

HOUSE BILL NO. 341

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 19, 1981	Introduced and referred to Committee on State Administration.
January 30, 1981	Committee recommend bill do pass. Report adopted.
January 31, 1981	Bill printed and placed on members' desks.
February 2, 1981	Second reading, do pass.
February 3, 1981	Considered correctly engrossed.
February 4, 1981	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 5, 1981	Introduced and referred to Committee on Finance and Claims.
February 17, 1981	Committee recommend bill be concurred in. Report adopted.
February 19, 1981	Second reading, concurred in.
February 23, 1981	Third reading, concurred in. Yeas, 50; Nays, 0.

IN THE HOUSE

February 23, 1981	Returned from Senate. Concurred in. Sent to enrolling. Reported correctly enrolled.
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1 HOUSE BILL NO. 341
2 INTRODUCED BY Balderson

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO RENAME AND DEFINE
6 TREASURY FUNDS TO BE IN ACCORDANCE WITH CURRENT
7 AUTHORITATIVE LITERATURE AND GENERALLY ACCEPTED ACCOUNTING
8 PRINCIPLES; REMOVING THE SUNSET PROVISION ON THE UNIVERSITY
9 FUNDS; AMENDING SECTIONS 17-2-101 THROUGH 17-2-103 AND
10 17-2-107, MCA; AND PROVIDING EFFECTIVE DATES."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 17-2-101, MCA, is amended to read:

14 "17-2-101. Title and purpose. Sections 17-2-101
15 through 17-2-107 may be cited as the "Treasury Fund
16 Structure Act". The purpose of these sections is to simplify
17 the accounting system and treasury fund structure of the
18 state, to make possible the full utilization of modern
19 accounting methods, to provide the legislature with a
20 greater measure of control over public moneys, and to enable
21 the financial records of the state to accurately reflect
22 governmental costs and the state's revenues, expenditures,
23 expenses, and financial position in accordance with
24 generally accepted accounting principles."

25 Section 2. Section 17-2-102, MCA, is amended to read:

1 "17-2-102. Fund structure. ~~(1)~~ There are in the state
2 treasury only the following funds:

3 ~~{1}--General funds--The general fund consists of all~~
4 ~~moneys deposited in the state treasury which are available~~
5 ~~to defray the general costs of state government and which do~~
6 ~~not fall into one of the categories enumerated below~~

7 ~~{2}--Earmarked revenue funds--The earmarked revenue fund~~
8 ~~consists of moneys from state sources deposited in the state~~
9 ~~treasury which are specifically earmarked by law for the~~
10 ~~purpose of defraying the costs of a particular agency or~~
11 ~~program or function of state government~~

12 ~~{3}--Sinking funds--The sinking fund consists of moneys~~
13 ~~deposited in the state treasury for the payment of principal~~
14 ~~and interest and the accumulation of reserves for bonded or~~
15 ~~other indebtedness~~

16 ~~{4}--Federal and private revenue funds--The federal and~~
17 ~~private revenue fund consists of all expendable moneys~~
18 ~~deposited in the state treasury from federal or private~~
19 ~~sources, including trust income, which are to be used for~~
20 ~~the operation of state government~~

21 ~~{5}--Federal and private grant clearance funds--The~~
22 ~~federal and private grant clearance fund consists of all~~
23 ~~expendable moneys deposited in the state treasury from~~
24 ~~federal or private sources, including trust income, which~~
25 ~~the state disburses to persons, associations, or units of~~

1 local governments. When the final disposition of expendable
 2 federal or private moneys is unknown at the time of receipt
 3 they shall be deposited in the federal and private grant
 4 clearance funds but those moneys to be used for the
 5 operation of state government shall be transferred to the
 6 federal and private revenue fund prior to disbursement.

7 (6) Bond proceeds and insurance clearance funds. The
 8 bond proceeds and insurance clearance fund consists of:

9 (a) moneys deposited in the state treasury obtained
 10 from the sale of bonds, certificates of indebtedness, or
 11 similar obligations;

12 (b) moneys indemnifying the state for loss or damage
 13 of property;

14 (7) Revolving funds. The revolving fund consists of
 15 moneys used to:

16 (a) defray reimbursable expenditures; and
 17 (b) supply working capital for enterprise-type
 18 operations.

19 (8) Trust and legacy funds. The trust and legacy fund
 20 consists of moneys deposited in the state treasury which the
 21 state administers as a trustee pursuant to a law or a trust
 22 agreement restricting the use of the money for a specified
 23 purpose and prohibiting the expenditure of the principal for
 24 a period of at least 5 years.

25 (9) Agency funds. The agency fund consists of moneys

1 deposited in the state treasury which are held and disbursed
 2 by the state as a custodian or agent and includes but is not
 3 limited to moneys held for the purpose of paying insurance
 4 or retirement benefits, moneys arising from lost or
 5 unclaimed property, and other moneys of a similar nature:

6 (a) governmental funds, which include:

7 (i) the general fund, which accounts for all financial
 8 resources except those required to be accounted for in
 9 another fund;

10 (ii) the special revenue funds, which account for the
 11 proceeds of specific revenue sources (other than expendable
 12 trusts or major capital projects) that are legally
 13 restricted to expenditure for specified purposes;

14 (iii) the capital projects funds, which account for
 15 financial resources to be used for the acquisition or
 16 construction of major capital facilities, other than those
 17 financed by proprietary funds or trust funds; and

18 (iv) the debt service funds, which account for the
 19 accumulation of resources for and the payment of general
 20 long-term debt principal and interest;

21 (b) proprietary funds, which include:

22 (i) the enterprise funds, which account for
 23 operations:

24 (A) that are financed and operated in a manner similar
 25 to private business enterprises whenever the intent of the

1 legislature is that costs (i.e., expenses, including
2 depreciation) of providing goods or services to the general
3 public on a continuing basis are to be financed or recovered
4 primarily through user charges; or

5 (a) whenever the legislature has decided that periodic
6 determination of revenue earned, expenses incurred, or net
7 income is appropriate for capital maintenance, public
8 policy, management control, accountability, or other
9 purposes; and

10 (ii) the internal service funds, which account for the
11 financing of goods or services provided by one department or
12 agency to other departments or agencies of state government
13 or to other governmental entities on a cost-reimbursed
14 basis;

15 (c) the fiduciary funds, which include trust and
16 agency funds used to account for assets held by state
17 government in a trustee capacity or as an agent for
18 individuals, private organizations, other governmental
19 entities, or other funds. These include:

- 20 (i) expendable trust funds;
- 21 (ii) nonexpendable trust funds;
- 22 (iii) pension trust funds; and
- 23 (iv) agency funds.

