

**STATE OF MONTANA  
LEGISLATIVE BRANCH  
EXCLUDING THE CONSUMER COUNSEL  
FINANCIAL-COMPLIANCE AUDIT FOR THE  
TWO FISCAL YEARS ENDED JUNE 30, 2009**

**JUNKERMIER, CLARK, CAMPANELLA, STEVENS, P.C.  
Certified Public Accountants and Business Advisors**

# LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor  
Monica Huyg, Legal Counsel



Deputy Legislative Auditors:  
James Gillett  
Angie Grove

October 2009

The Legislative Audit Committee  
of the Montana State Legislature:

Enclosed is the report on the financial audit of the Montana Legislative Branch for the two fiscal years ended June 30, 2009.

The audit was conducted by Junkermier, Clark, Campanella, Stevens, PC under a contract between the firm and our office. The comments contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

The Branch's written response to the report is included in the back of the audit report.

Respectfully submitted,

*/s/ Tori Hunthausen*

Tori Hunthausen, CPA  
Legislative Auditor

09C-09

**STATE OF MONTANA  
LEGISLATIVE BRANCH  
EXCLUDING THE CONSUMER COUNSEL  
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**LEGISLATIVE BRANCH  
EXCLUDING THE CONSUMER COUNSEL  
ELECTED AND APPOINTED OFFICIALS  
AS OF JUNE 30, 2009**

LEGISLATIVE COUNCIL AND LEGISLATIVE SERVICES DIVISION

REPRESENTATIVES

Bob Bergren  
Tom McGillvray  
Margarett Campbell  
Dennis Himmelberger - Presiding Officer  
Jesse O'Hara  
Mike Phillips

SENATORS

Carol Williams - Vice Presiding Officer  
John Brueggeman  
Jeff Essmann  
Jesse Laslovich  
Robert Story, Jr.  
David Wanzenried

EXECUTIVE DIRECTOR: Susan Byorth Fox

LEGISLATIVE AUDIT COMMITTEE AND LEGISLATIVE AUDIT DIVISION

REPRESENTATIVES

Dee Brown  
Scott Mendenhall  
Betsy Hands  
Wayne Stahl  
Carolyn Pease-Lopez  
Bill Wilson

SENATORS

Greg Barkus  
John Brenden  
Taylor Brown  
Mike Cooney  
Mitch Tropila  
Cliff Larsen

LEGISLATIVE AUDITOR: Tori Hunthausen

LEGISLATIVE FINANCE COMMITTEE AND LEGISLATIVE FISCAL DIVISION

REPRESENTATIVES

Glen Hollenbaugh  
Cynthia Hiner  
Llew Jones  
Janna Taylor  
Jon Sesso  
William Glaser

SENATORS

Rick Ripley  
Keith Bales  
Carol Williams  
Steve Gallus  
Dave Wanzenried  
Dave Lewis

LEGISLATIVE FISCAL ANALYST: Clayton L. Schenck



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## **INDEPENDENT AUDITORS' REPORT**

The Legislative Audit Committee  
Of the Montana State Legislature:

We have audited the accompanying financial schedules of the Legislative Branch, excluding the Consumer Counsel (the Legislative Branch), for the fiscal years ended June 30, 2008 and 2009, as listed in the table of contents. These financial schedules are the responsibility of the Branch's management. Our responsibility is to express an opinion on these financial schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the financial schedules, the Legislative Branch's financial schedules are prepared in accordance with state accounting policy, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances of the Legislative Branch for the fiscal years ended June 30, 2008 and 2009, in conformity with the basis of accounting described in Note 1.

This report is intended solely for the information and use of the audit committee, management and the Legislature and is not intended to be and should not be used by anyone other than these specified parties.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2009 on our consideration of the Legislative Branch's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana  
October 28, 2009

**LEGISLATIVE BRANCH**  
**SCHEDULE OF CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**FOR ALL FUNDS**

	<u>General Fund</u>	<u>State Special Revenue Fund</u>
FUND BALANCE: July 1, 2007	\$ <u>(870,484)</u>	\$ <u>1,228,641</u>
ADDITIONS		
Budgeted Revenues & Transfers-In	6,280	3,707,389
Nonbudgeted Revenues & Transfers-In	3,105	36,378
Prior Year Revenues & Transfers-In Adjustments	74	67,307
Direct Entries to Fund Balance	11,350,227	138,034
Total Additions	<u>11,359,686</u>	<u>3,949,108</u>
REDUCTIONS		
Budgeted Expenditures & Transfers-Out	10,688,362	2,329,173
Nonbudgeted Expenditures & Transfers-Out	12	15
Prior Year Expenditures & Transfers-Out Adjustments	331,633	1,128
Total Reductions	<u>11,020,007</u>	<u>2,330,316</u>
FUND BALANCE: June 30, 2008	\$ <u><u>(530,805)</u></u>	\$ <u><u>2,847,433</u></u>

See notes to the financial schedules.

