lots and to strengthen campus traffic control.

The Board of Regents Biennially establishes parking fees, which are collected through the sale of parking permits entitling the purchaser to park in various University facilities and at designated on-street sites. The permits are for reserved parking and non-reserved parking and are available to students, faculty and staff. The 2009-2010 permit parking fees for non-reserved parking are expected to vary from \$10 per academic year at Helena to \$185 per academic year at Missoula. Reserved parking permits on the Missoula campus can be purchased for \$555/year and all spaces are currently filled. Revenues from the parking permits are used for operation costs of the parking program and constitute Auxiliary Facilities Revenues. Revenues are used to support vehicle related security operations. On the Missoula Campus, the parking revenues are also used to subsidize ridership for alternative transportation programs.

Recreation Facilities

The Missoula Campus operates a swimming pool, a nine-hole golf course and a campus recreation program.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

The golf course consists of a pro shop, clubhouse and driving range. The course is open to the public and charges green fees to all users. The swimming pool, open year round, charges a user fee and is available to the general public, as well as to students.

The Missoula Campus students pay \$98 per semester to service the construction debt for a major construction/renovation of the Campus Recreation Center and to cover the capital and operational costs of the new facility. The state-of-the-art Recreation Center includes an open free weight room; large well-lit cardiovascular room; a climbing wall; several modern aerobic rooms; an area for martial arts; a large, area which houses the award winning Outdoor Program; an indoor running track; and a three-court set-up for volleyball, basketball, indoor soccer, etc.

The Physical Education Complex on the Dillon Campus houses physical education activities and faculty, recreational facilities, and athletic facilities and staff. Campus basketball games, volleyball games, wrestling events, intramural activities, and community events take place in this facility. The campus wellness program is located here, with a well equipped exercise room. Physical education classes are taught in the classrooms or one of the two gymnasiums.

Other Auxiliary Facilities

Bookstores. The Missoula Campus has two bookstores. The College of Technology bookstore is located on the College's East Campus in the Administration Building. It is owned and operated by the University and sells textbooks, educational supplies, snacks, clothing, and other items with the campus logo or mascot. The UC Bookstore is operated by a separate not-for-profit corporation in space leased from the University Center. Net Auxiliary Facilities Revenues include net revenues of the College of Technology bookstore operations, but only include lease revenues with respect to the privately operated University Center bookstore. On July 1, 2008, the UC Bookstore purchased the College of Technology bookstore from The University of Montana.

The Butte Campus main bookstore is located in the Mill Building. It is operated by the Butte Campus and sells textbooks, art supplies, greeting cards, and clothing and other items with the campus logo or mascot.

The Dillon Campus bookstore is also located in the student union building. It is operated by the University and sells textbooks, art supplies, greeting cards, and clothing and other items with the campus logo or mascot.

The Helena College of Technology bookstore is located in the new student union building and sells textbooks, supplies and other student goods.

Printing Services. The Missoula Campus operates a full-service, four-color, printing operation which provides printing and graphic design services to the Campus and other Montana higher education units. It is the only such facility in the Montana University System. The Board authorizes the provision of printing services only to the University, its students, faculty, staff and affiliated organizations and other institutions under the Board. Printing Services at the Missoula Campus also includes Campus Quick Copy which is located in the University Center.

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

Adams Center and Concession Operations. At the Missoula Campus revenues derived from operation of the Adams Center, a public events center, are included as a part of the Auxiliary Facilities Revenues. Expenses associated with the operation of the Adams Center are included as part of the Auxiliary Facilities Operation and Maintenance Expenses. The Adams Center activities do not include revenues from athletic event ticket sales, except for a \$1 ticket processing fee, or other revenues comprising Events Revenues as hereinafter described.

Rental Properties. The Missoula Campus owns 28 properties on the edge of campus which it rents to students, visiting and international exchange faculty, staff and international program students. Rental properties on the Dillon Campus include three houses located on the campus that are rented to faculty and staff.

Miscellaneous. The Lubrecht Experimental Forest is a 28,000 acre research, demonstration, and educational facility located 30 miles northeast of Missoula. It contains housing, dining and conference facilities.

Lubrecht Lodge was built to add year round lodging facilities to the experiment station. The Lodge contains 16 rooms, each with two beds, for a total capacity of thirty-two. The Lodge is used by University faculty and staff, state and federal agencies, non-profit and private groups and organizations requiring overnight conference and meeting facilities.