24 (d) the university funds, which include:
25 (i) University-current-funds--The the university

1 current funds, consists--of which accounts for moneys
2 deposited in the state treasury which are used to pay
3 current operating costs relating to instruction, research,
4 public service, and allied support operations and programs
5 conducted within the Montana university system. The
6 financial activities of the university current fund shall be
7 subdivided, for operation purposes, into the four following
8 subfunds to serve the purpose indicated:

9 (b)(A) The unrestricted subfund segregates that
10 portion of the university current fund's financial resources
11 that can be expended for general operations and is free of
12 externally imposed restrictions, except those imposed by the
13 legislature.

14 (b)(B) The restricted subfund segregates that portion
15 of the university current fund's financial resources that
16 can be expended for general operations but only for purposes
17 imposed by sources external to the board of regents and the
18 legislature.

19 (b)(C) The designated subfund segregates that portion
20 of the university current fund's financial resources that is
21 associated with general operations but is separately
22 classified in order to accumulate costs that are to be
23 recharged as allocated to other funds or subfunds;
24 identifies financial activities related to special organized
25 activities of educational departments wherein the activity

1 is fully supported by supplemental assessments; and
 2 identifies special supply and facility fees that are
 3 approved for collections beyond normal course fees and their
 4 disposition.

5 ~~(d)(D)~~ The auxiliary subfund segregates that portion
 6 of the university current fund's financial resources that is
 7 devoted to providing essential on-campus services primarily
 8 to students, faculty, or staff wherein a fee, which is
 9 directly related to but does not necessarily equal the cost
 10 of the service provided, is charged to the consumer.

11 ~~(11)(Ii)~~ University--student--loan--fund--The ~~the~~
 12 university student loan fund, consists of which accounts for
 13 moneys deposited in the state treasury which may be loaned
 14 to students, faculty, or staff for purposes related to
 15 education, organized research, or public services by the
 16 Montana university system;

17 ~~(12)(Iiii)~~ University--endowment--fund--The ~~the~~ university
 18 endowment fund, consists of which accounts for moneys
 19 deposited in the state treasury by the Montana university
 20 system wherein the principal portion of the amount received
 21 is nonexpendable but is available for investment, thus
 22 producing consumable income. Expendable earnings on
 23 endowment funds are to be transferred to appropriate
 24 operating funds pursuant to prevailing administrative
 25 requirements.

1 ~~(13)(Iv)~~ University--annuity--and--life--income--fund--The
 2 ~~the university~~ annuity and life income fund, consists of
 3 which accounts for moneys deposited in the state treasury by
 4 the Montana university system under an agreement whereby the
 5 moneys are made available on condition that the receiving
 6 unit of the Montana university system binds itself to pay
 7 stipulated amounts periodically to the donor or others
 8 designated by the donor over a specified period of time;

9 ~~(14)(V)~~ University--plant--fund--The ~~the~~ university
 10 plant fund, consists of which accounts for those financial
 11 resources allocated to or received by the Montana university
 12 system for capital outlay purposes or to retire long-term
 13 debts associated with construction or acquisition of fixed
 14 assets and the net accumulative results of these
 15 activities; and

16 ~~(15)(Vi)~~ University--agency--fund--The ~~the~~ university
 17 agency fund, consists of which accounts for moneys deposited
 18 in the state treasury wherein the Montana university system
 19 acts in the capacity of a custodian or fiscal agent for
 20 individual students, faculty, staff, and qualified
 21 organizations.

22 (2) In addition to the funds provided for in
 23 subsection (1) of this section, there are in the state
 24 treasury the following account groups:

25 (a) the fixed assets account group, which is a

1 self-balancing group of accounts set up to establish
 2 accounting control and accountability for the state's
 3 general fixed assets, except those accounted for in
 4 proprietary funds, trust funds, and the university funds
 5 designated in subsections (1)(d)(i)(D), (1)(d)(iii), and
 6 (1)(d)(v) of this section; and

7 (b) the long-term debt account group, which is a
 8 self-balancing group of accounts set up to establish
 9 accounting control and accountability for the state's
 10 unmatured general long-term liabilities, except those
 11 accounted for in proprietary funds, trust funds, and the
 12 university funds designated in subsections (1)(d)(i)(D),
 13 (1)(d)(iii), and (1)(d)(v) of this section."

14 Section 3. Section 17-2-103, MCA, is amended to read:

15 "17-2-103. Previous definitions of funds -- future
 16 provisions for segregation of moneys. (1) It is the intent
 17 of the legislature that the definitions in 17-2-102
 18 supersede all previous definitions of public funds which are
 19 inconsistent with the definitions found in this part.

20 (2) Any laws enacted in the future or any contracts
 21 entered into in the future in pursuance of law that require
 22 the segregation of moneys in the state treasury by means of
 23 a separate treasury fund shall be interpreted as permitting
 24 the segregation of such moneys by means of a subfund or
 25 account within one of the funds created by 17-2-102.

1 ~~(3) The additional funds established by subsections~~
 2 ~~(10) through (15) of 17-2-102 are effective only through~~
 3 ~~June 30, 1981, at which time they shall cease to exist as a~~
 4 ~~part of the treasury fund structure."~~

5 Section 4. Section 17-2-107, MCA, is amended to read:

6 "17-2-107. Accurate accounting records and
 7 interaccount loans. (1) The department of administration
 8 shall record receipts and disbursements for treasury funds
 9 and for accounts within treasury funds and shall maintain
 10 records in such a manner as to reflect the total cash and
 11 invested balance of each fund and each account. The
 12 department of administration shall adopt the necessary
 13 procedures to insure that interdepartmental or
 14 intradepartmental transfers of money do not result in
 15 inflation of figures reflecting total governmental costs and
 16 revenues.

17 (2) When the expenditure of an appropriation is
 18 necessary and the cash balance in the account from which the
 19 appropriation was made is insufficient, the department of
 20 administration may authorize a transfer, as a temporary loan
 21 bearing no interest, of unrestricted moneys from other
 22 accounts, provided that there is reasonable evidence that
 23 the income provided for the remainder of the fiscal year
 24 will be sufficient to restore the amount so transferred and
 25 provided the loan is recorded in the state accounting

1 records. No account shall be so impaired that all proper
2 demands thereon cannot be met.

3 (3) Any loan from the general fund or the university
4 current unrestricted subfund to funds designated in
5 subsections ~~†††††~~ §§(d)(i)(D) and ~~†††~~ §§(d)(ii) through
6 ~~†††~~ §§(d)(vii) of 17-2-102 shall bear interest at a rate
7 equivalent to the previous fiscal year's average rate of
8 return on the board of investment's short-term investment
9 pool. Except for investment earnings on restricted
10 donations, all designated and restricted subfund investment
11 earnings are credited to the state general fund.

12 (4) No accounting entity may have a negative cash
13 balance at fiscal yearend. The department of administration
14 may, however, allow any entity to carry a negative balance
15 at any point during the fiscal year subject to the following
16 restrictions:

17 (a) Accounting entity negative cash balances may not
18 exist more than 7 working days in the funds provided in
19 subsections §§(a) through ~~†††~~ §§(c) of 17-2-102.

