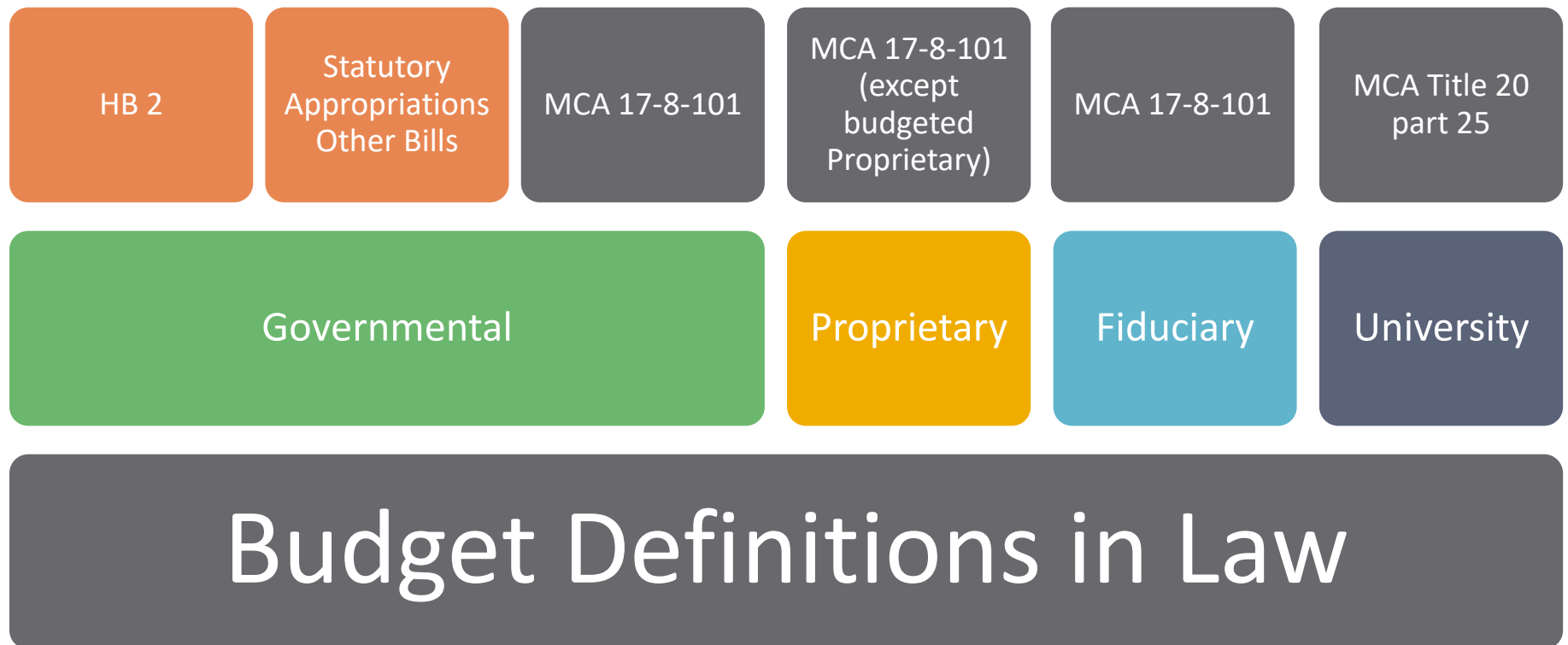


Audit Reporting and Fiscal Reporting Differences

Appendix to the Understanding State Finance Training

State Government Budget Process is Defined



Types of Appropriations

HB 2

- 2 year appropriations
- General state government operations

Statutory

- Appropriations that are reestablished each year
- Typically limited by formula or revenue available

Other Bill

- HB 1 Feed Bill – funds operation of the legislature each session
- Other appropriations for a biennium

Non-
appropriations:
MCA 17-8-101

Many funds are deemed by the statute to not need an appropriation. Examples include the following:

- If fund is governed by a general law or contract
- Pension benefits paid to individuals
- Proprietary internal service (cost allocation) funds, fee structure approved through HB 2
- Proprietary enterprise (business like) funds, except when proceeds benefit an appropriated fund such as liquor distribution
- Funds paid into the treasury in error such as tax refunds
- Non-state, non-federal funds governed by an agreement