Montana Island Lodge is an executive conference and events facility operated by the University through a lease with The University of Montana Foundation. The facility was a gift to the Foundation. It is located approximately one hour northeast of Missoula near the town of Seeley Lake, Montana, and it contains housing for approximately 20 people, along with dining and conference facilities.

The Yellow Bay Freshwater Research Laboratory, the oldest freshwater research facility in the United States, is located 100 miles northwest of Missoula on Flathead Lake. Housing and food services are provided at the Yellow Bay Laboratory.

The Birch Creek Outdoor Education Center is located in the Pioneer Mountains approximately 24 miles northwest of the Dillon Campus. The Dillon Campus uses this facility to teach outdoor education and art classes and to provide housing and dining facilities for workshops put on by various groups such as the U.S. Forest Service, Girl Scouts, and various university graduate geology camps from throughout the United States.

OTHER PLEDGED REVENUES

General

The Other Pledged Revenues and the sources thereof are described below. The Other Pledged Revenues are pledged and required to be applied to the payment of the Bonds prior to the payment of any expenses associated with their collection or the operation or maintenance of the facilities, activities or sources from which they are derived.

Facilities Fees

Facilities Fees on all campuses are approved biennially by the Board of Regents. The following table shows the revenues derived from the Student Building and Academic Facilities Fees for the Fiscal Year ended June

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

30, 2009:

Missoula Campus	\$ 2,264,117
Butte Campus	506,422
Dillon Campus	271,623
Helena Campus	<u>95,547</u>
Total	\$ <u>3,137,709</u>

The Board of Regents imposes Student Building Fees for all resident and non-resident students taking courses for credit. The following table shows the student building fee rates for Fall Semester 2009 for full-time students taking 12 or more credit hours:

**Building Fee Rates
 Fall Semester 2009
 12 or more Hours**

<u>Campus</u>	<u>Resident Student</u>	<u>Non-Resident Student</u>
Missoula Campus	\$36.00	\$ 72.00
Butte Campus	\$88.92	\$124.92
Dillon Campus	\$84.50	\$120.50
Helena Campus	\$45.00	\$ 85.80

Academic Facilities Fees Revenues

The Board of Regents approved the establishment of an Academic Facilities Fee effective fall semester of 1997. The fee is dedicated to the renovation and remodeling, including access for persons with disabilities, of classrooms and laboratories on all campuses of the University. The fee is assessed to all undergraduate and graduate students, including students enrolling under the Western Undergraduate Exchange Program. Effective Fall Semester 2009, the per semester Academic Facilities Fee for students taking 12 or more credit hours will be:

**Academic Facilities Fee Rates
 Fall Semester 2009
 12 or More Credit Hours**

Missoula	\$42.00
Butte	\$29.76
Dillon	\$24.60
Helena	\$24.00

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

Events Revenues

Events Revenues consist of all revenues, fees and income derived from ticket sales at and for various University of Montana-Missoula sponsored athletic, concert and other activities and events held in stadiums, arenas, fieldhouses and similar facilities located on the Missoula Campus. The facilities on the Missoula Campus from which Events Revenues are derived currently include the Washington Grizzly Stadium, the Adams Center and Dahlberg Arena and Dornblazer Field. Events Revenues also include all revenues generated from the operations of the University Theatre. The Events Revenues are pledged as part of the Pledged Revenues prior to the payment of any expenses or operating costs of the facilities from which they are derived and prior to the application of the Events Revenues for other purposes.

Land Grant Income

Land Grant Income is derived from lands granted by Congress in 1881 to the State (then the Territory of Montana) for the benefit of the State's universities and colleges. The land so granted has been allocated and dedicated to each of the units of the University System by the State Legislature and the income from each unit's allocated land is dedicated to the support of each such unit. The University of Montana - Missoula has been allocated 33,754 acres, Montana Tech (Butte Campus) has been allocated 86,267 acres, and the University of Montana - Western (Dillon Campus) has been allocated 41,804 acres. Although sales of land historically were a principal source of funds, the Land Grant Income currently is derived from two principal sources: (i) leases of the land (consisting of grazing leases, agricultural leases, oil and gas leases, recreational leases, and timber revenue which is now distributable to the University System Trusts) and (ii) royalties received from timber harvesting, oil and gas extraction and mining on the land. Royalty income is deposited into a permanent trust fund and invested and the investment income is paid to the unit of the System to which the royalty income was attributable.

