

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

SUBJECT: FINANCIAL AFFAIRS

Policy # Establishment of Reserve Revolving Accounts

Board Policy:

1. The campuses of the Montana University System are authorized to establish "Reserve Revolving Accounts" in the Designated Subfund for the purpose of managing and mitigating the impact of unanticipated revenue shortfalls.
2. The Reserve Revolving Accounts will be utilized exclusively for:
 - a. the systematic deposit of General Operating funds according to an approved Business Plan;
 - b. the transfer of funds from this Account to cover documented revenue shortfalls in the General Operating Subfund.

Procedures:

1. All business plans must contain a pledge that the account will be reserved exclusively for the deposit of General Operating funds, which will be used exclusively to cover unanticipated revenue shortfalls in the General Operating account.
 2. Balances in the Reserve Revolving Accounts may not exceed 2% of the prior year General Operating Budget unless specifically authorized by the Board of Regents.
 3. All transfers out of the Reserve Revolving Accounts must be supported by documented revenue shortfalls from the Regents approved budget level.
 4. Any balance remaining in the Reserve Revolving Accounts at year end will be retained in the account for use in future years.
 5. The Commissioner is authorized to approve business plans for Reserve Revolving Accounts.
 6. A campus that transfers funds out of an established Reserve Revolving Account must provide documentation to the Commissioner that a revenue shortfall exists and the transfer is necessary to mitigate the impact of the shortfall.
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