



MONTANA UNIVERSITY SYSTEM
Office of the Commissioner of Higher Education

560 N. Park Ave ♦ PO Box 203201 ♦ Helena, Montana 59601
(406)449-9125

TO: Amy Carlson
Legislative Fiscal Analyst

FROM: Frieda Houser, Director *F.H.*
Fiscal Affairs, Montana University System

DATE: August 29, 2018

SUBJECT: Report to the Legislative Finance Committee: FY 18 Montana University System Inter-Entity Loans [17-2-107(5), 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. Because of 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 2018, are shown on the attached worksheet as items 1 through 5.

Loans to Other Funds –Montana State University-Northern has an outstanding loan to address an operating loss in the Auxiliary fund. This loan is noted as item 6 on the attached worksheet.

The Office of the Commissioner of Higher Education has seen university millage collections not meeting the appropriation level for the past four state fiscal years. An inter-entity loan was used in FY 18, in the amount of \$465,357. This loan is reported as item 7 on the attached worksheet. The loan amount was determined based upon the expected FY 18 collections which left the funding short by \$5,473. This is a vast improvement over the previous three years.

MONTANA UNIVERSITY SYSTEM INTER-ENTITY LOANS/ADVANCES AUTHORIZED TO THE SAME FUND FOR 2 FISCAL YEARS

Item	Unit	Fund	Fund Type	Purpose of Loan	FYE 18	
					Receivable	Payable
1	University of Montana	33100 32100	Designated Restricted	Grants & Contracts timing of reimbursements	\$ 8,850,000	\$ 8,850,000
2	Montana State University	33200 32200	Designated Restricted		\$ 9,000,000	\$ 9,000,000
3	Montana Tech	33500 32500	Designated Restricted		\$ 1,000,000	\$ 1,000,000
4	University of Montana - Western	33600 32600	Designated Restricted		\$ 270,000	\$ 270,000
5	Montana State University - Northern	33401 32401	Designated Restricted		\$ 225,000	\$ 225,000
6	Montana State University - Northern	33401 34401	MSU Northern Designated MSU Northern Auxiliary	Auxiliary Operating Loss MSU-Northern	\$ 340,000	\$ 340,000
7	Office of the Commissioner of Higher Education	01100 02443	General Fund University Millage	University Millage loan for expected collections in FY 18. The loan was paid off at the beginning of FY 19.	\$ 465,357	\$ 465,357