The permanent trust fund investments (i.e., the proceeds from the sale of lands), as of June 30, 2009 (unaudited), for the Missoula Campus was \$1,523,366 for the Butte Campus was \$5,101,605 and for the Dillon Campus was \$3,046,730. For Fiscal Year 2009, approximately 37% of Land Grant Income of the Missoula Campus was derived from investment income; approximately 24% of the Land Grant Income of the Butte Campus was derived from investment income, while 54% of the Land Grant Income of the Dillon Campus was derived from investment income.

The total Land Grant Income received by each of the Campuses of the University for Fiscal Year ending June 30, 2009 is as follows:

Missoula Campus	\$ 213,105
Butte Campus	1,082,392
Dillon Campus	<u>286,291</u>
 Total	 \$ <u>1,581,788</u>

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

Self-Support, Continuing Education

The revenues derived from the self-support activities of the Continuing Education Program, consist of all revenues, contract income, fees, lease and rental income and all other income derived from or in connection with operation of the self-support activities as described below.

The self-support activities of the Continuing Education Program consist of various programs and services provided to persons who are not enrolled students of the University. They include continuing education programs for various professionals; educational and training programs for governmental, service and other private industry employees; conferences and special institutes for various associations and groups; specialized technical and occupational training, and related programs. The University derives revenue from its operation of these programs from the fees and charges paid by the participants or sponsoring organizations. In Fiscal Year 2009, the University provided services and programs generating fee and other revenue of \$1,513,411.

Limited Facilities and Administrative Payments and Unrestricted General Fund Revenues

Other Pledged Revenues include Facilities and Administrative (F&A) payments relating to Research Contracts and unrestricted General Fund revenue, to the extent made available to and received by the University in accordance with applicable law, in an aggregate amount equal to 125% of the annual Debt Service Requirements for that portion of the Series I 2004 Bonds and the Series J 2005 Bonds, respectively, allocated for and applied to the financing of the costs of the School of Pharmacy “Skaggs” Building Expansion (as to the Series I 2004 Bonds) and the Series J Interdisciplinary Research Building (as to the Series J 2005 Bonds) in each Fiscal Year beginning with the Fiscal Year ending June 30, 2006 through the Fiscal Year ending June 30, 2030 (after deducting amounts deposited with and held by the Trustee for payment of capitalized interest on Series I 2004 Bonds and Series J 2005 Bonds allocated to the financing of the School of Pharmacy “Skaggs” Building Expansion and the Series J Interdisciplinary Research Building), so long as the Series I 2004 Bonds or the Series J 2005 Bonds, respectively, are outstanding. (See clause (n) of definition of “Net Pledged Revenues” in Appendix A of the indenture.).

The Facilities and Administrative Payments are derived from a number of Research Contracts substantially all of which are with agencies of the federal government. The Research Contracts with federal agencies have various terms, but most are subject to annual appropriations by Congress. Although F&A Payments from federal agencies have increased in recent years, the Board and the University cannot predict the amount of F&A Payments the University will receive from federal agencies in future years or whether annual Congressional appropriations will be adequate to fund existing and future Research Contracts. In Fiscal Year 2009, total F&A revenue received was \$8,818,893.

Other

In addition, Other Pledged Revenues includes revenues from various special facility and use fees and charges as more fully described in the Indenture.

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

Enrollment Trends

The Fall 2009 head count student enrollment of all Campuses of the University was 20,235.