20 (b) Units of the university system must maintain
21 positive cash balances in the subfunds provided in
22 subsections ~~†††††~~ §§(d)(i)(A) through ~~†††~~ §§(d)(ii)(D)
23 and ~~†††~~ §§(d)(ii) through ~~†††~~ §§(d)(vii) of 17-2-102."

24 Section 5. Department of administration to prepare
25 legislation. The department of administration shall prepare

1 legislation for introduction in the 48th legislature that
2 will appropriately amend all references in the Montana Code
3 Annotated to 17-2-101 and 17-2-102, and the treasury funds
4 mentioned therein prior to the effective date of section 1
5 of this act in order to correlate such references with this
6 act.

7 Section 6. Effective dates. Sections 3 and 5 of this
8 act are effective on passage and approval. Sections 1, 2,
9 and 4 are effective on July 1, 1983.

-End-

Approved by Committee on State Administration

HOUSE BILL NO. 341
Balzano

INTRODUCED BY _____
BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO RENAME AND DEFINE TREASURY FUNDS TO BE IN ACCORDANCE WITH CURRENT AUTHORITATIVE LITERATURE AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REMOVING THE SUNSET PROVISION ON THE UNIVERSITY FUNDS; AMENDING SECTIONS 17-2-101 THROUGH 17-2-103 AND 17-2-107, MCA; AND PROVIDING EFFECTIVE DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-2-101, MCA, is amended to read:

"17-2-101. Title and purpose. Sections 17-2-101 through 17-2-107 may be cited as the "Treasury Fund Structure Act". The purpose of these sections is to simplify the accounting system and treasury fund structure of the state, to make possible the full utilization of modern accounting methods, to provide the legislature with a greater measure of control over public moneys, and to enable the financial records of the state to accurately reflect governmental costs and the state's revenues, expenditures, expenses, and financial position in accordance with generally accepted accounting principles."

Section 2. Section 17-2-102, MCA, is amended to read:

"17-2-102. Fund structure. (1) There are in the state treasury only the following funds:

(1) ~~General funds. The general fund consists of all moneys deposited in the state treasury which are available to defray the general costs of state government and which do not fall into one of the categories enumerated below.~~

(2) ~~Earmarked revenue funds. The earmarked revenue fund consists of moneys from state sources deposited in the state treasury which are specifically earmarked by law for the purpose of defraying the costs of a particular agency program or function of state government.~~

(3) ~~Sinking funds. The sinking fund consists of moneys deposited in the state treasury for the payment of principal and interest and the accumulation of reserves for bonded or other indebtedness.~~

(4) ~~Federal and private revenue funds. The federal and private revenue fund consists of all expendable moneys deposited in the state treasury from federal or private sources including trust income, which are to be used for the operation of state government.~~

(5) ~~Federal and private grant clearance funds. The federal and private grant clearance fund consists of all expendable moneys deposited in the state treasury from federal or private sources including trust income, which the state disburses to persons, associations, or units of~~

1 local governments. When the final disposition of expendable
 2 federal or private moneys is unknown at the time of receipt,
 3 they shall be deposited in the federal and private grant
 4 clearance fund, but those moneys to be used for the
 5 operation of state government shall be transferred to the
 6 federal and private revenue fund prior to disbursement.

7 (6) Bond proceeds and insurance clearance fund. The
 8 bond proceeds and insurance clearance fund consists of:

9 (a) moneys deposited in the state treasury obtained
 10 from the sale of bonds, certificates of indebtedness, or
 11 similar obligations;

12 (b) moneys indemnifying the state for loss or damage
 13 of property;

14 (7) Revolving funds. The revolving fund consists of
 15 moneys used to:

16 (a) defray reimbursable expenditures; and
 17 (b) supply working capital for enterprise-type
 18 operations.

19 (8) Trust and legacy funds. The trust and legacy fund
 20 consists of moneys deposited in the state treasury which the
 21 state administers as a trustee pursuant to a law or a trust
 22 agreement restricting the use of the money for a specified
 23 purpose and prohibiting the expenditure of the principal for
 24 a period of at least 5 years.

25 (9) Agency funds. The agency fund consists of moneys

1 deposited in the state treasury which are held and disbursed
 2 by the state as a custodian or agent and includes but is not
 3 limited to moneys held for the purpose of paying insurance
 4 or retirement benefits, moneys arising from lost or
 5 unclaimed property, and other moneys of a similar nature.

6 (a) governmental funds, which include:

7 (i) the general fund, which accounts for all financial
 8 resources except those required to be accounted for in
 9 another fund;

10 (ii) the special revenue funds, which account for the
 11 proceeds of specific revenue sources (other than expendable
 12 trusts or major capital projects) that are legally
 13 restricted to expenditure for specified purposes;

14 (iii) the capital projects funds, which account for
 15 financial resources to be used for the acquisition or
 16 construction of major capital facilities, other than those
 17 financed by proprietary funds or trust funds; and

18 (iv) the debt service funds, which account for the
 19 accumulation of resources for and the payment of general
 20 long-term debt principal and interest;

21 (b) proprietary funds, which include:

22 (i) the enterprise funds, which account for
 23 operations;

24 (A) that are financed and operated in a manner similar
 25 to private business enterprises whenever the intent of the

1 legislature is that costs (i.e., expenses, including
 2 depreciation) of providing goods or services to the general
 3 public on a continuing basis are to be financed or recovered
 4 primarily through user charges; or

5 (B) whenever the legislature has decided that periodic
 6 determination of revenue earned, expenses incurred, or net
 7 income is appropriate for capital maintenance, public
 8 policy, management control, accountability, or other
 9 purposes; and

10 (ii) the internal service funds, which account for the
 11 financing of goods or services provided by one department or
 12 agency to other departments or agencies of state government
 13 or to other governmental entities on a cost-reimbursed
 14 basis;

15 (c) the fiduciary funds, which include trust and
 16 agency funds used to account for assets held by state
 17 government in a trustee capacity or as an agent for
 18 individuals, private organizations, other governmental
 19 entities, or other funds. These include:

20 (i) expendable trust funds;

21 (ii) nonexpendable trust funds;

22 (iii) pension trust funds; and

23 (iv) agency funds.

24 (d) the university funds, which include:

25 (i) University-current-funds--The the university

1 current funds, consists--of which accounts for moneys
 2 deposited in the state treasury which are used to pay
 3 current operating costs relating to instruction, research,
 4 public service, and allied support operations and programs
 5 conducted within the Montana university system. The
 6 financial activities of the university current fund shall be
 7 subdivided, for operation purposes, into the four following
 8 subfunds to serve the purpose indicated:

9 (a) (A) The unrestricted subfund segregates that
 10 portion of the university current fund's financial resources
 11 that can be expended for general operations and is free of
 12 externally imposed restrictions, except those imposed by the
 13 legislature.

