

DEPARTMENT OF ADMINISTRATION
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MEMORANDUM

TO: David Ewer, Budget Director
Office of Budget and Program Planning

FROM:  Janet R. Kelly, Director
Department of Administration

RE: Certification of Fiscal Year 2007 General Fund Revenue

DATE: July 27, 2007

I certify that the fiscal year 2007 general fund unaudited revenue is \$1,838,053,331, which includes an error that was discovered after the records were closed in July 2007.

This amount is based on the assumptions underlying the estimates used to make the "official" legislative general fund revenue estimate that is used for making all financial policy decisions for the State of Montana.

This amount differs from the unaudited general fund revenue used in the preparation of the state's comprehensive annual financial report (CAFR) due to different definitions of revenue.

Resolution No. 2 died in the House Taxation Committee. The resolution provides a tool for the Legislature to use in meeting its constitutional requirement for establishing a balanced budget. It provides uniform assumptions for the Legislature and executive agencies to estimate future revenue. The trigger in 15-30-140(1)(a)(ii), MCA, however, provides that “[g]eneral fund revenue is as recorded in the statewide accounting, budgeting, and human resources system using generally accepted accounting principles in accordance with 17-1-102(2)”. No estimating is involved: the trigger amount is a fiscal yearend “snapshot” of the amount of recorded state revenue using generally accepted accounting principles. According to 17-1-102(4), MCA, routine accounting transactions of state government agencies throughout a fiscal year must be made according to generally accepted accounting principles. I do not practice accounting and cannot give an opinion as to whether generally accepted accounting principles were followed, but the department’s certification stated that the certified revenue amount differed from the revenue in the state’s comprehensive annual financial report, which I understand is the report prepared according to generally accepted accounting principles.

The trigger language applies only to the certification to be made in 2007. For future years, the income tax credit for property taxes is to be determined by a factor to be enacted by the Legislature based upon a bill that is the product of a recommendation of the Revenue and Transportation Interim Committee.