

FINANCIAL AUDIT
State of Montana

For the Fiscal Year Ended June 30, 2015

MARCH 2016

15-01A

REPORT SUMMARY

This set of financial statements, referred to as the state's basic financial statements, provides legislators and taxpayers with a summary of the state's overall financial position. All operations and activities of state government are summarized in these statements. In fiscal year 2015, the state implemented Governmental Accounting Standards Board requirements related to employer and nonemployer contributing entity reporting for pension plans. As a result, the state reported a net pension liability of approximately \$1.6 billion as of June 30, 2015.

Context

The basic financial statements include all of the state's financial activity for fiscal year ended June 30, 2015. The General Fund and Federal Special Revenue Fund amount to approximately 80 percent of the state's governmental revenue and expenditure activity. The Health & Human Services and Education categories account for approximately 60 percent of the state's governmental expenditures.

The Schedule of Expenditures of Federal Awards reports the state's total federal grant expenditures, including noncash assistance, in fiscal year 2015 in excess of \$2.7 billion.

Results

Our audit work included obtaining and evaluating the results of completed agency financial and financial-compliance audits conducted by our office or pursuant to contract. Also, we analyzed financial data, including testing adjustments and corrections

for errors in the accounting records, and reviewed the financial statements and notes to determine whether they are adequately supported by the accounting records.

In fiscal year 2015, the Sheriffs' and Game Wardens' and Peace Officers' retirement plans, and the Public Employees' Retirement System Defined Contribution Disability Other Post Employment Benefit were not adequately funded. The information was disclosed in the Public Employees' Retirement Board audit (14-08B) report and is considered material noncompliance with the Montana Constitution and state law which require the plans to amortize within 30 years.

Our prior audit report contained one recommendation related to the design and implementation of internal controls over timely and accurate financial reporting. The prior audit recommendation was fully implemented.

For a complete copy of the report (15-01A) 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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