14 (b) (B) The restricted subfund segregates that portion
 15 of the university current fund's financial resources that
 16 can be expended for general operations but only for purposes
 17 imposed by sources external to the board of regents and the
 18 legislature.

19 (c) (C) The designated subfund segregates that portion
 20 of the university current fund's financial resources that is
 21 associated with general operations but is separately
 22 classified in order to accumulate costs that are to be
 23 recharged as allocated to other funds or subfunds;
 24 identifies financial activities related to special organized
 25 activities of educational departments wherein the activity

1 is fully supported by supplemental assessments; and
 2 identifies special supply and facility fees that are
 3 approved for collections beyond normal course fees and their
 4 disposition.

5 ~~(d)(i)~~ The auxiliary subfund segregates that portion
 6 of the university current fund's financial resources that is
 7 devoted to providing essential on-campus services primarily
 8 to students, faculty, or staff wherein a fee, which is
 9 directly related to but does not necessarily equal the cost
 10 of the service provided, is charged to the consumer.

11 ~~(i)(ii)~~ University--student--loan--fund--The ~~the~~
 12 university student loan fund, consists of which accounts for
 13 moneys deposited in the state treasury which may be loaned
 14 to students, faculty, or staff for purposes related to
 15 education, organized research, or public services by the
 16 Montana university system.

17 ~~(i)(iii)~~ University--endowment--fund--The ~~the~~ university
 18 endowment fund, consists of which accounts for moneys
 19 deposited in the state treasury by the Montana university
 20 system wherein ~~the~~ principal portion of the amount received
 21 is nonexpendable but is available for investment, thus
 22 producing consumable income. Expendable earnings on
 23 endowment funds are to be transferred to appropriate
 24 operating funds pursuant to prevailing administrative
 25 requirements.

1 ~~(i)(iv)~~ University--annuity--and--life--income--fund--The
 2 ~~the~~ university annuity and life income fund, consists of
 3 which accounts for moneys deposited in the state treasury by
 4 the Montana university system under an agreement whereby the
 5 moneys are made available on condition that the receiving
 6 unit of the Montana university system binds itself to pay
 7 stipulated amounts periodically to the donor or others
 8 designated by the donor over a specified period of time.

9 ~~(i)(v)~~ University--plant--fund--The ~~the~~ university
 10 plant fund, consists of which accounts for those financial
 11 resources allocated to or received by the Montana university
 12 system for capital outlay purposes or to retire long-term
 13 debts associated with construction or acquisition of fixed
 14 assets and the net accumulative results of these
 15 activities, and

16 ~~(i)(vi)~~ University--agency--fund--The ~~the~~ university
 17 agency fund, consists of which accounts for moneys deposited
 18 in the state treasury wherein the Montana university system
 19 acts in the capacity of a custodian or fiscal agent for
 20 individual students, faculty, staff, and qualified
 21 organizations.

22 (2) In addition to the funds provided for in
 23 subsection (1) of this section, there are in the state
 24 treasury the following account groups:

25 (a) the fixed assets account group, which is a

1 self-balancing group of accounts set up to establish
 2 accounting control and accountability for the state's
 3 general fixed assets, except those accounted for in
 4 proprietary funds, trust funds, and the university funds
 5 designated in subsections (1)(d)(i)(D), (1)(d)(iii), and
 6 (1)(d)(v) of this section; and

7 (b) the long-term debt account group, which is a
 8 self-balancing group of accounts set up to establish
 9 accounting control and accountability for the state's
 10 unmatured general long-term liabilities, except those
 11 accounted for in proprietary funds, trust funds, and the
 12 university funds designated in subsections (1)(d)(i)(D),
 13 (1)(d)(iii), and (1)(d)(v) of this section."

14 Section 3. Section 17-2-103, MCA, is amended to read:

15 "17-2-103. Previous definitions of funds -- future
 16 provisions for segregation of moneys. (1) It is the intent
 17 of the legislature that the definitions in 17-2-102
 18 supersede all previous definitions of public funds which are
 19 inconsistent with the definitions found in this part.

20 (2) Any laws enacted in the future or any contracts
 21 entered into in the future in pursuance of law that require
 22 the segregation of moneys in the state treasury by means of
 23 a separate treasury fund shall be interpreted as permitting
 24 the segregation of such moneys by means of a subfund or
 25 account within one of the funds created by 17-2-102.

1 ~~(3) The additional funds established by subsections~~
 2 ~~(10) through (15) of 17-2-102 are effective only through~~
 3 ~~June 30, 1981, at which time they shall cease to exist as a~~
 4 ~~part of the treasury fund structure."~~

5 Section 4. Section 17-2-107, MCA, is amended to read:

6 "17-2-107. Accurate accounting records and
 7 interaccount loans. (1) The department of administration
 8 shall record receipts and disbursements for treasury funds
 9 and for accounts within treasury funds and shall maintain
 10 records in such a manner as to reflect the total cash and
 11 invested balance of each fund and each account. The
 12 department of administration shall adopt the necessary
 13 procedures to insure that interdepartmental or
 14 intradepartmental transfers of money do not result in
 15 inflation of figures reflecting total governmental costs and
 16 revenues.

17 (2) When the expenditure of an appropriation is
 18 necessary and the cash balance in the account from which the
 19 appropriation was made is insufficient, the department of
 20 administration may authorize a transfer, as a temporary loan
 21 bearing no interest, of unrestricted moneys from other
 22 accounts, provided that there is reasonable evidence that
 23 the income provided for the remainder of the fiscal year
 24 will be sufficient to restore the amount so transferred and
 25 provided the loan is recorded in the state accounting

1 records. No account shall be so impaired that all proper
2 demands thereon cannot be met.

3 (3) Any loan from the general fund or the university
4 current unrestricted subfund to funds designated in
5 subsections ~~(10)(d)~~ ~~(11)(d)(iii)(D)~~ and ~~(11)~~ ~~(11)(d)(iii)~~ through
6 ~~(15)~~ ~~(11)(d)(vi)~~ of 17-2-102 shall bear interest at a rate
7 equivalent to the previous fiscal year's average rate of
8 return on the board of investment's short-term investment
9 pool. Except for investment earnings on restricted
10 donations, all designated and restricted subfund investment
11 earnings are credited to the state general fund.

12 (4) No accounting entity may have a negative cash
13 balance at fiscal yearend. The department of administration
14 may, however, allow any entity to carry a negative balance
15 at any point during the fiscal year subject to the following
16 restrictions:

17 (a) Accounting entity negative cash balances may not
18 exist more than 7 working days in the funds provided in
19 subsections ~~(1)(a)~~ through ~~(9)~~ ~~(11)(c)~~ of 17-2-102.