The following table shows the enrollment (head count) history on a combined basis for all four Campuses:

<u>(Fall Term)</u>	<u>Resident</u>	<u>Non-Resident</u>	<u>Total</u>
2000	12,464	3,972	16,436
2001	12,812	3,891	16,703
2002	13,343	3,832	17,175
2003	13,852	3,743	17,595
2004	13,951	3,845	17,796
2005	13,937	3,980	17,917
2006	14,201	4,200	18,401
2007	14,213	4,204	18,417
2008	14,732	4,172	18,904
2009	16,002	4,233	20,235

Growth in enrollment over the past 10 years has been a product of growth in both resident and non-resident enrollment. Although non-resident enrollments have fluctuated some over the past 10 years, the University believes non-resident enrollments have stabilized at approximately 4,000. Non-resident students come from a large number of states, but the primary sources of non-resident enrollment and the sources of greatest recent growth are West Coast states, Upper-Midwest states, and certain East Coast states. Non-resident enrollment is expected to stabilize primarily due to focused marketing efforts; increased publicity about Montana and its natural attractions; the recent popularity of liberal arts, environmental sciences, and pre-med/biology educational programs and the availability and quality of such programs at the University; and the perception of the State of Montana as a safe and secure area. The Missoula Campus has accounted for the majority of enrollment growth over the past ten years, although the Helena Campus has also experienced significant growth. The Missoula Campus continues to grow in headcount; however, the University does not expect total FTE enrollment at the Missoula Campus to increase much beyond 13,000. Actual FTE for Fall Semester 2009 was 12,757

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEGGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

Admissions Standards

In 2001, the Board of Regents raised the admission standards for The University of Montana to their current level of: graduate of an accredited high school or GED, provided the graduate meets the College Preparatory Program, and at least one of the following requirements:

- (1) *for Admission to the Dillon Campus* - an ACT score of at least 22 or a SAT score of at least 1540 on total verbal/math, or
for Admission to the Butte Campus - an ACT score of at least 22 or a SAT score of at least 1540 on total verbal/math.
for Admission to the Missoula Campus – an ACT composite score of at least 22 or a SAT combined score of 1,540
- (2) has obtained at least a 2.5 high school grade point average (GPA); or
- (3) ranks in the upper half of his or her graduating class.

The Board of Regents establishes enrollment targets based on respective campus physical plant and program capacity to educate students efficiently and effectively. The campus targets, for resident and non-resident students, are monitored closely with significant financial disincentives for falling below resident enrollment targets.

The FTE enrollments are as follows for the fiscal year:

	<u>2009</u>
Missoula Campus	12,784
Butte Campus	2,220
Dillon Campus	1,120
Helena Campus	<u>806</u>
Total (FTE)	<u>16,930</u>

(Note: Full-time equivalent student figures are used primarily for funding and academic teaching load purposes, while head count figures are used primarily for purposes associated with demand for student services.)

Fees

The fees to be charged to full-time students (i.e., students taking 12 or more credit hours per semester) enrolled in academic programs at the University during the 2009-2010 academic years are described as follows:

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

Student Fees 2009-2010 Academic Year
Academic Programs
12 or More Credits

<u>Fees Per Semester</u>	<u>Missoula</u>	<u>Butte</u>	<u>Dillon</u>
Incidental Fee (Tuition)			
Resident Lower Division Undergraduate	\$ 1,925.40	\$ 2,230.80	\$ 1,401.00
Resident Upper Division Undergraduate	2,128.20	2,464.80	1,953.60
Resident Graduate	2,279.40	2,631.60	2,139.00
Resident Advanced Graduate	2,575.20	-	-
Non-Resident Lower Division Undergraduate	8,106.00	7,333.20	5,929.20
Non-Resident Upper Division Undergraduate	8,715.60	8,104.80	6,105.60
Non-Resident Graduate	9,100.20	9,093.60	6,162.00
Non-Resident Advanced Graduate	9,460.80	-	-
Building Fee			
Resident	36.00	88.92	84.50
Non-Resident	72.00	124.92	120.50
Registration and Other Miscellaneous Fees	703.50	541.24	359.15
TOTAL FEES			
Resident Lower Division Undergraduate	\$ 2,664.90	\$ 2,860.96	\$ 1,844.65
Resident Upper Division Undergraduate	2,867.70	3,094.96	2,397.25
Resident Graduate	3,018.90	3,261.76	2,582.65
Resident Advanced Graduate	3,314.70	-	-
Non-Resident Lower Division Undergraduate	8,881.50	7,999.36	6,408.85
Non-Resident Upper Division Undergraduate	9,491.10	8,770.96	6,585.25
Non-Resident Graduate	9,875.70	9,759.76	6,641.65
Non-Resident Advanced Graduate	10,236.30	-	-

Student Fees 2009-2010 Academic Year
Occupational/Technology Programs
12 or more Credits

