

State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2003

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003
 (expressed in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Licenses/permits	\$ 113,363	\$ 113,363	\$ 119,964	\$ 6,601
Taxes:				
Natural resource	25,596	25,596	43,395	17,799
Individual income	592,805	592,805	531,809	(60,996)
Corporate income	81,792	81,792	41,291	(40,501)
Property	178,379	178,379	172,431	(5,948)
Fuel	-	-	-	-
Other	193,163	193,163	164,345	(28,818)
Charges for services/fines/forfeits/settlements	43,184	43,184	48,101	4,917
Investment earnings	17,026	17,026	7,067	(9,959)
Sale of documents/merchandise/property	299	299	387	88
Rentals/leases/royalties	95	95	73	(22)
Contributions/premiums	-	-	-	-
Grants/contracts/donations	2,378	2,378	2,734	356
Federal	20,724	20,724	25,989	5,265
Federal indirect cost recoveries	153	153	116	(37)
Other revenues	490	490	336	(154)
Total revenues	<u>1,269,447</u>	<u>1,269,447</u>	<u>1,158,038</u>	<u>(111,409)</u>
EXPENDITURES				
Current:				
General government	175,518	173,986	168,303	5,683
Public safety/corrections	130,285	118,312	116,120	2,192
Transportation	180	162	140	22
Health/social services	279,657	261,717	255,894	5,823
Education/cultural	587,890	543,604	542,520	1,084
Resource/recreation/environment	23,536	22,251	21,350	901
Economic development/assistance	21,087	19,451	18,730	721
Debt service:				
Principal retirement	287	407	506	(99)
Interest/fiscal charges	1,880	1,880	1,880	-
Capital outlay	1,457	1,066	971	95
Total expenditures	<u>1,221,777</u>	<u>1,142,836</u>	<u>1,126,414</u>	<u>16,422</u>
Excess of revenue over (under) expenditures	<u>47,670</u>	<u>126,611</u>	<u>31,624</u>	<u>(94,987)</u>
OTHER FINANCING SOURCES (USES)				
Loans issued	38	38	-	(38)
Bonds issued	303	303	-	(303)
Refunding bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
General capital asset sale proceeds	43	43	-	(43)
Transfers in	83,930	83,930	80,116	(3,814)
Transfers out	(156,789)	(141,403)	(141,297)	106
Total other financing sources (uses)	<u>(72,475)</u>	<u>(57,089)</u>	<u>(61,181)</u>	<u>(4,092)</u>
Excess of revenues/other sources over (under) expenditures/other uses (Budgetary basis)	<u>(24,805)</u>	<u>69,522</u>	<u>(29,557)</u>	<u>(99,079)</u>
RECONCILIATION OF BUDGETARY/GAAP REPORTING				
1. Adjust expenditures for encumbrances	-	-	(726)	(726)
2. Adjustments for nonbudgeted activity	-	-	(9,338)	(9,338)
3. Securities lending income	-	-	312	312
4. Securities lending costs	-	-	(264)	(264)
Excess of revenues/other sources over (under) expenditures/other uses (GAAP basis)	<u>(24,805)</u>	<u>69,522</u>	<u>(39,573)</u>	<u>(109,095)</u>
Unreserved fund balances - July 1	81,316	81,316	81,316	
Prior period adjustments	-	-	1,338	1,338
Decrease (increase):				
Encumbrances reserve	-	-	756	756
Advances to other funds reserve	-	-	60	60
Long-term loans reserve	-	-	18	18
Escheated property/special revenue reserve	-	-	(850)	(850)
Unreserved fund balances - June 30	<u>\$ 56,511</u>	<u>\$ 150,838</u>	<u>\$ 43,065</u>	<u>\$ (107,773)</u>

The notes to the required supplementary information are an integral part of this schedule.

