



**MONTANA UNIVERSITY SYSTEM**  
**Office of the Commissioner of Higher Education**

---

46 N Last Chance Gulch ♦ PO Box 203201 ♦ Helena, Montana 59620-3201  
(406)444-6570 ♦ FAX (406)444-1469

**TO:** Board of Regents

**FROM:** Mick Robinson, Deputy Commissioner

**DATE:** September 8, 2008

**RE:** FYE 2008 Negative Fund Balances

---

As required by Board of Regent policy 901.11, Negative Fund Balances, the campuses of the Montana University System have submitted their status reports concerning funds with negative fund balances as of June 30, 2008.

**MSU Bozeman:** The Shakespeare in the Parks program is a seasonal operation. Funds are expended throughout the year, while fundraisers are conducted primarily in the summer. The timing of receipts and disbursements continue to contribute to a negative fund balance at each June 30. The University requires the program to maintain a positive balance as of December 31 each year and the program has complied with this requirement. At June 30, the restricted Shakespeare in the Parks fund balance was (\$12,239).

**MSU Northern:** The negative balance in the general operating account of (\$143,241 as of the end of FY2007) has been eliminated. Negative fund balances continue in auxiliaries (\$536,716) and the unexpended plant fund (\$114,098). In the May 2008 Update to the Regents, MSU-N did not anticipate being able to reduce their Auxiliary negative fund balance in FY08: however, as of the end of FY08 a reduction in the negative balance of \$41,528 was realized. Strong residence hall applications, changes in bookstore operations, stronger financial management on the part of Auxiliary Directors, and expertise/assistance from MSU- Bozeman have resulted in a budget plan to eliminate this deficit over a five year period. The negative fund balance in the unexpended plant fund is the result of overspending the Network Service Fee account for the implementation of the Banner System and related costs. MSU-N met its targeted goal of reducing the negative balance by \$36,951, by the end of FY08. As previously communicated, this negative fund balance is expected to be eliminated by FY12.

**UM Missoula:** A small negative fund balance of \$4,030 resulted from an incorrect accounting entry. The accounting entry has already been corrected.

**UM Western:** The plant fund deficit reported each year is caused by a financial statement GAAP entry to accrue bond interest expense at the end of the fiscal year in advance of the bond payment made in the following fiscal year. When bond payments are made in the subsequent year, the liability is eliminated.

**UM Helena College of Technology:** At the end of FY07, negative balances existed in the restricted fund (\$5,803), the continuing education designated fund (\$19,710), and the rental fund (\$5,559). As of the end of FY08, all three negative fund balances have been eliminated.

Campus CEOs and CFOs will be available during the meeting to respond to questions on negative fund balances.