20 (b) Units of the university system must maintain
21 positive cash balances in the subfunds provided in
22 subsections ~~(10)(e)~~ ~~(11)(d)(iii)(A)~~ through ~~(d)~~ ~~(11)(d)(iii)(D)~~
23 and ~~(11)~~ ~~(11)(d)(iii)~~ through ~~(15)~~ ~~(11)(d)(vii)~~ of 17-2-102."

24 Section 5. Department of administration to prepare
25 legislation. The department of administration shall prepare

1 legislation for introduction in the 48th legislature that
2 will appropriately amend all references in the Montana Code
3 Annotated to 17-2-101 and 17-2-102, and the treasury funds
4 mentioned therein prior to the effective date of section 1
5 of this act in order to correlate such references with this
6 act.

7 Section 6. Effective dates. Sections 3 and 5 of this
8 act are effective on passage and approval. Sections 1, 2,
9 and 4 are effective on July 1, 1983.

-End-

1 HOUSE BILL NO. 341
 2 INTRODUCED BY Balderson
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO RENAME AND DEFINE
 6 TREASURY FUNDS TO BE IN ACCORDANCE WITH CURRENT
 7 AUTHORITATIVE LITERATURE AND GENERALLY ACCEPTED ACCOUNTING
 8 PRINCIPLES; REMOVING THE SUNSET PROVISION ON THE UNIVERSITY
 9 FUNDS; AMENDING SECTIONS 17-2-101 THROUGH 17-2-103 AND
 10 17-2-107, MCA; AND PROVIDING EFFECTIVE DATES."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 17-2-101, MCA, is amended to read:
 14 "17-2-101. Title and purpose. Sections 17-2-101
 15 through 17-2-107 may be cited as the "Treasury Fund
 16 Structure Act". The purpose of these sections is to simplify
 17 the accounting system and treasury fund structure of the
 18 state, to make possible the full utilization of modern
 19 accounting methods, to provide the legislature with a
 20 greater measure of control over public moneys, and to enable
 21 the financial records of the state to accurately reflect
 22 governmental costs and the state's revenues, expenditures,
 23 expenses, and financial position in accordance with
 24 generally accepted accounting principles."

25 Section 2. Section 17-2-102, MCA, is amended to read:

1 "17-2-102. Fund structure. (1) There are in the state
 2 treasury only the following funds:

3 ~~(1) General funds. The general fund consists of all~~
 4 ~~moneys deposited in the state treasury which are available~~
 5 ~~to defray the general costs of state government and which do~~
 6 ~~not fall into one of the categories enumerated below.~~

7 ~~(2) Earmarked revenue funds. The earmarked revenue fund~~
 8 ~~consists of moneys from state sources deposited in the state~~
 9 ~~treasury which are specifically earmarked by law for the~~
 10 ~~purpose of defraying the costs of a particular agency~~
 11 ~~program or function of state government.~~

12 ~~(3) Sinking funds. The sinking fund consists of moneys~~
 13 ~~deposited in the state treasury for the payment of principal~~
 14 ~~and interest and the accumulation of reserves for bonded or~~
 15 ~~other indebtedness.~~

16 ~~(4) Federal and private revenue funds. The federal and~~
 17 ~~private revenue fund consists of all expendable moneys~~
 18 ~~deposited in the state treasury from federal or private~~
 19 ~~sources, including trust income, which are to be used for~~
 20 ~~the operation of state government.~~

21 ~~(5) Federal and private grant clearance funds. The~~
 22 ~~federal and private grant clearance fund consists of all~~
 23 ~~expendable moneys deposited in the state treasury from~~
 24 ~~federal or private sources, including trust income, which~~
 25 ~~the state disburses to persons, associations, or units of~~

1 local governments. When the final disposition of expendable
 2 federal or private moneys is unknown at the time of receipt,
 3 they shall be deposited in the federal and private grant
 4 clearance fund, but those moneys to be used for the
 5 operation of state government shall be transferred to the
 6 federal and private revenue fund prior to disbursement.

7 (6) Bond proceeds and insurance clearance fund. The
 8 bond proceeds and insurance clearance fund consists of:

9 (a) moneys deposited in the state treasury obtained
 10 from the sale of bonds, certificates of indebtedness, or
 11 similar obligations;

12 (b) moneys indemnifying the state for loss or damage
 13 of property;

14 (7) Revolving funds. The revolving fund consists of
 15 moneys used to:

16 (a) defray reimbursable expenditures; and
 17 (b) supply working capital for enterprise-type
 18 operations;

19 (8) Trust and legacy funds. The trust and legacy fund
 20 consists of moneys deposited in the state treasury which the
 21 state administers as a trustee pursuant to a law or a trust
 22 agreement restricting the use of the money for a specified
 23 purpose and prohibiting the expenditure of the principal for
 24 a period of at least 5 years;

25 (9) Agency funds. The agency fund consists of moneys

1 deposited in the state treasury which are held and disbursed
 2 by the state as a custodian or agent and includes but is not
 3 limited to moneys held for the purpose of paying insurance
 4 or retirement benefits, moneys arising from lost or
 5 unclaimed property, and other moneys of a similar nature.

6 (a) governmental funds, which include:

7 (i) the general fund, which accounts for all financial
 8 resources except those required to be accounted for in
 9 another fund;

10 (ii) the special revenue funds, which account for the
 11 proceeds of specific revenue sources (other than expendable
 12 trusts or major capital projects) that are legally
 13 restricted to expenditure for specified purposes;

14 (iii) the capital projects funds, which account for
 15 financial resources to be used for the acquisition or
 16 construction of major capital facilities, other than those
 17 financed by proprietary funds or trust funds; and

18 (iv) the debt service funds, which account for the
 19 accumulation of resources for and the payment of general
 20 long-term debt principal and interest;

21 (b) proprietary funds, which include:

22 (i) the enterprise funds, which account for
 23 operations;

24 (A) that are financed and operated in a manner similar
 25 to private business enterprises whenever the intent of the

1 legislature is that costs (i.e., expenses, including
 2 depreciation) of providing goods or services to the general
 3 public on a continuing basis are to be financed or recovered
 4 primarily through user charges; or

5 (B) whenever the legislature has decided that periodic
 6 determination of revenue earned, expenses incurred, or net
 7 income is appropriate for capital maintenance, public
 8 policy, management control, accountability, or other
 9 purposes; and

10 (ii) the internal service funds, which account for the
 11 financing of goods or services provided by one department or
 12 agency to other departments or agencies of state government
 13 or to other governmental entities on a cost-reimbursed
 14 basis;

15 (c) the fiduciary funds, which include trust and
 16 agency funds used to account for assets held by state
 17 government in a trustee capacity or as an agent for
 18 individuals, private organizations, other governmental
 19 entities, or other funds. These include:

20 (i) expendable trust funds;

21 (ii) nonexpendable trust funds;

22 (iii) pension trust funds; and

23 (iv) agency funds;

24 (d) the university funds, which include:

25 (i) University-current-fund--The the university

1 current fund, consists--of which accounts for moneys
 2 deposited in the state treasury which are used to pay
 3 current operating costs relating to instruction, research,
 4 public service, and allied support operations and programs
 5 conducted within the Montana university system. The
 6 financial activities of the university current fund shall be
 7 subdivided, for operation purposes, into the four following
 8 subfunds to serve the purpose indicated:

9 (A) The unrestricted subfund segregates that
 10 portion of the university current fund's financial resources
 11 that can be expended for general operations and is free of
 12 externally imposed restrictions, except those imposed by the
 13 legislature.

