

State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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Table of Contents

INTRODUCTORY SECTION

	Page
Title Page	1
Table of Contents	2
Letter of Transmittal	6
Certificate of Achievement for Excellence in Financial Reporting	11
State Organization Chart.....	12
Selected State Officials.....	13

FINANCIAL SECTION

Independent Auditor's Report	16
Management's Discussion and Analysis	18

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Assets.....	30
Statement of Activities	32
Governmental Fund Financial Statements	
Balance Sheet	36
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Assets	37
Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	40
Proprietary Fund Financial Statements	
Statement of Net Assets.....	44
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	46
Statement of Cash Flows	48
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	52
Statement of Changes in Fiduciary Net Assets.....	53
Component Unit Financial Statements	
Combining Statement of Net Assets.....	56
Combining Statement of Activities	58
Notes to the Financial Statements	
Note 1 – Summary of Significant Accounting Policies	60
Note 2 – Other Accounting Issues	66
Note 3 – Cash/Cash Equivalents and Investments.....	67
Note 4 – Disaggregation of Accounts Receivable and Payable.....	72
Note 5 – Capital Assets	74
Note 6 – Retirement Systems	76
Note 7 – Other Postemployment Benefits	85
Note 8 – Risk Management	86

Notes to the Financial Statements (<i>continued</i>)	
Note 9 – Commitments.....	92
Note 10 – Leases/Installment Purchases Payable.....	93
Note 11 – State Debt.....	94
Note 12 – Interfund Balances and Transfers.....	102
Note 13 – Fund Deficits.....	106
Note 14 – Reserved Fund Balances.....	106
Note 15 – Related Party Transactions.....	106
Note 16 – Contingencies.....	107
Note 17 – Subsequent Events.....	108
Note 18 – Material Violations of Finance-Related Legal Provisions.....	108

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds.....	110
Notes to the Required Supplementary Information – Budgetary Reporting.....	112

Supplementary Information – Combining Statements and Individual Fund Statements and Schedules

Nonmajor Governmental Funds	
Combining Balance Sheet – Governmental Funds by Fund Type.....	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds by Fund Type.....	115
Combining Balance Sheet – Debt Service Funds.....	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Debt Service Funds.....	120
Combining Balance Sheet – Capital Projects Funds.....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Funds.....	125
Combining Balance Sheet – Permanent Funds.....	128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Permanent Funds.....	130
Proprietary Funds	
Nonmajor Enterprise Funds	
Combining Statement of Net Assets.....	134
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	142
Combining Statement of Cash Flows.....	146
Internal Service Funds	
Combining Statement of Net Assets.....	156
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	160
Combining Statement of Cash Flows.....	164
Fiduciary Funds	
Pension (and Other Employee Benefit) Trust Funds	
Combining Statement of Fiduciary Net Assets.....	174
Combining Statement of Changes in Fiduciary Net Assets.....	176
Private-Purpose Trust Funds	
Combining Statement of Fiduciary Net Assets.....	180
Combining Statement of Changes in Fiduciary Net Assets.....	182
Agency Funds	
Combining Statement of Fiduciary Net Assets.....	186
Combining Statement of Changes in Assets and Liabilities.....	188

STATISTICAL SECTION

Graphic Presentations:

Revenues by Source - All Governmental Fund Types.....	194
Expenditures by Function - All Governmental Fund Types	195
Revenues by Source - All Governmental Fund Types.....	196
Expenditures by Function - All Governmental Fund Types	196
Property Tax Levies and Collections.....	197
Taxable and Market (Assessed) Value of Property.....	197
Property Tax Rates - Direct and Overlapping Governments	198
Property Tax Mill Levy for State Purposes	198
Ratio of Direct State Debt to Assessed Value and Direct State Debt per Capita	199
Ratio of Annual Debt Service to Total General Expenditures	199
Revenue Bond Coverage - Higher Education	200
Revenue Bond Coverage – Housing Authority.....	200
Revenue Bond Coverage - Economic Development Bonds.....	201
Construction and Bank Deposits.....	202
Property (Assessed) Values	202
Income Data.....	203
Public Education Enrollment	204
Demographic Statistics	205
Annual Average Nonagricultural Employment by Selected Industries	205
Major Private Employers in Montana.....	206
Miscellaneous Statistics	206