<u>Fees Per Semester</u>	<u>Missoula</u>	<u>Butte</u>	<u>Helena</u>
Incidental Fee (Tuition)			
Resident Undergraduate	\$ 1,192.80	\$ 1,189.80	\$ 1,179.00
Non-Resident Undergraduate	4,608.00	3,636.60	3,709.80

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

Building Fees			
Resident	36.00	49.92	45.00
Non-resident	72.00	85.92	85.80
Registration and Other Miscellaneous Fees	444.70	312.86	306.60
Total Fees Resident Undergraduate	\$1,673.50	\$1,552.58	\$1,530.60
Total Fees Non-Resident Undergraduate	\$5,124.70	\$4,035.38	\$4,102.20

Employees

As of June 30, 2009, the University employed 3,709 people (head count) as follows:

	<u>Missoula</u>	<u>Butte</u>	<u>Dillon</u>	<u>Helena</u>	<u>Total</u>
Faculty/Professional	1,092	238	110	51	1,491
Staff	1,122	126	80	26	1,354
Staff -Temporary hourly	381	5	35	1	422
Graduate students	<u>429</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>442</u>
TOTAL	<u>3,024</u>	<u>382</u>	<u>225</u>	<u>78</u>	<u>3,709</u>

The entire faculty and virtually all of the State classified employees are members of and represented by 12 collective bargaining units at the University. Part-time employees and administrative employees are not represented by the collective bargaining units.

Physical Plant and Insurance

As of June 30, 2009, the replacement values of the buildings of the University for insurance purposes were:

<u>Missoula</u>	<u>Butte</u>	<u>Dillon</u>	<u>Helena</u>	<u>Total</u>
\$1,005,365,935	\$179,990,875	\$104,436,701	\$46,457,742	\$1,336,251,253

The State of Montana commercially insures the University's buildings and contents. There is a \$500,000 per occurrence deductible, which the State self insures.

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES
June 30, 2009

Budget and Financial

State Appropriations. That portion of the University's operating budget supporting the general academic, research and public service programs that includes State General Fund appropriations is approved biennially by the Board and transmitted to the Governor for consideration and inclusion in the Executive Budget. The Governor is required to present a balanced State operating budget to each Legislative Assembly. The biennial budget is established by Legislative appropriation.

Similar to other states across the country, in recent years, Montana has experienced significant declines in state revenues. Although increases in state support for higher education have been limited due to this decline, Higher Education's portion of the state budget has remained relatively stable. The Commissioner of Higher Education and Board of Regents worked diligently over the past two years to partner with the State and legislators to move Montana's economy forward through such efforts as workforce development and economic development. In general, the 2009/10 biennium is much brighter in terms of state support for higher education compared to other public higher education across the nation.

Annual operating budgets prepared in accordance with the provisions of the biennial appropriation act are approved, after review each year, by the Board.

Operating Budgets Including State Appropriations

	The University of Montana - <u>Missoula</u>	Montana Tech of The University of <u>of Montana</u>	The University of Montana - <u>Western</u>	The University of Montana - Helena College <u>of Technology</u>	<u>Total</u>
FY 2008-2009 Actual	\$136,375,855	\$26,063,710	\$11,662,969	\$5,971,396	\$180,073,930
FY2009-2010 (Budgeted)	\$142,248,428	\$26,109,637	\$11,693,318	\$6,283,486	\$186,334,869

State law authorizes the University to carry-forward unexpended appropriations into the following fiscal year or biennium.

Other Funds. The budget for other University funds, such as Auxiliary Facilities, other current unrestricted funds, federal funds, loan funds, etc., are submitted annually to the Board for its approval and are not subject to legislative appropriation.

All Funds Summary. The following financial data was obtained from the financial statements found in the

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

annual Financial Reports of the University for fiscal year 2009. The financial information presented represents revenues, expenses, and changes in net assets. Beginning with fiscal year ended June 30, 2002, The University implemented a financial reporting model as required by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 38. The financial reporting model – a Consolidated Statement of Revenues, Expenses and Changes in Net Assets – is presented for the fiscal year ended June 30, 2009. Due to various adjustments and eliminations required by the new standards, specific amounts of Operating Revenues shown in the following consolidated statements as being pledged differ from amounts shown in the Historical Pledged Revenues and Debt Service Coverage table.