State
Government
Accounting
Defined

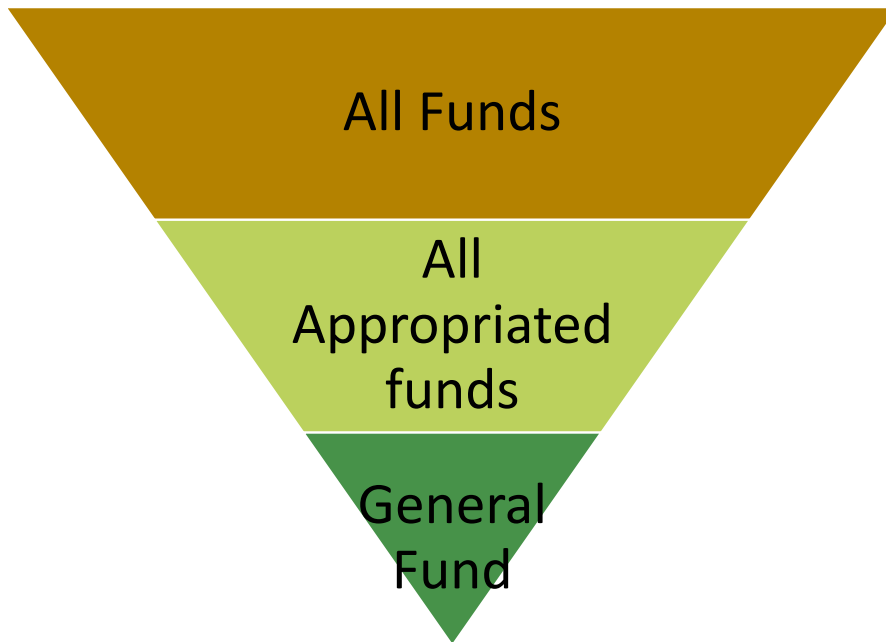
- MCA 17-1-102 – GAAP Law
- MCA 17-2-102 – Fund Structure