**LEGISLATIVE BRANCH**  
**SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**FOR ALL FUNDS**

	<u>General Fund</u>	<u>State Special Revenue Fund</u>	<u>Total</u>
TOTAL REVENUES & TRANSFERS-IN BY CLASS			
Taxes	\$ 2,582		\$ 2,582
Charges for Services		\$ 1,757,874	1,757,874
Investment Earnings		63,361	63,361
Sale of Documents, Merchandise and Property	6,305	1,259,739	1,266,044
Transfers-in		730,100	730,100
Miscellaneous	572		572
Total Revenues & Transfers-In	<u>9,459</u>	<u>3,811,074</u>	<u>3,820,533</u>
Less: Nonbudgeted Revenues & Transfers-In	3,105	36,378	39,483
Prior Year Revenues & Transfers-In Adjustments	74	67,307	67,381
Actual Budgeted Revenues & Transfers-In	<u>6,280</u>	<u>3,707,389</u>	<u>3,713,669</u>
Estimated Revenues & Transfers-In	6,154	3,630,015	3,636,169
Budgeted Revenues & Transfers-In Over (Under) Estimated	<u>\$ 126</u>	<u>\$ 77,374</u>	<u>\$ 77,500</u>
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS			
Taxes	\$ (2,154)		\$ (2,154)
Charges for Services		\$ 83,022	83,022
Investment Earnings		(13,880)	(13,880)
Sale of Documents, Merchandise and Property	2,280	78,982	81,262
Grants, Contracts, and Donations		(300)	(300)
Transfers-in		(70,450)	(70,450)
Budgeted Revenues & Transfers-In Over (Under) Estimated	<u>\$ 126</u>	<u>\$ 77,374</u>	<u>\$ 77,500</u>

See notes to the financial schedules.

**LEGISLATIVE BRANCH**  
**SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**FOR ALL FUNDS**

	<u>AUDIT &amp; EXAMINATION</u>	<u>FISCAL ANALYSIS &amp; REVIEW</u>	<u>LEGIS. COMMITTEES &amp; ACTIVITIES</u>	<u>LEGISLATIVE SERVICES</u>	<u>LEGISLATIVE SERVICES FEED BILL</u>	<u>LEGISLATURE - HOUSE</u>	<u>LEGISLATURE - SENATE</u>	<u>Total</u>
<b>PROGRAM (ORG) EXPENDITURES &amp; TRANSFERS-OUT</b>								
Personal Services								
Salaries	\$ 2,634,021	\$ 1,161,500	\$ 105,914	\$ 3,137,800	\$ 326	\$ 32,462	\$ 16,657	\$ 7,088,680
Other Compensation						19,355	9,085	28,440
Employee Benefits	728,815	296,408	9,996	855,126	31	724,529	371,465	2,986,370
Total	<u>3,362,836</u>	<u>1,457,908</u>	<u>115,910</u>	<u>3,992,926</u>	<u>357</u>	<u>776,346</u>	<u>397,207</u>	<u>10,103,490</u>
Operating Expenses								
Other Services	35,052	6,684	146,845	925,303	28,007	2,495	3,048	1,147,434
Supplies & Materials	29,000	4,696	769	413,909	478	196	934	449,962
Communications	23,803	8,384	4,182	127,795	6,778	1,108	274	172,324
Travel	46,428	18,837	215,501	22,433		18,891	9,854	331,944
Rent				190,152				190,152
Repair & Maintenance	130			142,238				142,368
Other Expenses	35,787	16,415	234,438	87,400		12,796	3,154	389,990
Total	<u>170,200</u>	<u>55,016</u>	<u>601,735</u>	<u>1,909,230</u>	<u>35,263</u>	<u>35,486</u>	<u>17,264</u>	<u>2,824,194</u>
Equipment & Intangible Assets								
Equipment				92,539				92,539
Total				<u>92,539</u>				<u>92,539</u>
Transfers-out								
Fund transfers					31,950	66,550	231,600	330,100
Total					<u>31,950</u>	<u>66,550</u>	<u>231,600</u>	<u>330,100</u>
Total Expenditures & Transfers-Out	<u>\$ 3,533,036</u>	<u>\$ 1,512,924</u>	<u>\$ 717,645</u>	<u>\$ 5,994,695</u>	<u>\$ 67,570</u>	<u>\$ 878,382</u>	<u>\$ 646,071</u>	<u>\$ 13,350,323</u>
<b>EXPENDITURES &amp; TRANSFERS-OUT BY FUND</b>								
General Fund	\$ 2,092,835	\$ 1,512,924	\$ 717,645	\$ 5,104,580	\$ 67,570	\$ 878,382	\$ 646,071	\$ 11,020,007
State Special Revenue Fund	<u>1,440,201</u>			<u>890,115</u>				<u>2,330,316</u>
Total Expenditures & Transfers-Out	3,533,036	1,512,924	717,645	5,994,695	67,570	878,382	646,071	13,350,323
Less: Nonbudgeted Expenditures & Transfers-Out				27				27
Prior Year Expenditures & Transfers-Out Adjustments	2,418	(1)		244	31,950	66,550	231,600	332,761
Actual Budgeted Expenditures & Transfers-Out	<u>3,530,618</u>	<u>1,512,925</u>	<u>717,645</u>	<u>5,994,424</u>	<u>35,620</u>	<u>811,832</u>	<u>414,471</u>	<u>13,017,535</u>
Budget Authority	4,105,968	1,537,026	1,151,645	7,152,834	258,714	1,422,124	882,141	16,510,452
Unspent Budget Authority	<u>\$ 575,350</u>	<u>\$ 24,101</u>	<u>\$ 434,000</u>	<u>\$ 1,158,410</u>	<u>\$ 223,094</u>	<u>\$ 610,292</u>	<u>\$ 467,670</u>	<u>\$ 3,492,917</u>
<b>UNSPENT BUDGET AUTHORITY BY FUND</b>								
General Fund	\$ 265,812	\$ 24,101	\$ 434,000	\$ 825,127	\$ 223,094	\$ 610,292	\$ 467,670	\$ 2,850,096
State Special Revenue Fund	<u>309,538</u>			<u>333,283</u>				<u>642,821</u>
Unspent Budget Authority	<u>\$ 575,350</u>	<u>\$ 24,101</u>	<u>\$ 434,000</u>	<u>\$ 1,158,410</u>	<u>\$ 223,094</u>	<u>\$ 610,292</u>	<u>\$ 467,670</u>	<u>\$ 3,492,917</u>

