

Montana Board of Housing



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Montana Board of Housing

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Introduction

The Montana Board of Housing partners with organizations across the state to provide safe and affordable housing opportunities to Montanans.

The board is self-supporting: it does not receive General Fund appropriations.

Most of the board's operations are financed through the sale of tax-exempt bonds in the private sector.

Summary of Financial Activity

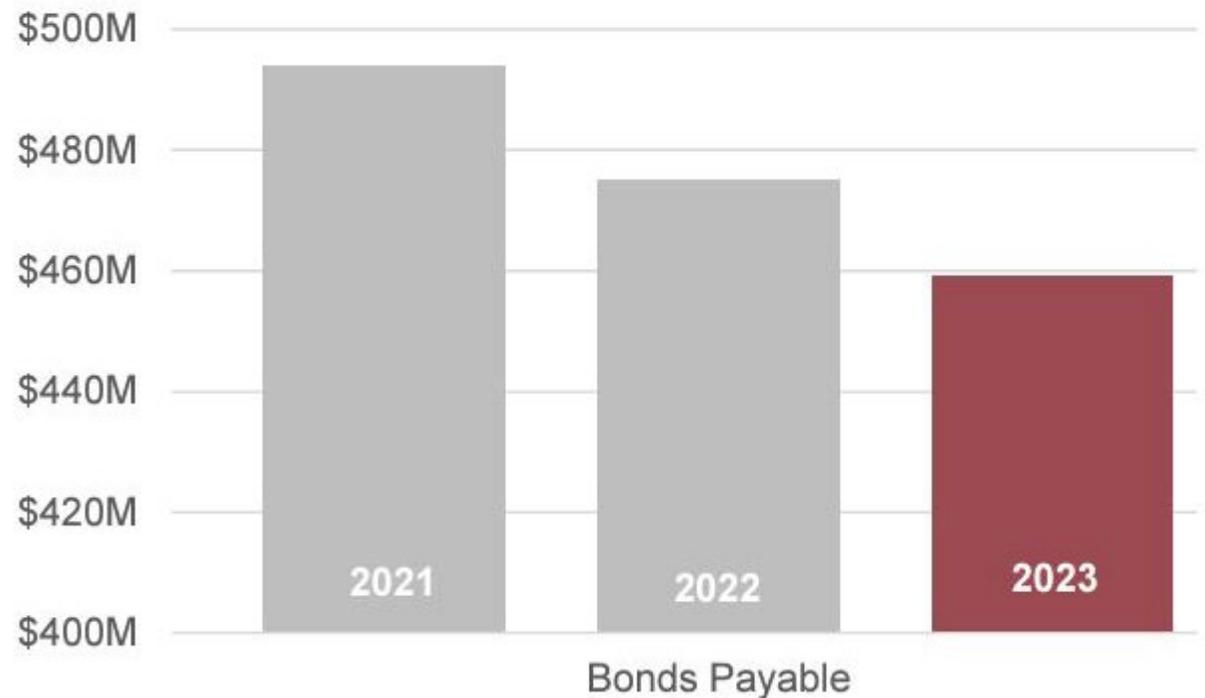
One bond series was issued in FY23, with a face value of \$40 million.

Some existing bonds were redeemed early, reducing overall bond liability.

Bonds Payable Balances

Fiscal Years 2021-2023

Early redemptions of bonds in FY23 **reduced outstanding bond balances.**



Source: Compiled by the Legislative Audit Division.