THE UNIVERSITY OF MONTANA
 FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
 SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
 SERIES H 2003, SERIES I 2004, SERIES J 2005
 PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

	Total
OPERATING REVENUES	
Tuition and fees, net of scholarship allowances of \$21,037,341	\$ 107,522,641
Federal grants and contracts	54,114,370
State and local grants and contracts	11,168,831
Nongovernmental grants and contracts	8,039,772
Indirect cost recoveries	9,347,639
Sales and services of educational departments	15,561,907
Auxiliary enterprises charges	
Residential life, net of scholarship allowances \$1,539,626	13,083,303
Food services, net of scholarship allowances \$1,539,626	11,740,318
Other auxiliary revenue	11,770,299
Interest earned on loans to students	44,091
Other operating revenues	4,169,781
Total operating revenues	\$ 246,562,952
OPERATING EXPENSES	
Compensation and employee benefits:	\$ 225,538,230
Other post employment benefits	7,664,027
Other	82,588,518
Scholarships and fellowships	20,394,534
Depreciation and amortization	19,181,605
Total operating expenses	\$ 355,366,914
Operating loss	\$ (108,803,962)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	\$ 79,965,549
Federal financial aid grants and contracts	18,514,559
Land grant revenues	1,581,881
Private gifts	28,226,908
Investment income	(1,002,689)
Interest expense	(7,313,503)
Net non-operating revenues	\$ 119,972,705
INCOME BEFORE OTHER REVENUES	\$ 11,168,743
OTHER REVENUES	
Capital grants and gifts	\$ 6,811,625
Additions to permanent endowments	312,500
Gain on disposal of capital assets	(170,340)
Total other revenues	6,953,785
NET INCREASE IN NET ASSETS	\$ 18,122,528

THE UNIVERSITY OF MONTANA
FACILITIES IMPROVEMENT AND REFUNDING REVENUE BONDS
SERIES C 1995, SERIES E 1998, SERIES F 1999, SERIES G 2002
SERIES H 2003, SERIES I 2004, SERIES J 2005
PLEDGED REVENUE FUNDS

AUXILIARY FACILITIES REVENUES

June 30, 2009

Academic and Other Programs

The Missoula Campus is the center of liberal arts education in the University System. It offers 19 associate degrees, 62 undergraduate degrees, 58 master's degrees, specialist degrees in four areas, a juris doctorate, and 22 doctoral degrees. The College of Arts and Sciences is the largest academic unit at the Missoula Campus, comprising 22 academic departments. Programs are also offered in the College of Technology, the Davidson Honors College, the Schools of Business Administration, Law, and Journalism as well as Colleges of Visual and Performing Arts, Forestry and Conservation, Health Professions and Biomedical Sciences, and Education and Human Sciences. Each of the professional schools offers both undergraduate and graduate degrees, with the exception of the Law School which offers only a graduate degree.

The Missoula Campus also includes a number of specialized laboratories, institutes and facilities, including the Yellow Bay Biological Station, the Lubrecht Forest Conservation and Experiment Station, the Maureen and Mike Mansfield Center for Public Affairs, the Bureau of Business and Economic Research and others.

The Butte Campus is an engineering, science and technology based institution with a focus on mineral and energy related professional engineering programs. Undergraduate and master's degrees are offered in General, Geophysical, Geological, Metallurgical, Mining, Petroleum and Environmental Engineering. In addition, undergraduate degrees are offered in Business and Information Technology, Chemistry, Mathematics, Computer Science, Software Engineering, Professional and Technical Communications, Occupational Safety and Health, Information Technology and Design, Nursing and other bachelor and associate degree programs. The Montana Bureau of Mines and Geology, a department of the Campus, conducts applied research concerning Montana minerals, fuels and groundwater resources.

The Dillon Campus offers bachelor degrees, primarily in elementary and secondary education with concentrations in Art, Business Education, English, General Science, History, Social Science, Biology, Health and Physical Education, Mathematics and others. Approximately 70% of the students are in these programs. The remainder of the students are in four-year liberal studies programs or two-year associate degree programs.

The Helena Campus offers two-year associate degrees and certificates. Occupational program areas include: Accounting and Office Technology, Diesel Technology, Automotive Technology, Construction Technology, Computer Technology, Electronics Technology, Metals Technology, Practical Nursing, and Protective Services.