SENATE BILL NO. 117

INTRODUCED BY HIMSL, GAGE, FARRELL, H. HAMMOND BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE SENATE

January 15, 1985	Introduced and referred to Committee on Education and Cultural Resources.
January 21, 1985	Committee recommend bill do pass. Report adopted.
January 22, 1985	Bill printed and placed on members' desks.
January 23, 1985	Second reading, do pass.
January 24, 1985	Considered correctly engrossed.
January 25, 1985	Third reading, passed. Ayes, 49; Noes, 0.
	Transmitted to House.

IN THE HOUSE

January 28, 1985	Introduced and referred to Committee on Education and Cultural Resources.
March 12, 1985	Committee recommend bill be concurred in. Report adopted.
March 14, 1985	Second reading, concurred in.
March 16, 1985	Third reading, concurred in.
	Returned to Senate.

IN THE SENATE

March 16, 1985

Received from House.

March 18, 1985

Sent to enrolling.

Reported correctly enrolled.

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1	Sente BILL, NO. 117
2	INTRODUCED BY Times July Tamel Miletaning
3	BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
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5	A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE
6	TREATMENT OF POSTSECONDARY VOCATIONAL-TECHNICAL CENTER FUNDS
7	FOR PURPOSES OF THE STATEWIDE BUDGETING AND ACCOUNTING
8	SYSTEM; AMENDING SECTIONS 17-2-102 AND 17-2-107, MCA."
9	
10	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11	Section 1. Section 17-2-102, MCA, is amended to read:
12	"17-2-102. Fund structure. (1) There are in the state
13	treasury only the following fund categories and types:
14	(a) governmental fund category, which includes:
15	(i) the general fund, which accounts for all financial
16	resources except those required to be accounted for in
17	another fund;
18	(ii) the special revenue fund type, which accounts for
19	the proceeds of specific revenue sources (other than
20	expendable trusts or major capital projects) that are
21	legally restricted to expenditure for specified purposes.
22	The financial activities of the special revenue fund type
23	shall be subdivided for operational purposes into the
24	following funds to serve the purpose indicated:
25	(A) The state special revenue fund consists of money

1 from state sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of 3 an agency, program, or function of state government.

- (B) The federal special revenue fund consists of money deposited in the treasury from federal sources, including 5 6 trust income, that is used for the operation of state 7 government.
- 8 (C) The other special revenue funds consist of money deposited in the state treasury from private sources, 9 10 including trust income, that is used for the operation of state government and money used to defray reimbursable 11 expenditures. 12
 - (iii) the capital projects fund type, which accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds; and
- (iv) the debt service fund type, which accounts for the 17 accumulation of resources for and the payment of general 18 long-term debt principal and interest;
 - (b) proprietary fund category, which includes:
- 21 (i) the enterprise fund type, which accounts for 22 operations:
- (A) that are financed and operated in a manner similar 23 to private business enterprises whenever the intent of the legislature is that costs (i.e., expenses, including

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depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or

- (B) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes; and
 - (ii) the internal service fund type, which accounts for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursed basis;
 - (c) the fiduciary fund category, which includes trust and agency fund types used to account for assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds. These include the:
 - (i) expendable trust fund type;
- (ii) nonexpendable trust fund type;
- 21 (iii) pension trust fund type; and
- 22 (iv) agency fund type.

- 23 (d) the university higher education funds, which 24 include:
- 25 (i) the university current fund, which accounts for

moneys deposited in the state treasury which are used to pay
current operating costs relating to instruction, research,
public service, and allied support operations and programs
conducted within the Montana university system and
postsecondary vocational-technical centers. The financial
activities of the university current fund shall be
subdivided, for operation purposes, into the four following
subfunds to serve the purpose indicated:

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- (A) The unrestricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the legislature.
- (B) The restricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations but only for purposes imposed by sources external to the board of regents and the legislature.
- (C) The designated subfund segregates that portion of the university current fund's financial resources that is associated with general operations but is separately classified in order to accumulate costs that are to be recharged as allocated to other funds or subfunds; identifies financial activities related to special organized activities of educational departments wherein the activity

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

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- (D) The auxiliary subfund segregates that portion of the university current fund's financial resources that is devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee, which is directly related to but does not necessarily equal the cost of the service provided, is charged to the consumer.
- (ii) the university student loan fund, which accounts for moneys deposited in the state treasury which may be loaned to students, faculty, or staff for purposes related to education, organized research, or public services by the Montana university system and postsecondary vocational-technical centers;
- (iii) the university endowment fund, which accounts for moneys deposited in the state treasury by the Montana university system and postsecondary vocational-technical centers wherein the principal portion of the amount received is nonexpendable but is available for investment, thus producing consumable income. Expendable earnings on endowment funds are to be transferred to appropriate operating funds pursuant to prevailing administrative requirements.