14 (B) The restricted subfund segregates that portion
 15 of the university current fund's financial resources that
 16 can be expended for general operations but only for purposes
 17 imposed by sources external to the board of regents and the
 18 legislature.

19 (C) The designated subfund segregates that portion
 20 of the university current fund's financial resources that is
 21 associated with general operations but is separately
 22 classified in order to accumulate costs that are to be
 23 recharged as allocated to other funds or subfunds;
 24 identifies financial activities related to special organized
 25 activities of educational departments wherein the activity

1 is fully supported by supplemental assessments; and
 2 identifies special supply and facility fees that are
 3 approved for collections beyond normal course fees and their
 4 disposition.

5 ~~(d)~~(D) The auxiliary subfund segregates that portion
 6 of the university current fund's financial resources that is
 7 devoted to providing essential on-campus services primarily
 8 to students, faculty, or staff wherein a fee, which is
 9 directly related to but does not necessarily equal the cost
 10 of the service provided, is charged to the consumer.

11 ~~(i)(ii)~~(I) University--student--loan--fund--The the
 12 university student loan fund, consists of which accounts for
 13 moneys deposited in the state treasury which may be loaned
 14 to students, faculty, or staff for purposes related to
 15 education, organized research, or public services by the
 16 Montana university system;

17 ~~(i)(iii)~~(II) University--endowment--fund--The the university
 18 endowment fund, consists of which accounts for moneys
 19 deposited in the state treasury by the Montana university
 20 system wherein the principal portion of the amount received
 21 is nonexpendable but is available for investment, thus
 22 producing consumable income. Expendable earnings on
 23 endowment funds are to be transferred to appropriate
 24 operating funds pursuant to prevailing administrative
 25 requirements.

1 ~~(i)(iv)~~(IV) University--annuity--and--life--income--fund--The
 2 the university annuity and life income fund, consists of
 3 which accounts for moneys deposited in the state treasury by
 4 the Montana university system under an agreement whereby the
 5 moneys are made available on condition that the receiving
 6 unit of the Montana university system binds itself to pay
 7 stipulated amounts periodically to the donor or others
 8 designated by the donor over a specified period of time;

9 ~~(i)(v)~~(V) University--plant--fund--The the university
 10 plant fund, consists of which accounts for those financial
 11 resources allocated to or received by the Montana university
 12 system for capital outlay purposes or to retire long-term
 13 debts associated with construction or acquisition of fixed
 14 assets and the net accumulative results of these
 15 activities; and

16 ~~(i)(vi)~~(VI) University--agency--fund--The the university
 17 agency fund, consists of which accounts for moneys deposited
 18 in the state treasury wherein the Montana university system
 19 acts in the capacity of a custodian or fiscal agent for
 20 individual students, faculty, staff, and qualified
 21 organizations.

22 (2) In addition to the funds provided for in
 23 subsection (1) of this section, there are in the state
 24 treasury the following account groups:

25 (a) the fixed assets account group, which is a

1 self-balancing group of accounts set up to establish
 2 accounting control and accountability for the state's
 3 general fixed assets, except those accounted for in
 4 proprietary funds, trust funds, and the university funds
 5 designated in subsections (1)(d)(i)(D), (1)(d)(iii), and
 6 (1)(d)(v) of this section; and

7 (b) the long-term debt account group, which is a
 8 self-balancing group of accounts set up to establish
 9 accounting control and accountability for the state's
 10 unmatured general long-term liabilities, except those
 11 accounted for in proprietary funds, trust funds, and the
 12 university funds designated in subsections (1)(d)(i)(D),
 13 (1)(d)(iii), and (1)(d)(v) of this section."

14 Section 3. Section 17-2-103, MCA, is amended to read:

15 "17-2-103. Previous definitions of funds -- future
 16 provisions for segregation of moneys. (1) It is the intent
 17 of the legislature that the definitions in 17-2-102
 18 supersede all previous definitions of public funds which are
 19 inconsistent with the definitions found in this part.

20 (2) Any laws enacted in the future or any contracts
 21 entered into in the future in pursuance of law that require
 22 the segregation of moneys in the state treasury by means of
 23 a separate treasury fund shall be interpreted as permitting
 24 the segregation of such moneys by means of a subfund or
 25 account within one of the funds created by 17-2-102.

1 ~~(3) The additional funds established by subsections~~
 2 ~~(10) through (15) of 17-2-102 are effective only through~~
 3 ~~June 30, 1981, at which time they shall cease to exist as a~~
 4 ~~part of the treasury fund structure."~~

5 Section 4. Section 17-2-107, MCA, is amended to read:

6 "17-2-107. Accurate accounting records and
 7 interaccount loans. (1) The department of administration
 8 shall record receipts and disbursements for treasury funds
 9 and for accounts within treasury funds and shall maintain
 10 records in such a manner as to reflect the total cash and
 11 invested balance of each fund and each account. The
 12 department of administration shall adopt the necessary
 13 procedures to insure that interdepartmental or
 14 intradepartmental transfers of money do not result in
 15 inflation of figures reflecting total governmental costs and
 16 revenues.

17 (2) When the expenditure of an appropriation is
 18 necessary and the cash balance in the account from which the
 19 appropriation was made is insufficient, the department of
 20 administration may authorize a transfer, as a temporary loan
 21 bearing no interest, of unrestricted moneys from other
 22 accounts, provided that there is reasonable evidence that
 23 the income provided for the remainder of the fiscal year
 24 will be sufficient to restore the amount so transferred and
 25 provided the loan is recorded in the state accounting

1 records. No account shall be so impaired that all proper
2 demands thereon cannot be met.

3 (3) Any loan from the general fund or the university
4 current unrestricted subfund to funds designated in
5 subsections ~~(10)(d)~~ ~~(11)(d)(i)(D)~~ and ~~(11)~~ ~~(11)(d)(iii)~~ through
6 ~~(15)~~ ~~(11)(d)(vi)~~ of 17-2-102 shall bear interest at a rate
7 equivalent to the previous fiscal year's average rate of
8 return on the board of investment's short-term investment
9 pool. Except for investment earnings on restricted
10 donations, all designated and restricted subfund investment
11 earnings are credited to the state general fund.