Summary of Financial Activity

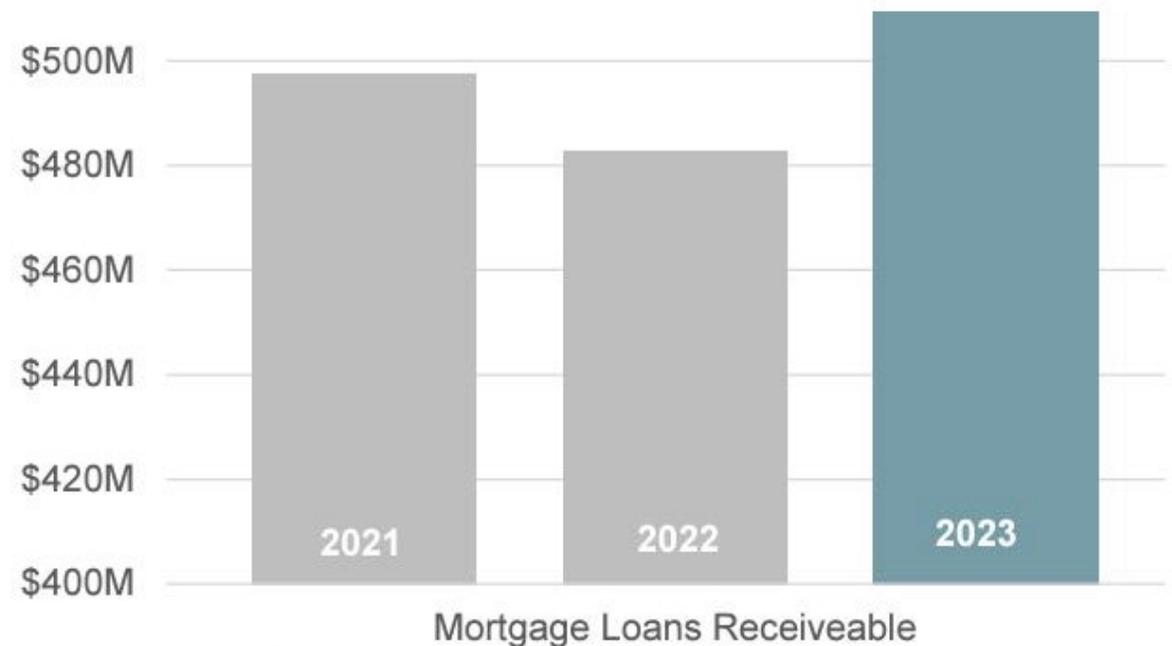
Rising market rates improved the competitive position of board-offered mortgages.

The board purchased fewer mortgages in FY23 due to rising home prices.

Mortgage Loans Receivable

Fiscal Years 2021-2023

Increases in interest rates slowed loan payoffs in FY23, resulting in an **increase in mortgages owned by the board.**



Source: Compiled by the Legislative Audit Division.

Areas of Audit Work

A person in a light blue shirt is working at a desk. They are using a calculator with a gold pen resting on it. There is a laptop, a stack of papers, and a pair of glasses on the desk. The image is split diagonally, with the top-left portion being white and the bottom-right portion showing the person and desk.

Bonds
Investments
Mortgages
Cash Flow
Note Disclosure

Information system controls do not conform to state policy.



Information system policies



Passwords



User accounts

Recommendation 1
Information
System

There was not adequate separation of duties in the board's information systems.



Loan servicing



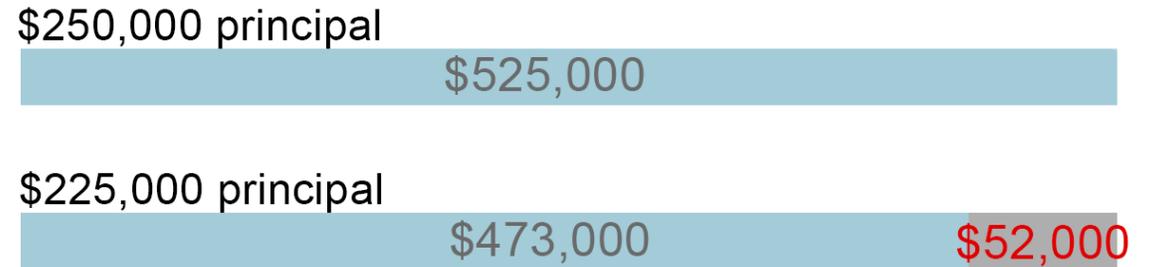
Portfolio management

Recommendation 2 Separation of Duties

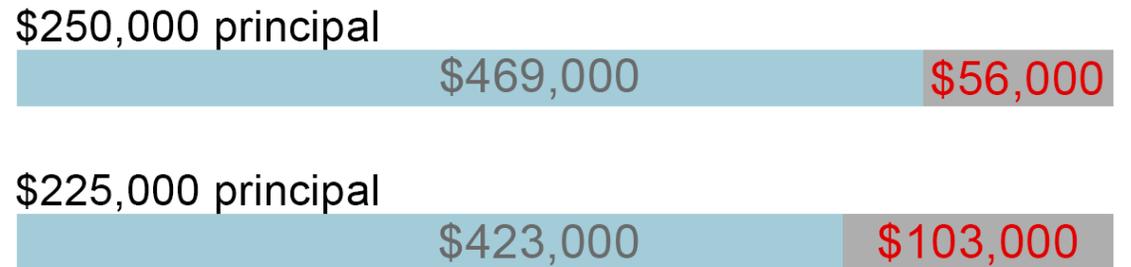
Why Separate Duties?

Small changes to loan data can have a big impact

5.25% interest over 30 years



4.25% interest over 30 years



■ Total amount received ■ Potential loss



Recommendation 3

Related Party Disclosures

There were not internal controls to identify board member relationships that may require disclosure.

Auditor's Opinion

Unmodified

We issued an unmodified opinion on the financial statements and note disclosures of the Montana Board of Housing for fiscal year 2023.

Questions?