See notes to the financial schedules.



**LEGISLATIVE BRANCH**  
**SCHEDULE OF CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**FOR ALL FUNDS**

	<u>General Fund</u>	<u>State Special Revenue Fund</u>
FUND BALANCE: July 1, 2008	\$ <u>(530,805)</u>	\$ <u>2,847,433</u>
ADDITIONS		
Budgeted Revenues & Transfers-In	21,638	1,652,498
Nonbudgeted Revenues & Transfers-In	3,180	32,410
Prior Year Revenues & Transfers-In Adjustments		27,268
Direct Entries to Fund Balance	<u>16,696,403</u>	<u>(92,205)</u>
Total Additions	<u>16,721,221</u>	<u>1,619,971</u>
REDUCTIONS		
Budgeted Expenditures & Transfers-Out	16,544,011	3,335,105
Nonbudgeted Expenditures & Transfers-Out	<u>(1,116)</u>	<u>1,453</u>
Total Reductions	<u>16,542,895</u>	<u>3,336,558</u>
FUND BALANCE: June 30, 2009	\$ <u><u>(352,479)</u></u>	\$ <u><u>1,130,846</u></u>

See notes to the financial schedules.

**LEGISLATIVE BRANCH**  
**SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**FOR ALL FUNDS**

	<u>General Fund</u>	<u>State Special Revenue Fund</u>	<u>Total</u>
TOTAL REVENUES & TRANSFERS-IN BY CLASS			
Taxes	\$ 2,554		\$ 2,554
Charges for Services		\$ 1,487,849	1,487,849
Investment Earnings		16,593	16,593
Sale of Documents, Merchandise and Property	21,638	54,634	76,272
Transfers-in		153,100	153,100
Miscellaneous	626		626
Total Revenues & Transfers-In	24,818	1,712,176	1,736,994
Less: Nonbudgeted Revenues & Transfers-In	3,180	32,410	35,590
Prior Year Revenues & Transfers-In Adjustments		27,268	27,268
Actual Budgeted Revenues & Transfers-In	21,638	1,652,498	1,674,136
Estimated Revenues & Transfers-In	48,154	1,790,715	1,838,869
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ (26,516)	\$ (138,217)	\$ (164,733)
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS			
Taxes	\$ (2,154)		\$ (2,154)
Charges for Services		\$ (124,182)	(124,182)
Investment Earnings		(1,702)	(1,702)
Sale of Documents, Merchandise and Property	(24,362)	(11,633)	(35,995)
Grants, Contracts, and Donations		(300)	(300)
Transfers-in		(400)	(400)
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ (26,516)	\$ (138,217)	\$ (164,733)

See notes to the financial schedules.