12 (4) No accounting entity may have a negative cash
13 balance at fiscal yearend. The department of administration
14 may, however, allow any entity to carry a negative balance
15 at any point during the fiscal year subject to the following
16 restrictions:

17 (a) Accounting entity negative cash balances may not
18 exist more than 7 working days in the funds provided in
19 subsections ~~(1)(a)~~ through ~~(9)~~ ~~(1)(c)~~ of 17-2-102.

20 (b) Units of the university system must maintain
21 positive cash balances in the subfunds provided in
22 subsections ~~(10)(a)~~ ~~(11)(d)(i)(A)~~ through ~~(d)~~ ~~(11)(d)(i)(D)~~
23 and ~~(11)~~ ~~(11)(d)(iii)~~ through ~~(15)~~ ~~(11)(d)(vi)~~ of 17-2-102."

24 Section 5. Department of administration to prepare
25 legislation. The department of administration shall prepare

1 legislation for introduction in the 48th legislature that
2 will appropriately amend all references in the Montana Code
3 Annotated to 17-2-101 and 17-2-102, and the treasury funds
4 mentioned therein prior to the effective date of section 1
5 of this act in order to correlate such references with this
6 act.

7 Section 6. Effective dates. Sections 3 and 5 of this
8 act are effective on passage and approval. Sections 1, 2,
9 and 4 are effective on July 1, 1983.

-End-

HOUSE BILL NO. 341

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO RENAME AND DEFINE TREASURY FUNDS TO BE IN ACCORDANCE WITH CURRENT AUTHORITATIVE LITERATURE AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES; REMOVING THE SUNSET PROVISION ON THE UNIVERSITY FUNDS; AMENDING SECTIONS 17-2-101 THROUGH 17-2-103 AND 17-2-107, MCA; AND PROVIDING EFFECTIVE DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-2-101, MCA, is amended to read:

"17-2-101. Title and purpose. Sections 17-2-101 through 17-2-107 may be cited as the "Treasury Fund Structure Act". The purpose of these sections is to simplify the accounting system and treasury fund structure of the state, to make possible the full utilization of modern accounting methods, to provide the legislature with a greater measure of control over public moneys, and to enable the financial records of the state to accurately reflect governmental costs and the state's revenues, expenditures, expenses, and financial position in accordance with generally accepted accounting principles."

Section 2. Section 17-2-102, MCA, is amended to read:

"17-2-102. Fund structure. (1) There are in the state treasury only the following funds:

(1) -- General funds. The general fund consists of all moneys deposited in the state treasury which are available to defray the general costs of state government and which do not fall into one of the categories enumerated below:

(2) -- Earmarked revenue funds. The earmarked revenue fund consists of moneys from state sources deposited in the state treasury which are specifically earmarked by law for the purpose of defraying the costs of a particular agency, program, or function of state government.

(3) -- Sinking funds. The sinking fund consists of moneys deposited in the state treasury for the payment of principal and interest and the accumulation of reserves for bonded or other indebtedness.

(4) -- Federal and private revenue funds. The federal and private revenue fund consists of all expendable moneys deposited in the state treasury from federal or private sources, including trust income, which are to be used for the operation of state government.

(5) -- Federal and private grant clearance funds. The federal and private grant clearance fund consists of all expendable moneys deposited in the state treasury from federal or private sources, including trust income, which the state disburses to persons, associations, or units of

1 local governments. When the final disposition of expendable
 2 federal or private moneys is unknown at the time of receipt,
 3 they shall be deposited in the federal and private grant
 4 clearance fund, but those moneys to be used for the
 5 operation of state government shall be transferred to the
 6 federal and private revenue fund prior to disbursement.

7 (6) Bond proceeds and insurance clearance funds. The
 8 bond proceeds and insurance clearance fund consists of:

9 (a) moneys deposited in the state treasury obtained
 10 from the sale of bonds, certificates of indebtedness, or
 11 similar obligations;

12 (b) moneys indemnifying the state for loss or damage
 13 of property;

14 (7) Revolving funds. The revolving fund consists of
 15 moneys used to:

16 (a) defray reimbursable expenditures; and
 17 (b) supply working capital for enterprise-type
 18 operations;

19 (8) Trust and legacy funds. The trust and legacy fund
 20 consists of moneys deposited in the state treasury which the
 21 state administers as a trustee pursuant to a law or a trust
 22 agreement restricting the use of the money for a specified
 23 purpose and prohibiting the expenditure of the principal for
 24 a period of at least 5 years;

25 (9) Agency funds. The agency fund consists of moneys

1 deposited in the state treasury which are held and disbursed
 2 by the state as a custodian or agent and includes but is not
 3 limited to moneys held for the purpose of paying insurance
 4 or retirement benefits, moneys arising from lost or
 5 unclaimed property, and other moneys of a similar nature.

6 (a) governmental funds, which include:

7 (i) the general fund, which accounts for all financial
 8 resources except those required to be accounted for in
 9 another fund;

10 (ii) the special revenue funds, which account for the
 11 proceeds of specific revenue sources (other than expendable
 12 trusts or major capital projects) that are legally
 13 restricted to expenditure for specified purposes;

14 (iii) the capital projects funds, which account for
 15 financial resources to be used for the acquisition or
 16 construction of major capital facilities, other than those
 17 financed by proprietary funds or trust funds; and

18 (iv) the debt service funds, which account for the
 19 accumulation of resources for and the payment of general
 20 long-term debt principal and interest;

21 (b) proprietary funds, which include:

22 (i) the enterprise funds, which account for
 23 operations:

24 (A) that are financed and operated in a manner similar
 25 to private business enterprises whenever the intent of the

1 legislature is that costs (i.e., expenses, including
 2 depreciation) of providing goods or services to the general
 3 public on a continuing basis are to be financed or recovered
 4 primarily through user charges; or

5 (B) whenever the legislature has decided that periodic
 6 determination of revenue earned, expenses incurred, or net
 7 income is appropriate for capital maintenance, public
 8 policy, management control, accountability, or other
 9 purposes; and

10 (ii) the internal service funds, which account for the
 11 financing of goods or services provided by one department or
 12 agency to other departments or agencies of state government
 13 or to other governmental entities on a cost-reimbursed
 14 basis;

15 (c) the fiduciary funds, which include trust and
 16 agency funds used to account for assets held by state
 17 government in a trustee capacity or as an agent for
 18 individuals, private organizations, other governmental
 19 entities, or other funds. These include:

20 (i) expendable trust funds;

21 (ii) nonexpendable trust funds;

22 (iii) pension trust funds; and

23 (iv) agency funds.

24 (d) the university funds, which include:

25 (i) University-current-funds--the the university

1 current fund, consists--of which accounts for moneys
 2 deposited in the state treasury which are used to pay
 3 current operating costs relating to instruction, research,
 4 public service, and allied support operations and programs
 5 conducted within the Montana university system. The
 6 financial activities of the university current fund shall be
 7 subdivided, for operation purposes, into the four following
 8 subfunds to serve the purpose indicated:

9 (a)(A) The unrestricted subfund segregates that
 10 portion of the university current fund's financial resources
 11 that can be expended for general operations and is free of
 12 externally imposed restrictions, except those imposed by the
 13 legislature.

