

ITEM 139-111-R0508

**MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual**

SUBJECT: FINANCIAL AFFAIRS
Policy 901.11 - Negative Fund Balances
Effective January 18, 2002; Issued February 25, 2002

Board Policy:

The campuses, agencies, and Commissioner's Office of the Montana University System shall seek to maintain a positive fund balance in each fund and functional unit authorized in the annual Regents Approved Operating Budget.

Procedures:

1. The campuses, agencies, and Commissioner's Office of the Montana University System shall identify every occurrence of negative fund balance in the actual expenditures identified in the Regents Approved Operating Budget and shall report them to the Commissioner of Higher Education. **Negative fund balances will only be reported if they are negative in total after the GAAP adjustments and program funds have been combined.** The Commissioner may request reports in more detail than are reported in the operating budgets. The report will be submitted with the operating budgets each year and shall include an explanation as to the cause of the negative fund balance and whether the fund balance will be positive within the year of the operating budget approval.
2. If a fund balance deficit is chronic (negative for 2 or more consecutive year-ends) or material (deficit balance greater than \$100,000 or 15% of current year revenues, whichever is less) the campuses, agencies, and Commissioner's Office shall provide a report to the Board of Regents at their November meeting.
3. Each campus, agency, and the Commissioner's Office shall provide an update on the status of the projections in 3 above at the subsequent May Board of Regents meeting.
4. The annual report to the Board of Regents on accounts with chronic or material deficits will be submitted at the November Board of Regents meeting and must include at a minimum:

Account Name
Purpose and Function of Account
History of Deficit Spending
Solvency Plan
Milestones for deficit elimination

5. Six months after the report listed in Procedure 1 above (at the May Board of Regents meeting), the campuses, agencies, and Commissioner's Office must give a status report on the projected revenues and expenditures for each account.

History:

[Item 114-114-R0102](#), Negative Fund Balances (NEW), approved by the Board of Regents on January 18, 2002.