

FINANCIAL AUDIT
Board of Investments

For the Two Fiscal Years Ended June 30, 2013

DECEMBER 2013

12-04B

REPORT SUMMARY

The Board of Investments manages the Unified Investment Program, a constitutionally required program for the investment of public funds, public retirement system funds, and state compensation insurance fund assets. In addition, the board manages the investments of state agencies and certain investments of local governments, such as cities, counties, and school districts. The Unified Investment Program had total net asset value/investments of \$14.8 billion at June 30, 2013, and \$13.8 billion at June 30, 2012.

Context

To manage the Unified Investment Program, the Board of Investments (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. The board also manages the investments for state and local governments. Local government entities may only invest in the Short Term Investment Pool.

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 (Intermediate Term Capital Program) bonds which are used to provide

loans to eligible Montana governments to finance capital expenditures for up to 15 years. Economic Development Bond Act programs provide access to economic development programs through issuance of conduit debt. The Conservation Reserve Enhancement Program (CRP), allow farmers to receive a lump sum payment by assigning their federal CRP contract to the board.

Results

This report does not contain any recommendations.

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 (12-04B) 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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