14 (b)(B) The restricted subfund segregates that portion
 15 of the university current fund's financial resources that
 16 can be expended for general operations but only for purposes
 17 imposed by sources external to the board of regents and the
 18 legislature.

19 (c)(C) The designated subfund segregates that portion
 20 of the university current fund's financial resources that is
 21 associated with general operations but is separately
 22 classified in order to accumulate costs that are to be
 23 recharged as allocated to other funds or subfunds;
 24 identifies financial activities related to special organized
 25 activities of educational departments wherein the activity

1 is fully supported by supplemental assessments; and
 2 identifies special supply and facility fees that are
 3 approved for collections beyond normal course fees and their
 4 disposition.

5 ~~(d)~~(D) The auxiliary subfund segregates that portion
 6 of the university current fund's financial resources that is
 7 devoted to providing essential on-campus services primarily
 8 to students, faculty, or staff wherein a fee, which is
 9 directly related to but does not necessarily equal the cost
 10 of the service provided, is charged to the consumer.

11 ~~(11)~~(ii) University--student--loan--funds--The the
 12 university student loan fund, consists of which accounts for
 13 moneys deposited in the state treasury which may be loaned
 14 to students, faculty, or staff for purposes related to
 15 education, organized research, or public services by the
 16 Montana university system;

17 ~~(12)~~(iii) University-endowment-funds--The the university
 18 endowment fund, consists--of which accounts for moneys
 19 deposited in the state treasury by the Montana university
 20 system wherein the principal portion of the amount received
 21 is ~~nonexpendable~~ but is available for investment, thus
 22 producing consumable income. Expendable earnings on
 23 endowment funds are to be transferred to appropriate
 24 operating funds pursuant to prevailing administrative
 25 requirements.

1 ~~(13)~~(iv) University-annuity-and-life-income--funds--The
 2 the university annuity and life income fund, consists-of
 3 which accounts for moneys deposited in the state treasury by
 4 the Montana university system under an agreement whereby the
 5 moneys are made available on condition that the receiving
 6 unit of the Montana university system binds itself to pay
 7 stipulated amounts periodically to the donor or others
 8 designated by the donor over a specified period of time;

9 ~~(14)~~(v) University--plant--funds--The the university
 10 plant fund, consists-of which accounts for those financial
 11 resources allocated to or received by the Montana university
 12 system for capital outlay purposes or to retire long-term
 13 debts associated with construction or acquisition of fixed
 14 assets and the net accumulative results of these
 15 activities; and

16 ~~(15)~~(vi) University-agency--funds--The the university
 17 agency fund, consists-of which accounts for moneys deposited
 18 in the state treasury wherein the Montana university system
 19 acts in the capacity of a custodian or fiscal agent for
 20 individual students, faculty, staff, and qualified
 21 organizations.

22 (2) In addition to the funds provided for in
 23 subsection (1) of this section, there are in the state
 24 treasury the following account groups:

25 (a) the fixed assets account group, which is a

self-balancing group of accounts set up to establish accounting control and accountability for the state's general fixed assets, except those accounted for in proprietary funds, trust funds, and the university funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section; and

(b) the long-term debt account group, which is a self-balancing group of accounts set up to establish accounting control and accountability for the state's unmatured general long-term liabilities, except those accounted for in proprietary funds, trust funds, and the university funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section."

Section 3. Section 17-2-103, MCA, is amended to read:
 "17-2-103. Previous definitions of funds -- future provisions for segregation of moneys. (1) It is the intent of the legislature that the definitions in 17-2-102 supersede all previous definitions of public funds which are inconsistent with the definitions found in this part.

(2) Any laws enacted in the future or any contracts entered into in the future in pursuance of law that require the segregation of moneys in the state treasury by means of a separate treasury fund shall be interpreted as permitting the segregation of such moneys by means of a subfund or account within one of the funds created by 17-2-102.

~~(3) The additional funds established by subsections (10) through (15) of 17-2-102 are effective only through June 30, 1981, at which time they shall cease to exist as a part of the treasury fund structure."~~

Section 4. Section 17-2-107, MCA, is amended to read:
 "17-2-107. Accurate accounting records and interaccount loans. (1) The department of administration shall record receipts and disbursements for treasury funds and for accounts within treasury funds and shall maintain records in such a manner as to reflect the total cash and invested balance of each fund and each account. The department of administration shall adopt the necessary procedures to insure that interdepartmental or intradepartmental transfers of money do not result in inflation of figures reflecting total governmental costs and revenues.

(2) When the expenditure of an appropriation is necessary and the cash balance in the account from which the appropriation was made is insufficient, the department of administration may authorize a transfer, as a temporary loan bearing no interest, of unrestricted moneys from other accounts, provided that there is reasonable evidence that the income provided for the remainder of the fiscal year will be sufficient to restore the amount so transferred and provided the loan is recorded in the state accounting

1 records. No account shall be so impaired that all proper
2 demands thereon cannot be met.

3 (3) Any loan from the general fund or the university
4 current unrestricted subfund to funds designated in
5 subsections ~~†††††~~ §§(d)(i)(D) and ~~†††~~ §§(d)(ii) through
6 ~~†††~~ §§(d)(vi) of 17-2-102 shall bear interest at a rate
7 equivalent to the previous fiscal year's average rate of
8 return on the board of investment's short-term investment
9 pool. Except for investment earnings on restricted
10 donations, all designated and restricted subfund investment
11 earnings are credited to the state general fund.

12 (4) No accounting entity may have a negative cash
13 balance at fiscal yearend. The department of administration
14 may, however, allow any entity to carry a negative balance
15 at any point during the fiscal year subject to the following
16 restrictions:

17 (a) Accounting entity negative cash balances may not
18 exist more than 7 working days in the funds provided in
19 subsections §§(a) through ~~†††~~ §§(c) of 17-2-102.

20 (b) Units of the university system must maintain
21 positive cash balances in the subfunds provided in
22 subsections ~~†††††~~ §§(d)(i)(A) through ~~†††~~ §§(d)(i)(D)
23 and ~~†††~~ §§(d)(ii) through ~~†††~~ §§(d)(vi) of 17-2-102."

24 Section 5. Department of administration to prepare
25 legislation. The department of administration shall prepare

1 legislation for introduction in the 48th legislature that
2 will appropriately amend all references in the Montana Code
3 Annotated to 17-2-101 and 17-2-102, and the treasury funds
4 mentioned therein prior to the effective date of section 1
5 of this act in order to correlate such references with this
6 act.

7 Section 6. Effective dates. Sections 3 and 5 of this
8 act are effective on passage and approval. Sections 1, 2,
9 and 4 are effective on July 1, 1983.

-End-