

FINANCIAL-COMPLIANCE AUDIT

Board of Investments

For the Two Fiscal Years Ended June 30, 2012

DECEMBER 2012

12-04A

REPORT SUMMARY

The Board of Investments (board) manages the Unified Investment Program, which had total net asset value/investments of \$13.8 billion at June 30, 2012, and \$13.6 billion at June 30, 2011. The board manages the investments of state agencies and certain investments of local governments, such as cities, counties, and school districts.

Context

To manage the Unified Investment Program, the board created seven investment pools that operate similar to mutual funds. Those pools are: Retirement Funds Bond Pool, Trust Funds Investment Pool, Montana Domestic Equity Pool, Montana International Equity Pool, Montana Private Equity Pool, Montana Real Estate Pool, and Short Term Investment Pool.

The board also manages direct investments in fixed income securities, equity index funds, and commercial loans for approximately 20 state agencies. Those investments are reported collectively in the board’s financial statements as All Other Funds (AOF). The board also manages the investments for state and local governments. Local government entities may only invest in the Short Term Investment Pool portion of the program.

The board administers the state’s Economic Development Bond Act and Municipal Finance Consolidation Act programs. Under the Municipal Finance Consolidation Act, the board is authorized to issue up to \$190 million in INTERCAP bonds which are used to provide loans to eligible Montana governments to finance capital expenditures for up to 15 years.

The Montana Veterans’ Home Loan Mortgage Program was established during the 2011 Legislative Session and is funded by up to \$15 million of principal from the Montana Coal Tax Trust Fund, as requested by the Montana Board of Housing. The program assists Montana residents who are National Guard members, reservists, or federally qualified veterans to purchase their first home. First mortgage loans are administered by the Montana Board of Housing and purchased by Montana Board of Investments.

Results

This report does not contain any recommendations. Our prior financial-compliance report included one recommendation, which was implemented by the board.

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

For a complete copy of the report (12-04A) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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