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Licenses/permits	\$ 126,732	\$ 126,732	\$ 130,974	\$ 4,242
Taxes:				
Natural resource	38,283	38,283	53,199	14,916
Individual income	558,009	558,009	534,369	(23,640)
Corporate income	64,812	64,812	63,457	(1,355)
Property	168,604	168,604	168,563	(41)
Fuel	-	-	-	-
Other	197,215	197,215	206,573	9,358
Charges for services/fees/forfeits/settlements	36,340	36,340	40,633	4,293
Investment earnings	14,078	14,078	7,118	(6,960)
Sale of documents/merchandise/property	296	296	311	15
Rentals/leases/royalties	68	68	55	(13)
Contributions/premiums	-	-	-	-
Grants/contracts/donations	1,593	1,593	3,315	1,722
Federal	23,927	23,927	29,132	5,205
Federal indirect cost recoveries	99	99	142	43
Other revenues	1,371	1,371	1,276	(95)
Total revenues	1,231,427	1,231,427	1,239,117	7,690
EXPENDITURES				
Current:				
General government	172,880	190,972	168,870	22,102
Public safety/corrections	131,124	131,992	127,888	4,104
Transportation	177	178	170	8
Health/social services	266,466	266,836	251,556	15,280
Education/cultural	661,918	664,352	662,444	1,908
Resource/recreation/environment	20,060	20,209	20,044	165
Economic development/assistance	21,323	21,323	21,062	261
Debt service:				
Principal retirement	2,338	2,464	620	1,844
Interest/fiscal charges	1,157	1,157	1,158	(1)
Capital outlay	1,408	1,481	1,345	136
Total expenditures	1,278,851	1,300,964	1,255,157	45,807
Excess of revenue over (under) expenditures	(47,424)	(69,537)	(16,040)	53,497
OTHER FINANCING SOURCES (USES)				
Loans issued	-	-	-	-
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
General capital asset sale proceeds	91	91	79	(12)
Transfers in	68,551	68,551	62,503	(6,048)
Transfers out	(19,682)	(19,115)	(15,793)	3,322
Total other financing sources (uses)	48,960	49,527	46,789	(2,738)
Net change in fund balances (Budgetary basis)	1,536	(20,010)	30,749	50,759
RECONCILIATION OF BUDGETARY/GAAP REPORTING				
1. Securities lending income	-	-	374	374
2. Securities lending costs	-	-	(324)	(324)
3. Bond premium	-	-	-	-
4. Inception of lease/installment contract	-	-	648	648
5. Adjust expenditures for encumbrances	-	-	599	599
6. Adjustments for nonbudgeted activity	-	-	59,396	59,396
Net change in fund balances (GAAP basis)	1,536	(20,010)	91,442	111,452
Unreserved fund balances - July 1	43,065	43,065	43,065	-
Prior period adjustments	-	-	(833)	(833)
Decrease (increase):				
Encumbrances reserve	-	-	(578)	(578)
Long-term loans/notes receivable reserve	-	-	1	1
Advances to other funds reserve	-	-	-	-
Special revenue reserve	-	-	-	-
Escheated property reserve	-	-	(224)	(224)
Unreserved fund balances - June 30	\$ 44,601	\$ 23,055	\$ 132,873	\$ 109,818

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
\$ 99,800	\$ 99,800	\$ 108,982	\$ 9,182	\$ -	\$ -	\$ -	\$ -
40,643	40,643	57,386	16,743	-	-	-	-
-	-	234	234	-	-	-	-
-	-	-	-	-	-	-	-
24	24	20	(4)	-	-	-	-
194,854	194,854	197,430	2,576	-	-	-	-
33,251	33,251	45,102	11,851	-	-	-	-
77,790	77,790	73,936	(3,854)	42,809	42,809	72,916	30,107
4,984	4,984	1,915	(3,069)	375	375	247	(128)
11,500	11,500	4,253	(7,247)	1	1	1	-
(731)	(731)	432	1,163	-	-	-	-
6,302	6,302	7,842	1,540	-	-	-	-
24,994	24,994	14,724	(10,270)	65	65	139	74
14,659	14,659	1,578	(13,081)	1,606,239	1,606,239	1,353,461	(252,778)
100	100	34,280	34,180	30,248	30,248	3,330	(26,918)
17,302	17,302	1,888	(15,414)	1,956	1,956	43	(1,913)
525,472	525,472	550,002	24,530	1,681,693	1,681,693	1,430,137	(251,556)
77,936	79,018	71,367	7,651	6,686	15,119	6,545	8,574
40,607	42,117	36,521	5,596	39,824	71,285	38,839	32,446
229,617	283,431	238,875	44,556	329,545	302,804	255,488	47,316
66,595	67,661	52,987	14,674	842,179	853,934	811,549	42,385
67,859	68,427	64,715	3,712	181,458	189,820	170,766	19,054
146,579	149,623	90,667	58,956	107,785	158,599	125,143	33,456
71,127	75,163	49,058	26,105	79,156	83,550	68,946	14,604
8,935	8,410	476	7,934	166	316	238	78
702	702	620	82	20	20	21	(1)
56,834	60,743	26,281	34,462	26,858	56,511	12,750	43,761
766,791	835,295	631,567	203,728	1,613,677	1,731,958	1,490,285	241,673
(241,319)	(309,823)	(81,565)	228,258	68,016	(50,265)	(60,148)	(9,883)
670	670	-	(670)	-	-	-	-
32,898	32,898	2,665	(30,233)	-	-	-	-
11,620	11,620	11,510	(110)	-	-	-	-
218	218	217	(1)	-	-	-	-
138,221	138,221	118,536	(19,685)	37,775	37,775	8,461	(29,314)
(19,162)	(16,782)	(2,784)	13,998	(39,645)	(42,171)	(9,561)	32,610
164,465	166,845	130,144	(36,701)	(1,870)	(4,396)	(1,100)	3,296
(76,854)	(142,978)	48,579	191,557	66,146	(54,661)	(61,248)	(6,587)
-	-	378	378	-	-	-	-
-	-	(328)	(328)	-	-	-	-
-	-	111	111	-	-	-	-
-	-	127	127	-	-	522	522
-	-	(8,513)	(8,513)	-	-	1,718	1,718
-	-	(29,753)	(29,753)	-	-	40,914	40,914
(76,854)	(142,978)	10,601	153,579	66,146	(54,661)	(18,094)	36,567
476,229	476,229	476,229	-	25,450	25,450	25,450	-
-	-	(5,622)	(5,622)	-	-	(2,010)	(2,010)
-	-	10,320	10,320	-	-	(2,439)	(2,439)
-	-	(25,614)	(25,614)	-	-	448	448
-	-	(1,011)	(1,011)	-	-	200	200
-	-	(538,500)	(538,500)	-	-	(13,826)	(13,826)
-	-	(23)	(23)	-	-	-	-
\$ 399,375	\$ 333,251	\$ (73,620)	\$ (406,871)	\$ 91,596	\$ (29,211)	\$ (10,271)	\$ 18,940

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 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 2004, reverted governmental fund appropriations were as follows: General Fund - \$99.4 million, State Special Revenue Fund - \$107.3 million, and Federal Special Revenue Fund - \$174.2 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.).