- 1 (iv) the university annuity and life income fund, which 2 accounts for moneys deposited in the state treasury by the 3 Montana university system and postsecondary vocational-technical centers under an agreement whereby the 5 moneys are made available on condition that the receiving unit of the Montana university system or postsecondary 6 vocational-technical center binds itself to pay stipulated amounts periodically to the donor or others designated by R the donor over a specified period of time: 9
- (v) the university plant fund, which accounts for 10 11 those financial resources allocated to or received by the 12 Montana university system and postsecondary vocational-technical centers for capital outlay purposes or 13 to retire long-term debts associated with construction or 14 acquisition of fixed assets and the net accumulative results 15 16 of these activities; and
- 17 (vi) the university agency fund, which accounts for
 18 moneys deposited in the state treasury wherein the Montana
 19 university system or a postsecondary vocational-technical
 20 center acts in the capacity of a custodian or fiscal agent
 21 for individual students, faculty, staff, and qualified
 22 organizations.
- 23 (2) In addition to the funds provided for in 24 subsection (1) of this section, there are in the state 25 treasury the following account groups:

(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 higher education funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section; and

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(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 higher education funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section." Section 2. Section 17-2-107, MCA, is amended to read: "17-2-107. Accurate accounting records 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 balance of each fund and each account. The department of administration shall adopt the necessary procedures insure ta that interdepartmental intradepartmental transfers of money do not result in inflation of figures reflecting total governmental costs and 1 revenues.

- (2) When the expenditure of an appropriation is 2 necessary and the cash balance in the account from which the 3 appropriation was made is insufficient, the department of 4 administration may authorize a transfer, as a temporary loan 5 bearing no interest, of unrestricted moneys from other 6 accounts, provided that there is reasonable evidence that 7 the income provided for the remainder of the fiscal year Я 9 will be sufficient to restore the amount so transferred and provided the loan is recorded in the state accounting 10 records. The loan must be repaid before the end of the 11 fiscal year unless it is extended under the criteria of 12 subsection (3) or by specific legislative authorization. No 13 account shall be so impaired that all proper demands thereon 14 cannot be met even if the loan is extended. 15
- 16 (3) No loan may be extended into the next fiscal year
 17 unless it is for the sole purpose of:
- 18 (a) repairing or replacing property damage covered by
 19 insurance: or
- 20 (b) payment of expenses which will later be reimbursed
 21 by:
 - (i) contractual receipts due from federal revenue;
- 23 (ii) receipts due to the auxiliary and restricted
 24 subfunds; or
- 25 (iii) receipts due to the loan fund.

year if the department of administration receives sufficient written justification therefor from the borrower. A loan extended beyond the fiscal yearend must be repaid within 1 calendar year of the date the loan is approved. Under unusual circumstances the director of the department of administration may grant one extension of a loan for up to 1 year. The department of administration shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session.

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- (5) Any loan from the general fund or the university current unrestricted subfund to funds designated in subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102 shall bear interest at a rate equivalent to the previous fiscal year's average rate of return on the board of investment's short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings are credited to the state general fund.
- 23 (6) No accounting entity may have a negative cash 24 balance at fiscal yearend. The department of administration 25 may, however, allow any entity to carry a negative balance

at any point during the fiscal year subject to the following

restrictions:

- 3 (a) Accounting entity negative cash balances may not 4 exist more than 7 working days in the funds provided in 5 subsections (1)(a) through (1)(c) of 17-2-102.
- 6 (b) Units of the university system and postsecondary
 7 vocational-technical centers must maintain positive cash
 8 balances in the subfunds provided in subsections
 9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
 10 (1)(d)(vi) of 17-2-102."

