



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

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**TO:** Board of Regents  
**FROM:** Mick Robinson, Deputy Commissioner  
**DATE:** September 3, 2009  
**RE:** FYE 2009 Negative Fund Balances

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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, 2009.

**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 (\$39,271).

**MSU Northern:** The negative balance in the unexpended plant fund has been eliminated (\$114,098 as of 2008 fiscal year-end). Negative fund balances continue in auxiliaries (\$221,080), a significant improvement over last year's ending negative fund balance of (\$536,716). 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.

**UM Missoula:** A small negative fund balance of (\$8,513) in the restricted fund resulted from an incorrect accounting entry. The accounting entry was corrected in fiscal year 2010.

**UM Western:** The plant fund deficit (\$38,289 at fiscal year-end 2009) 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. A small negative fund balance (\$17,130) was reported in the restricted fund and is primarily the result of a record number of students accepting and working their full federal work study award. UM Western is within the tolerance all by federal regulations and the fund will be positive in the coming year.

**Bureau of Mines:** A small negative funding balance (\$2,107) was reported at fiscal year-end 2009 and resulted from an incorrect accounting entry.

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