**LEGISLATIVE BRANCH**  
**SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**FOR ALL FUNDS**

PROGRAM (ORG) EXPENDITURES & TRANSFERS-OUT	<u>AUDIT &amp; EXAMINATION</u>	<u>FISCAL ANALYSIS &amp; REVIEW</u>	<u>LEGIS. COMMITTEES &amp; ACTIVITIES</u>	<u>LEGISLATIVE SERVICES</u>	<u>LEGISLATIVE SERVICES FEED BILL</u>	<u>LEGISLATURE - HOUSE</u>	<u>LEGISLATURE - SENATE</u>	<u>Total</u>
Personal Services								
Salaries	\$ 2,522,026	\$ 1,227,207	\$ 50,946	\$ 3,572,878	\$ 86,180	\$ 1,304,899	\$ 990,202	\$ 9,754,338
Other Compensation						1,171,697	585,849	1,757,546
Employee Benefits	732,456	314,013	4,750	957,260	8,939	959,572	610,439	3,587,429
Total	<u>3,254,482</u>	<u>1,541,220</u>	<u>55,696</u>	<u>4,530,138</u>	<u>95,119</u>	<u>3,436,168</u>	<u>2,186,490</u>	<u>15,099,313</u>
Operating Expenses								
Other Services	42,213	41,233	90,788	958,011	507,029	25,508	19,908	1,684,690
Supplies & Materials	29,140	3,803	522	340,533	5,641	27,043	40,073	446,755
Communications	19,130	11,702	2,327	72,216	39,287	22,966	5,219	172,847
Travel	71,768	16,436	110,190	22,090		120,887	60,939	402,310
Rent			393	199,788		69	69	200,319
Repair & Maintenance	25			132,187				132,212
Other Expenses	37,373	1,722	216,140	141,099	36,000	16,003	11,902	460,239
Total	<u>199,649</u>	<u>74,896</u>	<u>420,360</u>	<u>1,865,924</u>	<u>587,957</u>	<u>212,476</u>	<u>138,110</u>	<u>3,499,372</u>
Equipment & Intangible Assets								
Equipment				1,099,918				1,099,918
Intangible Assets				26,500				26,500
Total				<u>1,126,418</u>				<u>1,126,418</u>
Benefits & Claims								
Insurance Payments				1,250				1,250
Total				<u>1,250</u>				<u>1,250</u>
Transfers-out								
Fund transfers	86,000	3,600	20,800	42,700				153,100
Total	<u>86,000</u>	<u>3,600</u>	<u>20,800</u>	<u>42,700</u>				<u>153,100</u>
Total Expenditures & Transfers-Out	\$ <u>3,540,131</u>	\$ <u>1,619,716</u>	\$ <u>496,856</u>	\$ <u>7,566,430</u>	\$ <u>683,076</u>	\$ <u>3,648,644</u>	\$ <u>2,324,600</u>	\$ <u>19,879,453</u>
EXPENDITURES & TRANSFERS-OUT BY FUND								
General Fund	\$ 1,678,073	\$ 1,619,716	\$ 496,856	\$ 6,091,930	\$ 683,076	\$ 3,648,644	\$ 2,324,600	\$ 16,542,895
State Special Revenue Fund	1,862,058			1,474,500				3,336,558
Total Expenditures & Transfers-Out	3,540,131	1,619,716	496,856	7,566,430	683,076	3,648,644	2,324,600	19,879,453
Less: Nonbudgeted Expenditures & Transfers-Out	(518)	(203)	(16)	1,092		(11)	(7)	337
Prior Year Expenditures & Transfers-Out Adjustments								
Actual Budgeted Expenditures & Transfers-Out	3,540,649	1,619,919	496,872	7,565,338	683,076	3,648,655	2,324,607	19,879,116
Budget Authority	4,671,858	1,641,474	817,651	8,656,971	1,011,994	5,398,828	3,480,570	25,679,346
Unspent Budget Authority	\$ <u>1,131,209</u>	\$ <u>21,555</u>	\$ <u>320,779</u>	\$ <u>1,091,633</u>	\$ <u>328,918</u>	\$ <u>1,750,173</u>	\$ <u>1,155,963</u>	\$ <u>5,800,230</u>
UNSPENT BUDGET AUTHORITY BY FUND								
General Fund	\$ 1,009,497	\$ 21,555	\$ 320,779	\$ 693,306	\$ 328,918	\$ 1,750,173	\$ 1,155,963	\$ 5,280,191
State Special Revenue Fund	121,712			398,327				520,039
Unspent Budget Authority	\$ <u>1,131,209</u>	\$ <u>21,555</u>	\$ <u>320,779</u>	\$ <u>1,091,633</u>	\$ <u>328,918</u>	\$ <u>1,750,173</u>	\$ <u>1,155,963</u>	\$ <u>5,800,230</u>

See notes to the financial schedules.

