

FINANCIAL STATEMENT OVERVIEW

April 25, 2022

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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

STATUTORY REQUIREMENTS



- **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

STATUTORY REQUIREMENTS



- **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**

DISCRETELY PRESENTED COMPONENT UNIT PRESENTATION

Government Wide Financial Statements – Component Units Column

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

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash/cash equivalents (Note 3)	\$ 3,401,680	\$ 553,507	\$ 3,955,187	\$ 619,427

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):

Condensed Statement of Net Position						
Component Units						
	Montana Board of Housing	Facility Finance Authority	Montana State Fund ⁽¹⁾	Montana State University	University of Montana	Total Component Units
Assets:						
Cash, investments and other assets	\$ 667,494	\$ 8,988	\$ 1,743,509	\$ 743,495	\$ 683,433	\$ 3,846,919
Due from primary government	—	—	—	636	1,683	2,319
Due from component units	—	—	—	—	289	289
Capital assets (net) (Note 18C)	11	1	49,379	587,258	383,748	1,020,397
Total assets	667,505	8,989	1,792,888	1,331,389	1,069,153	4,869,924

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:



Governor's Office	State Auditor's Office
Department of Fish, Wildlife, and Parks	Department of Environmental Quality
Office of Public Instruction	Department of Revenue
Department of Justice	Department of Transportation
Office of the Commissioner of Higher Education	Department of Public Health and Human Services
Department of Military Affairs	Department of Commerce
Department of Corrections	Department of Labor and Industry
Department of Natural Resources and Conservation	Board of Investments & State Lottery



DESTINATION: SWA QUESTIONS