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APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

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2	INTRODUCED BY Stimes of Famel Mile the
3	BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE
6	TREATMENT OF POSTSECONDARY VOCATIONAL-TECHNICAL CENTER FUNDS
7	FOR PURPOSES OF THE STATEWIDE BUDGETING AND ACCOUNTING
8	SYSTEM; AMENDING SECTIONS 17-2-102 AND 17-2-107, MCA."
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10	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11	Section 1. Section 17-2-102, MCA, is amended to read:
12	"17-2-102. Fund structure. (1) There are in the state
13	treasury only the following fund categories and types:
14	(a) governmental fund category, which includes:
15	(i) the general fund, which accounts for all financial
16	resources except those required to be accounted for in
17	another fund;
18	(ii) the special revenue fund type, which accounts for
19	the proceeds of specific revenue sources (other than
20	expendable trusts or major capital projects) that are
21	legally restricted to expenditure for specified purposes.
22	The financial activities of the special revenue fund type
23	shall be subdivided for operational purposes into the
24	following funds to serve the purpose indicated:
25	(A) The state special revenue fund consists of money

- from state sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government.
- (B) The federal special revenue fund consists of money 4 deposited in the treasury from federal sources, including trust income, that is used for the operation of state government.
- (C) The other special revenue funds consist of money deposited in the state treasury from private sources, 10 including trust income, that is used for the operation of state government and money used to defray reimbursable 11 12 expenditures.
- 13 (iii) the capital projects fund type, which accounts for financial resources to be used for the acquisition or 14 15 construction of major capital facilities, other than those 16 financed by proprietary funds or trust funds; and
- 17 (iv) the debt service fund type, which accounts for the accumulation of resources for and the payment of general 18 19 long-term debt principal and interest;
- 20 (b) proprietary fund category, which includes:
- 21 (i) the enterprise fund type, which accounts for operations: 22
- 23 (A) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs (i.e., expenses, including

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- 1 depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or
- 4 (B) whenever the legislature has decided that periodic 5 determination of revenue earned, expenses incurred, or net 6 income is appropriate for capital maintenance, public 7 policy, management control, accountability, or other 8 purposes; and
 - (ii) the internal service fund type, which accounts for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursed basis;
 - (c) the fiduciary fund category, which includes trust and agency fund types used to account for assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds. These include the:
 - (i) expendable trust fund type;
- 20 (ii) nonexpendable trust fund type;
- 21 (iii) pension trust fund type; and
- 22 (iv) agency fund type.

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- (d) the university higher education funds, 23 which 24 include:
- 25 (i) the university current fund, which accounts for

2 current operating costs relating to instruction, research, public service, and allied support operations and programs conducted within the Montana university system and postsecondary vocational-technical centers. The financial

moneys deposited in the state treasury which are used to pay

- activities of the university current fund shall be
- subdivided, for operation purposes, into the four following
- subfunds to serve the purpose indicated:

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- (A) The unrestricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the legislature.
- (B) The restricted subfund segregates that portion of 14 15 the university current fund's financial resources that can 16 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 of the university current fund's financial resources that is 20 21 with general operations but is separately classified in order to accumulate costs that are to be 22 recharged as allocated to other funds or subfunds: 24 identifies financial activities related to special organized 25 activities of educational departments wherein the activity

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

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- (D) The auxiliary subfund segregates that portion of the university current fund's financial resources that is devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee, which is directly related to but does not necessarily equal the cost of the service provided, is charged to the consumer.
 - (ii) the university student loan fund, which accounts for moneys deposited in the state treasury which may be loaned to students, faculty, or staff for purposes related to education, organized research, or public services by the Montana university system and postsecondary vocational-technical centers;
 - (iii) the university endowment fund, which accounts for moneys deposited in the state treasury by the Montana university system and postsecondary vocational-technical centers wherein the principal portion of the amount received is nonexpendable but is available for investment, thus producing consumable income. Expendable earnings on funds are to be transferred to appropriate endowment operating funds pursuant to prevailing administrative requirements.