**LEGISLATIVE BRANCH  
EXCLUDING THE CONSUMER COUNSEL  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008 and 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Legislative Branch uses the modified accrual basis of accounting, as defined by state accounting policy, for its Funds. In applying the modified accrual basis, the Legislative Branch records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the department incurs the related liability and it is measurable, with the exception of the cost of employees' annual and sick leave. State accounting policy requires the Legislative Branch to record the cost of employees' annual leave and sick leave when used or paid.

Expenditures and expenses may include: entire budgeted service contracts even though the Legislative Branch receives the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

**Financial Schedule Presentation**

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules are prepared from the transactions posted to the Statewide Accounting, Budgeting and Human Resource System without adjustment.

Accounts are organized in funds according to state law. The Legislative Branch uses the following funds:

**Governmental Funds:**

General Fund -used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund -used to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

**2. GENERAL FUND BALANCE**

The General Fund is a statewide fund. Each agency does not have a separate General Fund since its only authority is to pay obligations from the statewide General Fund within its appropriation limits. The beginning and ending fund balances reported on the accompanying Schedules of Changes in Fund Balances and Property Held in Trust reflect the Legislative Branch's, excluding the Consumer Counsel, share of the statewide General Fund balance for the years ended June 30, 2008 and 2009.



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Campanella • Stevens • P.C.**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

The Legislative Audit Committee  
of the Montana State Legislature:

We have audited the financial schedules of the Legislative Branch, excluding the Consumer Counsel (the Legislative Branch), for the fiscal years ended June 30, 2008 and 2009 and have issued our report thereon dated October 28, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Legislative Branch's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of the Legislative Branch's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Legislative Branch's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Legislative Branch's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Legislative Branch's financial schedules that is more than inconsequential will not be prevented or detected by the Legislative Branch's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial schedules will not be prevented or detected by the Legislative Branch's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Report on internal control and compliance

Page 2 of 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Legislative Branch's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Legislative Branch in a separate letter dated October 28, 2009.

This report is intended solely for the information and use of management and the Legislature and is not intended to be and should not be used by anyone other than these specified parties.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana  
October 28, 2009



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## Montana Legislative Services Division

### Office of the Executive Director

October 28, 2009

Junkermier, Clark, Campanella, Stevens, P.C.  
Certified Public Accountants  
P.O. Box 1164  
Helena MT 59624-1164

RE: Legislative Branch Audit Response

Dear Junkermier, Clark, Campanella, Stevens, P.C.:

We have reviewed the draft audit report for the Legislative Branch and are pleased with the conclusion that our agency accounting meets all tested standards and that no recommendations for improvement were necessary.

We are proud to have a long history of clean audits. The dedication and cooperation of a number of people have made this possible. In particular, the staff of the Financial and Human Resources Office has consistently ensured that high standards of accounting are met and maintained and they have worked hard to provide you with all of the materials that you required..

Thank you for your work in conducting this audit.

Sincerely,

A handwritten signature in blue ink that reads "Susan B. Fox".

Susan Byorth Fox  
Executive Director



**Junkermier • Clark  
Campanella • Stevens • P.C.**

Certified Public Accountants and Business Advisors

Montana Club Building  
P. O. Box 1164  
Helena, Montana 59624  
Phone (406) 442-6901  
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October 28, 2009

To the Legislative Audit Committee  
of the Montana State Legislature:

We have audited the financial schedules of the Legislative Branch, excluding the Consumer Counsel for the years ended June 30, 2009, and 2008, and have issued our report thereon dated October 28, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 15, 2009. Professional standards also require that we communicate to you the following information related to our audit. Professional standards require that we provide you with the following information related to our audits.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Legislative Branch, excluding the Consumer Counsel are described in Note 1 to the financial schedules. No new accounting policies were adopted and the application of existing policies was not changed during the years ended June 30, 2009, and 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial schedules in the proper period.

Accounting estimates are an integral part of the financial schedules prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial schedules and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial schedules.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such adjustments.



*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 28, 2009 .

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Legislature and management of the Legislative Branch, excluding the Consumer Counsel, and is not intended to be and should not be used by anyone other than these specified parties.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana