



UTAH SYSTEM OF
HIGHER EDUCATION

GENERAL REPORT

March 2024

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Annual Money Management Report – FY 2023

Under Utah Code sections [51-7-13\(3\)\(a\)\(c\)](#), [51-8-303\(6\)](#), and [Board Policy R541, *Management and Reporting of Institutional Investments*](#), USHE institutions are required to submit reports to the Utah Board of Higher Education monthly and annually detailing the deposit and investment of funds. The Board then submits an annual summary report of all investments by institution to the Utah Governor and the Legislature. This report serves as the annual summary report and meets the requirements outlined in the statute.

Background

On a monthly and annual basis, institutions prepare investment reports that the institution treasurer and internal auditor(s) review and approve. The treasurer certifies the institution is in compliance with the [Uniform Prudent Management of Institutional Funds Act](#) (UPMIFA) and the [State Money Management Act](#). The internal auditor(s) verifies compliance with state statutes, Board policy, institutional policy, federal regulation, and strength of controls and confirms the completeness and accuracy of the investment reports. Completed reports are submitted to the institution's Board of Trustees for review and approval (as delegated by the Utah Board of Higher Education) and forwarded to the Commissioner's office for review and record keeping.

Statute requires that the annual summary report to the Governor and Legislature represent audited values. To meet this requirement, this report is prepared after the state auditors complete their annual financial audit of the institutions. The investment figures used in this report tie to the audited "Statement of Net Assets" found in the institution's financial statements.

The attached report demonstrates the relative size of institutional investments and the asset allocations in place at each school by investment category. The categories are:

- Endowment Investments — governed by UPMIFA and Board Policy R541
- Foundation Investments — governed by a foundation Board of Trustees/Directors operating under the requirements of non-profit 501(c)(3)s
- Other Investments — all funds, not endowment or foundation, operating under the guidelines and requirements of Utah Code Title 51, Chapter 7, the State Money Management Act

Additional Information

The Commissioner's staff has worked with Utah System of Higher Education (USHE) controllers to provide additional information regarding the oversight and review of the investment process to address Board questions regarding asset allocation, compliance with laws and regulations, return on assets, and risk management. The following information has been provided by the institutions describing their processes and procedures for evaluating the performance of their respective investments, the various benchmarks used in the evaluation process, and clarifying notes describing the use of outside industry professionals to assist in the management of institutional investments.

Oversight and Review

The Board has delegated the responsibility for oversight, management, and reporting of assets invested (including the management of the portfolio, selection of investment products, and investiture/divestiture decisions) to an institution's Board of Trustees. To assist with this charge, the institutions have created investment committees to help with the operational responsibilities. The membership of these committees varies by campus but may include trustees, institution officers, designated treasurers, institution employees, members of the business community, and/or investment professionals.

Institutional use of outside professionals varies. In some cases, outside professionals (e.g., Commonfund, Wells Fargo, LCG Associates, Albourne America, and Strata Financial Services) are hired to manage pieces of investment portfolios. In other cases, individuals who are recognized as investment professionals may sit on the investment committees.

Investment committees are asked to evaluate the respective investments relative to returns, risk mitigation, institutional needs, reasonableness, effectiveness, overall position, prudence, and management cost while maintaining compliance with statutes, policies, authorities, and regulations.

Reports of the positions, instruments, and balances are produced on a monthly and quarterly basis by the designated treasurer, approved by committees, and presented to the institutional President and Board of Trustees for review and approval.

Performance Measurement

Institutions use industry-standard benchmarks to measure the return on their investments, allocation of assets, and risk level. The benchmark tools may include S&P 500, Russell 3000, Morgan Stanley (MSCI) for equity funds, UBS index, Barclays Capital Index, London Interbank Offered Rate (LIBOR), and peer group comparisons. Several institutions participate in a national survey by NACUBO – Commonfund Study of Endowments (which includes all major colleges and universities in the U.S.). The results of this annual study are a key indicator of how their investment practices and results compare to other major universities. The NACUBO study also provides insights into current investment trends and ways to improve overall results.

Foundations

Foundations have a board and committee that oversee and direct the investments of each foundation. The foundations are subject to federal regulations.

Utah Tech University's foundation is a separate entity from the institution and does not maintain any institutional investments within its foundation.

Utah State University's foundation is a part of the university or "dependent foundation", which is dedicated to maximizing support from private donations. As such, foundation funds are invested as part of the university endowment according to current university guidelines, oversight protocols, performance evaluation standards, and according to the same investment policies as all other university funds.

Notes

Utah Tech University places most of its investments with the University of Utah to receive the benefit of University of Utah investment strategies and staff professionals.

Utah Tech's investments dropped from \$144,530,900 in FY22 to \$129,658,124 in FY23 due to bonding funds received for the Campus View Suites 3 building at the end of FY22. The funds were then used for the construction during FY23.

Mountainland Technical College's investments dropped from \$6,677,165 in FY22 to \$5,553,724 in FY23. Last year, the legislature approved funding for the purchase of a building for Mountainland's Wasatch campus. This year, it spent just over \$3 million to purchase land in Heber City for the building.

Attachment:

- Attachment 1 – Investment Report