- (iv) the university annuity and life income fund, which 1 accounts for moneys deposited in the state treasury by the 7 Montana university system and postsecondary vocational-technical centers under an agreement whereby the moneys are made available on condition that the receiving unit of the Montana university system or postsecondary vocational-technical center binds itself to pay stipulated amounts periodically to the donor or others designated by 9 the donor over a specified period of time;
- 10 (v) the university plant fund, which accounts for those financial resources allocated to or received by the university system postsecondary 12 Montana and vocational-technical centers for capital outlay purposes or 13 14 to retire long-term debts associated with construction or acquisition of fixed assets and the net accumulative results 15 16 of these activities; and
 - (vi) the university agency fund, which accounts for moneys deposited in the state treasury wherein the Montana university system or a postsecondary vocational-technical center acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff, and qualified organizations.
- (2) In addition to the funds provided for 23 24 subsection (1) of this section, there are in the state treasury the following account groups:

(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 higher education funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section; and

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(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 higher education funds designated in subsections 13 (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section." 14 Section 2. Section 17-2-107, MCA, is amended to read: 15 "17-2-107. Accurate accounting records 16 interaccount loans. (1) The department of administration 17 shall record receipts and disbursements for treasury funds 18 and for accounts within treasury funds and shall maintain 19 records in such a manner as to reflect the total cash and 20 invested balance of each fund and each account. The 21 department of administration shall adopt the necessary 22 interdepartmental or procedures to insure that 23 intradepartmental transfers of money do not result in 24 inflation of figures reflecting total governmental costs and 25

- revenues.
- 2 (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 10 records. The loan must be repaid before the end of the 11 12 fiscal year unless it is extended under the criteria of 13 subsection (3) or by specific legislative authorization. No account shall be so impaired that all proper demands thereon 14 15 cannot be met even if the loan is extended.
- 16 (3) No loan may be extended into the next fiscal year
 17 unless it is for the sole purpose of:
- 18 (a) repairing or replacing property damage covered by
 19 insurance; or
- 20 (b) payment of expenses which will later be reimbursed 21 by:
- (i) contractual receipts due from federal revenue;
- 23 (ii) receipts due to the auxiliary and restricted 24 subfunds; or
- 25 (iii) receipts due to the loan fund.

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year if the department of administration receives sufficient written justification therefor from the borrower. A loan extended beyond the fiscal yearend must be repaid within 1 calendar year of the date the loan is approved. Under unusual circumstances the director of the department of administration may grant one extension of a loan for up to 1 year. The department of administration shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session.

current unrestricted subfund to funds designated in subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102 shall bear interest at a rate equivalent to the previous fiscal year's average rate of return on the board of investment's short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings are credited to the state general fund.

(6) No accounting entity may have a negative cash balance at fiscal yearend. The department of administration may, however, allow any entity to carry a negative balance 1 at any point during the fiscal year subject to the following
2 restrictions:

3 (a) Accounting entity negative cash balances may not 4 exist more than 7 working days in the funds provided in 5 subsections (1)(a) through (1)(c) of 17-2-102.

6 (b) Units of the university system and postsecondary
7 vocational-technical centers must maintain positive cash
8 balances in the subfunds provided in subsections
9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
10 (1)(d)(vi) of 17-2-102."

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1	Sente BILL NO. 117
2	INTRODUCED By Jimas Jay Famel Hill themman
3	BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE TREATMENT OF POSTSECONDARY VOCATIONAL-TECHNICAL CENTER FUNDS FOR PURPOSES OF THE STATEWIDE BUDGETING AND ACCOUNTING SYSTEM; AMENDING SECTIONS 17-2-102 AND 17-2-107, MCA."

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

Section 1. Section 17-2-102, MCA, is amended to read:

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

- (a) governmental fund category, which includes:
- (i) the general fund, which accounts for all financial resources except those required to be accounted for in another fund;
- (ii) the special revenue fund type, which accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The financial activities of the special revenue fund type shall be subdivided for operational purposes into the following funds to serve the purpose indicated:
 - (A) The state special revenue fund consists of money

from state sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government.

- (B) The federal special revenue fund consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government.
- 8 (C) The other special revenue funds consist of money
 9 deposited in the state treasury from private sources,
 10 including trust income, that is used for the operation of
 11 state government and money used to defray reimbursable
 12 expenditures.
- (iii) the capital projects fund type, which accounts
 for financial resources to be used for the acquisition or
 construction of major capital facilities, other than those
 financed by proprietary funds or trust funds; and
- 17 (iv) the debt service fund type, which accounts for the 18 accumulation of resources for and the payment of general 19 long-term debt principal and interest;
- 20 (b) proprietary fund category, which includes:
- 21 (i) the enterprise fund type, which accounts for 22 operations:
- 23 (A) that are financed and operated in a manner similar 24 to private business enterprises whenever the intent of the 25 legislature is that costs (i.e., expenses, including

- depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or
- (B) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes; and
 - (ii) the internal service fund type, which accounts for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursed basis;
 - (c) the fiduciary fund category, which includes trust and agency fund types used to account for assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds. These include the:
 - (i) expendable trust fund type;
- 20 (ii) nonexpendable trust fund type;
- 21 (iii) pension trust fund type; and
- 22 (iv) agency fund type.

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 24 include:
- 25 (i) the university current fund, which accounts for

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

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- (A) The unrestricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the legislature.
- (B) The restricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations but only for purposes imposed by sources external to the board of regents and the legislature.
- (C) The designated subfund segregates that portion of the university current fund's financial resources that a associated with general operations but is separately classified in order to accumulate costs that are to be recharged as allocated to other funds or subfunds; identifies financial activities related to special organized activities of educational departments wherein the activity

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- (D) The auxiliary subfund segregates that portion of the university current fund's financial resources that is devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee, which is directly related to but does not necessarily equal the cost of the service provided, is charged to the consumer.
- (ii) the university student loan fund, which accounts for moneys deposited in the state treasury which may be loaned to students, faculty, or staff for purposes related to education, organized research, or public services by the university system and Montana postsecondary vocational-technical centers;
- (iii) the university endowment fund, which accounts for moneys deposited in the state treasury by the Montana university system and postsecondary vocational-technical centers wherein the principal portion of the amount received is nonexpendable but is available for investment, thus producing consumable income. Expendable earnings on endowment funds are to be transferred to appropriate operating funds pursuant to prevailing administrative requirements.

- 1 (iv) the university annuity and life income fund, which accounts for moneys deposited in the state treasury by the Montana university system and postsecondary 3 vocational-technical centers under an agreement whereby the moneys are made available on condition that the receiving unit of the Montana university system or postsecondary vocational-technical center binds itself to pay stipulated amounts periodically to the donor or others designated by the donor over a specified period of time;
 - (v) the university plant fund, which accounts for those financial resources allocated to or received by the Montana university system and postsecondary vocational-technical centers for capital outlay purposes or to retire long-term debts associated with construction or acquisition of fixed assets and the net accumulative results of these activities; and
- (vi) the university agency fund, which accounts for 17 18 moneys deposited in the state treasury wherein the Montana university system or a postsecondary vocational-technical center acts in the capacity of a custodian or fiscal agent 21 for individual students, faculty, staff, and qualified organizations. 22
- (2) In addition to the funds provided 23 24 subsection (1) of this section, there are in the state 25 treasury the following account groups:

(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 higher education funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section; and

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(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 higher education funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section." Section 2. Section 17-2-107, MCA, is amended to read: "17-2-107. Accurate accounting records 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 insure that interdepartmental or intradepartmental transfers of money do not result in inflation of figures reflecting total governmental costs and revenues.

- 2 (2) When the expenditure of an appropriation is 3 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 9 10 provided the loan is recorded in the state accounting records. The loan must be repaid before the end of the 11 fiscal year unless it is extended under the criteria of 12 13 subsection (3) or by specific legislative authorization. No 14 account shall be so impaired that all proper demands thereon 15 cannot be met even if the loan is extended.
- 16 (3) No loan may be extended into the next fiscal year

 17 unless it is for the sole purpose of:
- 18 (a) repairing or replacing property damage covered by
 19 insurance; or
- 20 (b) payment of expenses which will later be reimbursed 21 by:
- 22 (i) contractual receipts due from federal revenue;
- 23 (ii) receipts due to the auxiliary and restricted
 24 subfunds; or
- 25 (iii) receipts due to the loan fund.

year if the department of administration receives sufficient written justification therefor from the borrower. A loan extended beyond the fiscal yearend must be repaid within 1 calendar year of the date the loan is approved. Under unusual circumstances the director of the department of administration may grant one extension of a loan for up to 1 year. The department of administration shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session.

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- (5) Any loan from the general fund or the university current unrestricted subfund to funds designated in subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102 shall bear interest at a rate equivalent to the previous fiscal year's average rate of return on the board of investment's short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings are credited to the state general fund.
- 23 (6) No accounting entity may have a negative cash
 24 balance at fiscal yearend. The department of administration
 25 may, however, allow any entity to carry a negative balance

- at any point during the fiscal year subject to the following restrictions:
- 3 (a) Accounting entity negative cash balances may not 4 exist more than 7 working days in the funds provided in 5 subsections (1)(a) through (1)(c) of 17-2-102.
- 6 (b) Units of the university system and postsecondary
 7 vocational-technical centers must maintain positive cash
 8 balances in the subfunds provided in subsections
 9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
 10 (1)(d)(vi) of 17-2-102."

-End-

49th Legislature SB 0117/02 SB 0117/02

1	SENATE BILL NO. 117
2	INTRODUCED BY HIMSL, GAGE, FARRELL, H. HAMMOND
3	BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE
6	TREATMENT OF POSTSECONDARY VOCATIONAL-TECHNICAL CENTER FUNDS
7	FOR PURPOSES OF THE STATEWIDE BUDGETING AND ACCOUNTING
8	SYSTEM; AMENDING SECTIONS 17-2-102 AND 17-2-107, MCA."
9	
10	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11	Section 1. Section 17-2-102, MCA, is amended to read:
12	"17-2-102. Fund structure. (1) There are in the state
13	treasury only the following fund categories and types:
14	(a) governmental fund category, which includes:
15	(i) the general fund, which accounts for all financial
16	resources except those required to be accounted for in
17	another fund;
18	(ii) the special revenue fund type, which accounts for
19	the proceeds of specific revenue sources (other than
20	expendable trusts or major capital projects) that are
21	legally restricted to expenditure for specified purposes.
22	The financial activities of the special revenue fund type

shall be subdivided for operational purposes into the

(A) The state special revenue fund consists of money

following funds to serve the purpose indicated:

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1	from state	sources	deposited in the state treasury that	is
2	earmarked	for the	purposes of defraying particular costs	of
3	an agency,	program,	or function of state government.	

(B) The federal special revenue fund consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government.

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- (C) The other special revenue funds consist of money 8 deposited in the state treasury from private sources, 9 including trust income, that is used for the operation of 10 state government and money used to defray reimbursable 11 12 expenditures.
 - (iii) the capital projects fund type, which accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds; and
- (iv) the debt service fund type, which accounts for the 17 accumulation of resources for and the payment of general 18 long-term debt principal and interest;
 - (b) proprietary fund category, which includes:
- (i) the enterprise fund type, which accounts for 21 22 operations:
- (A) that are financed and operated in a manner similar 23 to private business enterprises whenever the intent of the 24 legislature is that costs (i.e., expenses, including

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- depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or
- 4 (B) whenever the legislature has decided that periodic
 5 determination of revenue earned, expenses incurred, or net
 6 income is appropriate for capital maintenance, public
 7 policy, management control, accountability, or other
 8 purposes; and
- 9 (ii) the internal service fund type, which accounts for 10 the financing of goods or services provided by one 11 department or agency to other departments or agencies of 12 state government or to other governmental entities on a 13 cost-reimbursed basis:
- 14 (c) the fiduciary fund category, which includes trust
 15 and agency fund types used to account for assets held by
 16 state government in a trustee capacity or as an agent for
 17 individuals, private organizations, other governmental
 18 entities, or other funds. These include the:
- (i) expendable trust fund type:
- 20 (ii) nonexpendable trust fund type;
- 21 (iii) pension trust fund type; and
- 22 (iv) agency fund type.
- 23 (d) the university higher education funds, which include:
- 25 (i) the university current fund, which accounts for

- moneys deposited in the state treasury which are used to pay
 current operating costs relating to instruction, research,
 public service, and allied support operations and programs
 conducted within the Montana university system and
 postsecondary vocational-technical centers. The financial
 activities of the university current fund shall be
 subdivided, for operation purposes, into the four following
 subfunds to serve the purpose indicated:
- 9 (A) The unrestricted subfund segregates that portion
 10 of the university current fund's financial resources that
 11 can be expended for general operations and is free of
 12 externally imposed restrictions, except those imposed by the
 13 legislature.
 - (B) The restricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations but only for purposes imposed by sources external to the board of regents and the legislature.
- 19 (C) The designated subfund segregates that portion of
 20 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

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

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- (D) The auxiliary subfund segregates that portion of the university current fund's financial resources that is devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee, which is directly related to but does not necessarily equal the cost of the service provided, is charged to the consumer.
- (ii) the university student loan fund, which accounts for moneys deposited in the state treasury which may be loaned to students, faculty, or staff for purposes related to education, organized research, or public services by the Montana university system and postsecondary vocational-technical centers;
- (iii) the university endowment fund, which accounts for moneys deposited in the state treasury by the Montana university system and postsecondary vocational-technical centers wherein the principal portion of the amount received is nonexpendable but is available for investment, thus producing consumable income. Expendable earnings on endowment funds are to be transferred to appropriate operating funds pursuant to prevailing administrative requirements.

- 1 (iv) the university annuity and life income fund, which accounts for moneys deposited in the state treasury by the Montana university 3 system and postsecondary vocational-technical centers under an agreement whereby the moneys are made available on condition that the receiving unit of the Montana university system or postsecondary 6 vocational-technical center binds itself to pay stipulated amounts periodically to the donor or others designated by the donor over a specified period of time: q
- (v) the university plant fund, which accounts for 10 11 those financial resources allocated to or received by the 12 Montana university system and postsecondary vocational-technical centers for capital outlay purposes or 13 to retire long-term debts associated with construction or 14 acquisition of fixed assets and the net accumulative results 15 of these activities; and 16
- (vi) the university agency fund, which accounts for moneys deposited in the state treasury wherein the Montana university system or a postsecondary vocational-technical center acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff, and qualified organizations.
- 23 (2) In addition to the funds provided for in 24 subsection (1) of this section, there are in the state 25 treasury the following account groups:

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

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(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 higher education funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section." Section 2. Section 17-2-107, MCA, is amended to read: "17-2-107. Accurate accounting records 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 insure that interdepartmental intradepartmental transfers of money do not result in inflation of figures reflecting total governmental costs and

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- l revenues.
- 2 (2) When the expenditure of an appropriation is necessary and the cash balance in the account from which the 3 4 appropriation was made is insufficient, the department of administration may authorize a transfer, as a temporary loan 5 bearing no interest, of unrestricted moneys from other 6 accounts, provided that there is reasonable evidence that the income provided for the remainder of the fiscal year 9 will be sufficient to restore the amount so transferred and 10 provided the loan is recorded in the state accounting records. The loan must be repaid before the end of the 11 12 fiscal year unless it is extended under the criteria of 13 subsection (3) or by specific legislative authorization. No account shall be so impaired that all proper demands thereon 14 1.5 cannot be met even if the loan is extended.
- 16 (3) No loan may be extended into the next fiscal year
 17 unless it is for the sole purpose of:
- 18 (a) repairing or replacing property damage covered by insurance; or
- 20 (b) payment of expenses which will later be reimbursed
 21 by:
- 22 (i) contractual receipts due from federal revenue;
- 23 (ii) receipts due to the auxiliary and restricted
 24 subfunds; or

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25 (iii) receipts due to the loan fund.

year if the department of administration receives sufficient written justification therefor from the borrower. A loan extended beyond the fiscal yearend must be repaid within 1 calendar year of the date the loan is approved. Under unusual circumstances the director of the department of administration may grant one extension of a loan for up to 1 year. The department of administration shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session.

- (5) Any loan from the general fund or the university current unrestricted subfund to funds designated in subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102 shall bear interest at a rate equivalent to the previous fiscal year's average rate of return on the board of investment's short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings are credited to the state general fund.
- 23 (6) No accounting entity may have a negative cash 24 balance at fiscal yearend. The department of administration 25 may, nowever, allow any entity to carry a negative balance

- at any point during the fiscal year subject to the following restrictions:
- (a) Accounting entity negative cash balances may not exist more than 7 working days in the funds provided in subsections (1)(a) through (1)(c) of 17-2-102.
- (b) Units of the university system and postsecondary vocational-technical centers must maintain positive cash balances in the subfunds provided in subsections (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102."

-End-