ROAD TRIP: DESTINATION STATEWIDE AUDIT

- Statewide Audit/ SWA):

  - Basic Financial Statements – prepared by Department of Administration
  - Prepared in accordance with Generally Accepted Accounting Principles (GAAP)

  - Schedule of Expenditures of Federal Awards (SEFA) – prepared by the Governor’s Office of Budget and Program Planning
  - Prepared in accordance with federal regulations
Biennial Financial Compliance Audit – §5-13-304, MCA

Other Audit Requirements:
- Board of Housing – annually per §90-6-124
- Board of Investments – annually per §17-5-1649, §17-5-1529, and §17-6-321, MCA
- Montana State Fund – annually per §39-71-2361, MCA
- Lottery – annually per §23-7-410, MCA
- FFA – biennially per §90-7-121, MCA
Uniform Accounting System and GAAP – §17-1-102, MCA

Department of Administration

Governmental GAAP is complex and differs from for-profit and not-for-profit GAAP
Basic Financial Statements and SEFA

- Agency Financial Schedule Audits
- Stand-Alone Program Financial Statement Audits
- Component Unit Financial Statement Audits
AGENCY FINANCIAL SCHEDULE

AUDITS

- Conducted at all state agencies every 2 year

- Provide information on accuracy of:
  - SABHRS data
  - SEFA data

- Provide conclusions to SWA Team over SABHRS and SEFA
HOW SWA USES CONCLUSIONS:

- SABHSR into Basic Financial Statements:
  - Example:

  Federal Special Revenue Fund Cash/Cash Equivalents - $792.5 million total

Agency Drill-Down:
- Governor’s Office $449.6 million
- Commerce $259.7 million
- 23 Other Agencies $83.2 million
HOW SWA USES CONCLUSIONS:

- Agency SEFA into OBPP’s SEFA:
  - Example:

  Emergency Rental Assistance Program Expenditures- $10.4 million total

Agency Drill-Down:
- Commerce $10.4 million
STAND ALONE PROGRAM AUDITS

- Conducted annually
  - Lottery
  - Board of Investments – Investment Program
  - Board of Investments – Enterprise Fund Program
- Assurances over the SWA financial statements
- No SEFA reliance
BOI PROGRAM AUDIT RELIANCE

- BOI Enterprise Fund Program = Municipal Finance Bond Program
  - SABHRS Balances
  - Note Disclosures
  - Financial Statement Amounts

- BOI Investment Program
  - Note Disclosures
LOTTERY PROGRAM AUDIT RELIANCE

- Lottery Program Activities
  - SABHRS balances only
  - Lottery Ticket Sales Revenue
  - Lottery Ticket Prize Expense
COMPONENT UNIT AUDITS

- Conducted annually
  - Teachers Retirement System (TRS)
  - Public Employees Retirement Board (PERB)
  - Montana State Fund
  - Board of Housing
  - Montana State University
  - University of Montana

- Conducted biennially:
  - Facility Finance Authority
COMPONENT UNIT AUDITS

• Provide conclusions to SWA Team over:
  • Financial Information:
    • PERB and TRS
    • Board of Housing, Montana State Fund, UM, and MSU
  • SEFA Data
    • UM and MSU
WHAT SWA ASKS FROM PERB AND TRS AUDIT TEAMS:

- Financial Statement Tie
- To data in the Fiduciary Fund Financial Statements
- Review note disclosures for completeness and accuracy
**Government Wide Financial Statements – Component Units Column**

**STATEMENT OF NET POSITION**
**JUNE 30, 2021**
*(amounts expressed in thousands)*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>PRIMARY GOVERNMENT</th>
<th>COMPONENT UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GOVERNMENTAL ACTIVITIES</td>
<td>BUSINESS-TYPE ACTIVITIES</td>
</tr>
<tr>
<td>Cash/cash equivalents (Note 3)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>3,401,680</td>
<td>553,507</td>
</tr>
</tbody>
</table>
NOTE 18. COMPONENT UNITS

A. Condensed Financial Statements

Below are the condensed financial statements of the component units for the State of Montana as of June 30, 2021 (in thousands):

<table>
<thead>
<tr>
<th>Component Units</th>
<th>Montana Board of Housing</th>
<th>Facility Finance Authority</th>
<th>Montana State Fund (1)</th>
<th>Montana State University</th>
<th>University of Montana</th>
<th>Total Component Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash, investments and other assets</td>
<td>$667,494</td>
<td>$8,988</td>
<td>$1,743,509</td>
<td>$743,495</td>
<td>$683,433</td>
<td>$3,846,919</td>
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<tr>
<td>Due from primary government</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>636</td>
<td>1,683</td>
<td>2,319</td>
</tr>
<tr>
<td>Due from component units</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>289</td>
<td>289</td>
</tr>
<tr>
<td>Capital assets (net) (Note 18C)</td>
<td>11</td>
<td>1</td>
<td>49,379</td>
<td>587,258</td>
<td>383,748</td>
<td>1,020,397</td>
</tr>
<tr>
<td>Total assets</td>
<td>667,505</td>
<td>8,989</td>
<td>1,792,888</td>
<td>1,331,389</td>
<td>1,069,153</td>
<td>4,869,924</td>
</tr>
</tbody>
</table>
WHAT SWA ASKS FROM DISCRETELY PRESENTED COMPONENT UNIT AUDIT TEAMS:

- All but Facility Finance Authority:
  - Tie Note 18 contents to entity audited financial statements and note disclosures

- Facility Finance Authority:
  - No request

- UM and MSU:
  - Complete SEFA work
NON-COMPONENT UNIT AGENCIES/PROGRAMS SUPPORTING SWA:

<table>
<thead>
<tr>
<th>Agency/Affiliation</th>
<th>Agency/Affiliation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor’s Office</td>
<td>State Auditor’s Office</td>
</tr>
<tr>
<td>Department of Fish, Wildlife, and Parks</td>
<td>Department of Environmental Quality</td>
</tr>
<tr>
<td>Office of Public Instruction</td>
<td>Department of Revenue</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>Department of Transportation</td>
</tr>
<tr>
<td>Office of the Commissioner of Higher Education</td>
<td>Department of Public Health and Human Services</td>
</tr>
<tr>
<td>Department of Military Affairs</td>
<td>Department of Commerce</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>Department of Labor and Industry</td>
</tr>
<tr>
<td>Department of Natural Resources and Conservation</td>
<td>Board of Investments &amp; State Lottery</td>
</tr>
</tbody>
</table>