These statutes align with MCA 17-8-101

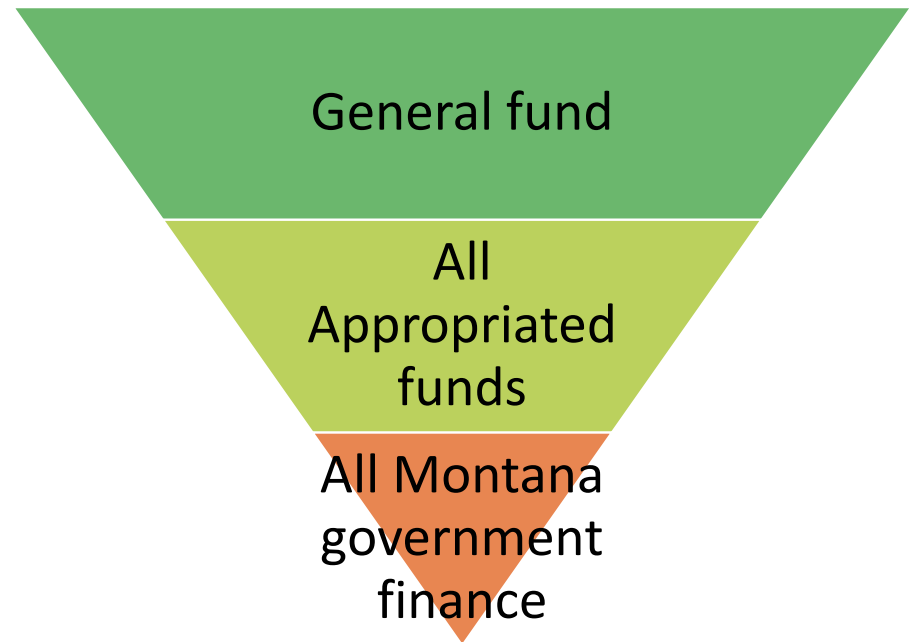
Comparing focus of each division

Audit – Retrospective View

Agency by Agency Basis



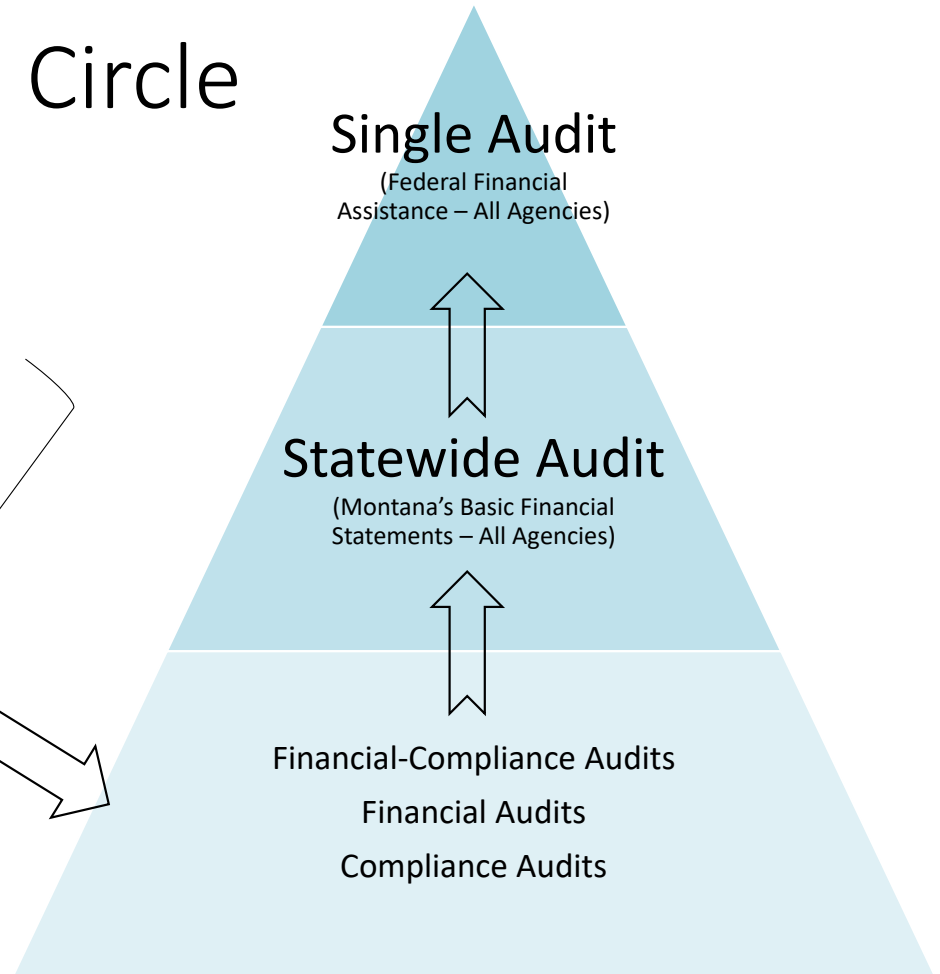
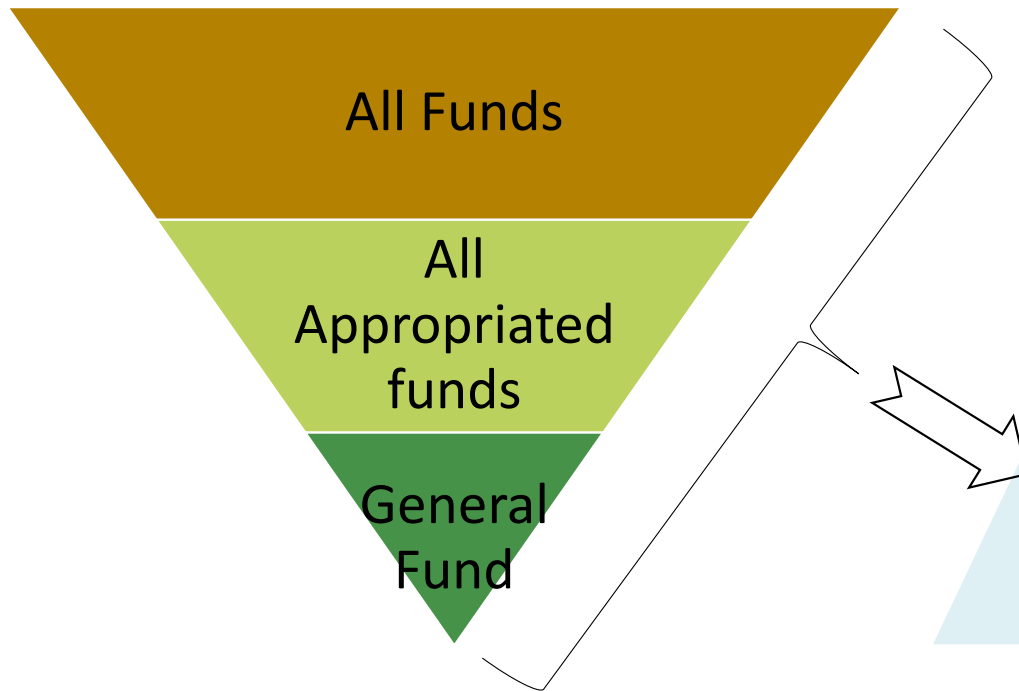
Fiscal – Future View



Audit Focus Comes Full Circle

Audit

Agency by Agency Basis



Comparison of Reporting Purpose

Purpose	Fiscal Division	Audit Division	
		Financial Statements	Financial Schedules
Perspective/Focus	Future	Historical	Historical
Assists the Legislature Appropriate	X		
Provides Historical Financial Data for Decision Making	X	X	X
Provides Assurance Over Accuracy of Accounting System Financial Data			X
Routine Budget Monitoring	X		
Provide Financial Data Specific to Agencies Subject to Appropriation	X		X

Comparison of Reporting Content

	Fiscal Division	Audit Division	
		Financial Statements	Financial Schedules
Budget Policy Choices	X		
Calculations of future costs and revenue	X		
Analysis of Current Budget Needs	X		
Status of appropriations and associated expenditures	X		X
Fund Equity/Net Assets		X	X
Assets & Liabilities		X	
Expenditures & Revenues, including Accruals	X	X	X
Nonbudgeted Expenditures & Revenues	X	X	X
Corrections in current year related to prior year activity (Prior Year Adjustments)	X	X	X
Corrections for errors in current year activity	X	X	
Cash Flows		X	