



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT State of Montana

For the Fiscal Year Ended June 30, 2011

MARCH 2012

11-01A

REPORT SUMMARY

The Montana Legislature uses the State's Basic Financial Statements to gain perspective of the State's financial position to help guide its course of actions. At the end of fiscal year 2011, Montana had approximately \$341.8 million of unassigned fund balance in the General Fund.

Context

The Basic Financial Statements include all of the state's financial activity for the fiscal year. The General Fund and Federal Special Revenue Fund make up over 75 percent of the state's governmental revenue and expenditure activity. Health and Social Services and Education and Cultural activities make up 63 percent of the state's governmental expenditures.

An in-depth analysis of the state's financial position as of June 30, 2011, can be reviewed in the Management's Discussion and Analysis section of the report. Additional information is also provided in the Notes to the Financial Statements.

In fiscal year 2010-11, the General Fund became responsible for paying the Montana State Fund (MSF) workers' compensation claims that were incurred before July 1, 1990, (old fund claims) when the Old Fund resources were exhausted. During the fiscal year, approximately \$50,000 was transferred out of the general fund to MSF to pay claims. The remaining claims outstanding total around \$64 million and are an obligation of the General Fund. The accompanying financial statements do not present the claims liability according to Generally Accepted Accounting Principles.

Results

In fiscal year 2010-11, the retirement systems' audits disclosed material noncompliance with the Montana Constitution and state law requiring the systems to be actuarially sound. As of July 1, 2011, the Public Employees' Retirement System-Defined Benefit Retirement Plan, Sheriffs', Game Wardens' and Peace Officers', Highway Patrol Officers', and the Teachers' Retirement Systems were not adequately funded.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (11-01A#) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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