



MONTANA UNIVERSITY SYSTEM
Office of the Commissioner of Higher Education

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TO: Amy Carlson
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FROM: Shauna Lyons, MUS Director of Accounting & Budget
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DATE: August 31, 2022

SUBJECT: Report to the Legislative Finance Committee: FY 22 Montana University System
Inter-Entity Loans [17-2-107(5), MCA] and Negative Cash Balance [17-2-107(6),
MCA]

Inter-Entity Loans Authorized to the Same Fund for 2 consecutive fiscal years

Loans to the Restricted Funds – Restricted funds account for sponsored activity, such as research or specific federal grants or contracts. Sponsored grants and contracts expenditures are generally made in advance of the cost reimbursement. An inter-entity loan bridges the timing of the expenditures and the subsequent receipt of cash from the sponsoring agency to maintain a positive cash balance. Due to the recurring nature of reimbursement grant expenses, inter-entity loans are used throughout the year. The outstanding loans to the restricted fund at fiscal year-end 2022, are shown on the attached worksheet as items 1 through 4.

The Office of the Commissioner of Higher Education – University millage collections have not met the appropriation level for 2 consecutive fiscal years. An inter-entity loan was needed in FY21 in the amount of \$1,056,146 and \$217,769 in FY22. The FY21 loan was paid off. The FY22 is reported on line 5 of the attached report.

Negative Cash Balance for 2 consecutive fiscal years

The Montana University System did not have any negative cash balances for 2 consecutive fiscal years in any SABHRS level fund at fiscal year-end 2022.