



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT

Montana Facility Finance Authority

For the Two Fiscal Years Ended June 30, 2010

DECEMBER 2010

10-12

REPORT SUMMARY

The Montana Facility Finance Authority (Authority) issued over \$280 million in bonds and notes during fiscal years 2010 and 2009. At fiscal year-end 2010 and 2009, the Authority's outstanding bonds, notes, and loans exceeded \$966 million and \$879 million, respectively.

Context

The Authority provides access to various debt financing or refinancing instruments at reduced rates to Montana nonprofit private and public health care institutions or prerelease centers for purchases of capital equipment and buildings. The Authority administers six programs:

Direct Loan Program – provides short-term loans up to five years, in amounts of \$200,000 or less, to eligible facilities for construction, renovation, acquisition, equipment purchases, and the refinancing of outstanding debt.

Equipment Revenue Note Program – provides financing for acquisition and installation of equipment. The notes are privately placed with investors for the useful life of the equipment.

Master Loan Program – loan proceeds from tax exempt bond issuances with negotiable terms and used to finance new construction projects with negotiable terms, refinance outstanding bonds, acquire real property, purchase equipment, or reimburse borrowers for prior capital expenditures.

Trust Fund Loan Program – provides loans to eligible facilities for capital projects. The legislature authorized the Authority to lend up to \$15 million of the Permanent Coal Tax Trust funds. Loan terms are up to 20 years.

Stand-Alone Bond Program – issues tax-exempt bonds or notes for individual borrowers for terms up to 40 years.

Montana Capital Assistance Program – a grant program from Authority funds to help smaller hospitals deal with changing needs and services by providing funding for capital improvement plans, which are used to establish infrastructure priorities and to examine funding options for renovations and improvements.

Results

There are no findings or recommendations in this audit report.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

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