STATE SPECIAL REVENUE FUND				FEDERAL SPECIAL REVENUE FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
\$ 89,060	\$ 89,060	\$ 90,926	\$ 1,866	\$ 17	\$ 17	\$ -	\$ (17)
46,701	46,701	49,877	3,176	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,415	9,415	7	(9,408)	-	-	-	-
191,093	191,093	191,595	502	-	-	-	-
41,383	41,383	36,412	(4,971)	4	4	(10)	(14)
63,233	63,233	55,590	(7,643)	42,171	42,171	35,477	(6,694)
13,120	13,120	18,508	5,388	2,998	2,998	314	(2,684)
5,633	5,633	5,202	(431)	38	38	7	(31)
1,667	1,667	466	(1,201)	-	-	-	-
6,250	6,250	7,191	941	-	-	-	-
19,385	19,385	17,637	(1,748)	1,911	1,911	217	(1,694)
5,523	5,523	1,432	(4,091)	1,557,398	1,557,398	1,346,529	(210,869)
12	12	31,445	31,433	1,539	1,539	2,281	742
7,798	7,798	1,428	(6,370)	1,124	1,124	(492)	(1,616)
500,273	500,273	507,716	7,443	1,607,200	1,607,200	1,384,323	(222,877)
85,540	86,520	63,536	22,984	6,805	14,678	4,923	9,755
35,247	44,468	36,832	7,636	57,112	77,590	32,930	44,660
223,587	218,421	192,123	26,298	371,924	377,424	314,177	63,247
34,706	39,135	29,408	9,727	770,893	796,520	721,425	75,095
112,188	63,048	57,403	5,645	174,567	189,646	158,141	31,505
172,507	175,909	113,774	62,135	66,554	90,349	50,578	39,771
68,901	68,406	58,170	10,236	124,045	140,162	99,481	40,681
73,380	73,588	1,009	72,579	137	137	137	-
533	533	533	-	20	20	20	-
5,515	4,451	19,863	(15,412)	883	2,127	20,986	(18,859)
812,104	774,479	572,651	201,828	1,572,940	1,688,653	1,402,798	285,855
(311,831)	(274,206)	(64,935)	209,271	34,260	(81,453)	(18,475)	62,978
556	556	1,243	687	-	-	-	-
17,942	17,942	15,754	(2,188)	-	-	-	-
1,970	1,970	1,970	-	-	-	-	-
-	-	(65)	(65)	-	-	-	-
-	-	(915)	(915)	-	-	-	-
253	253	312	59	1	1	(2)	(3)
98,416	98,416	93,971	(4,445)	41,661	41,661	8,573	(33,088)
(28,450)	(29,288)	(18,538)	10,750	(45,448)	(46,510)	(9,912)	36,598
90,687	89,849	93,732	3,883	(3,786)	(4,848)	(1,341)	3,507
(221,144)	(184,357)	28,797	213,154	30,474	(86,301)	(19,816)	66,485
-	-	7,631	7,631	-	-	2,901	2,901
-	-	33,954	33,954	-	-	44,083	44,083
-	-	444	444	-	-	-	-
-	-	(391)	(391)	-	-	-	-
(221,144)	(184,357)	70,435	254,792	30,474	(86,301)	27,168	113,469
439,472	439,472	439,472	-	(2,284)	(2,284)	(2,284)	-
-	-	3,838	3,838	-	-	1,186	1,186
-	-	(3,476)	(3,476)	-	-	438	438
-	-	(266)	(266)	-	-	-	-
-	-	(33,760)	(33,760)	-	-	111	111
-	-	(14)	(14)	-	-	(1,169)	(1,169)
\$ 218,328	\$ 255,115	\$ 476,229	\$ 221,114	\$ 28,190	\$ (88,585)	\$ 25,450	\$ 114,035

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**NOTE RSI-1. BUDGETARY REPORTING****A. State Budget Process**

The Montana Legislature meets in the odd-numbered years to prepare annual budgets for the next biennium. The constitution requires that legislative appropriations not exceed available revenues. The legislature utilizes revenue estimates in the budgetary process to establish appropriation levels. Expenditures may not legally exceed budgeted appropriations at the fund level. In addition, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceeded anticipated revenues. State law requires an appropriation for disbursements from the general, special revenue and capital projects funds, except for those special revenue funds from non-state and non-federal sources restricted by law or by the terms of an agreement. The level of budgetary control is established by fund type, except capital project funds, which are at project level. Budgets may be established in other funds for administrative purposes.

Agency budget requests are submitted to the Governor and the Legislative Fiscal Division. The Governor and budget director establish priorities and the proposed budget. The Governor's budget is submitted to the Legislative Fiscal Division which prepares recommendations. A comparison of those recommendations with the Governor's budget is submitted to the legislature. Joint appropriations subcommittee hearings are held and an omnibus appropriation bill is reported in the House and subsequently sent to the Senate. The legislature generally enacts one bill to establish the majority of appropriations for the next two fiscal years. The Office of Budget and Program Planning establishes appropriations for each program by accounting entity (fund) within an agency. The legislature enacts other appropriations, but only within the available revenue. Agencies must prepare and submit to the budget director operational plans showing the allocation of operating budgets by expenditure category (i.e., personal services, operating expenses, equipment, etc.). The budget director or other statutorily designated approving authority may authorize changes among expenditure categories and transfers between program appropriations.

Appropriations may not be increased by amendment in the General Fund. However, a department, institution, or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the

Governor through the budget director. In the second year of the biennium, during the legislative session, the legislature may authorize supplemental appropriations. The Governor, or designee, may approve budget amendments for non-general fund monies not available for consideration by the legislature and for emergencies. In the accompanying financial schedule, original and final budget amounts are reported. There have been budget amendments authorized for fiscal year 2003 that were material to specific budgets; however, they did not materially affect the State's budget as a whole. There were no expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations may be continued into the next fiscal year when authorized by the legislature or the Governor's office. After fiscal year-end, appropriations that are not continued are reverted. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued or encumbered. Fund balances are not reserved for reverted appropriations. For fiscal year 2003, reverted appropriations were as follows: General Fund - \$9.8 million, State Special Revenue Fund - \$40 million, and Federal Special Revenue Fund - \$107.1 million. Agencies are allowed to carry forward 30% of their reverted operating appropriations into the next two fiscal years. This amount can be used for new expenditures at the request of the agency and upon approval of the budget office.

Appropriations for capital projects funds are not made on an annual basis, but are adopted on a project-length basis. Because these non-operating budgets primarily serve a management control purpose, and related appropriations are continuing in nature, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided.

B. Budget Basis

The legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with GAAP. The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end; compensated absences, fixed assets and inventories purchased in proprietary funds; certain loans from governmental funds; and other miscellaneous nonbudgeted activity (e.g., bad-debt write-offs, etc.).