

# Office of the Treasurer

## ❖ *Mission and philosophy*

The mission of the State Treasurer's Office is to serve the people of Wyoming by receiving, safeguarding and investing all funds of the State of Wyoming and any other funds in the possession of the state for purposes of safekeeping or investment in a prudent manner while complying with directives of Wyoming's constitution and statutes.

The philosophy of the State Treasurer's Office is to carry out all functions required of this office with the highest degree of ethical, personal and professional behavior.

## ❖ *Results of outcomes*

**Goal 1:** Perform the best possible investment management and revenue accounting services for the State of Wyoming.

**Objective A:** Work to expand investment opportunities for externally and internally managed funds.

This year the State Treasurer received from the Legislature and the State Loan and Investment Board authorization to invest in international fixed income and equity investments. A request for proposal was initiated for international investment management services from which two international equity managers were selected in June, 2000. In addition, the selection of a convertible bond manager was made in August of 1999. The State Treasurer's Office anticipates funding these investment options in fiscal year 2001.

The State Treasurer has been, as market conditions permitted, gradually moving funds from fixed income investment securities to equity investments in an effort to reach the present equity investment allocation of 25 percent. At the end of FY00, 11.1 percent of the permanent funds are in equity investments. During the 2000 legislative session, authorization was received to increase the equity allocation to 55 percent (W.S. 9-4-834), therefore, the Treasurer's Office will continue to work towards increasing its equity exposure.

The Treasurer's Office successfully worked with the Department of Education and the Legislature to get legislation passed that will change the timing of distributions to the local school districts. The effect of this will be to enable the treasurer to issue Tax and Revenue Anticipation Notes (TRANS) for the Education Trust Fund, which in turn, will allow longer term investments and a higher rate of return, thus ultimately benefiting the state and the local school districts. The first issue of the Education Trust Fund TRANS will be issued on July 1, 2000.

The third series of the General Fund Tax and Revenue Anticipation notes were issued in July, 1999 and redeemed in June, 2000 and netted \$2.9 million for the state coffers. This is additional income that would not have been earned if the TRANS had not been issued.

### **General information**

Cynthia Lummis, State Treasurer

### **Agency contact**

Sharon Garland, Deputy State Treasurer  
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State Capitol Building  
Cheyenne, WY 82002  
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### **Other locations**

Unclaimed Property Division, Hansen Building, Cheyenne, WY 82002

### **Year established**

1869

### **Statutory references**

9-1-401 through 9-1-413

### **Number of authorized personnel**

17 full-time

### **Organizational structure**

Administrative Operations, Unclaimed Property

### **Clients served**

All state agencies, federal government, the general public

### **Budget information**

	<b>General fund</b>	<b>Other</b>
Administrative Operations	\$967,054	\$7,219
Unclaimed Property	0	521,329
Investment Managers (from Investment Income)	2,419,264	0
<b>Total</b>	<b>\$3,386,318</b>	<b>\$528,548</b>

The Treasurer was instrumental in getting legislative changes passed that authorized "returning" a portion of income to the corpus of the permanent land funds to compensate for inflation {Wyoming Statute 9-4-305(b)}. The amount to be returned is based on the beginning balance of each permanent land fund account multiplied by a portion of that year's inflation rate (this year that portion was 5 percent of the inflation rate). The first such transfer was made at the end of FY00 and totaled \$1,390,322. Since this procedure will increase the investable corpus, it is expected that additional investment income will accrue to the state in succeeding years.

During the 2000 legislative session, the treasurer worked successfully with the Legislature to change several existing statutes that expand investment opportunities. Changes were made to W.S. 9-4-707, which will now allow the sale and exchange of state investments resulting in a loss, providing total return is maximized by the sale or exchange. The treasurer was also instrumental in getting the Legislature to establish an investment income spending policy for earnings on permanent fund investments (W.S. 9-4-712). A spending policy will provide consistent, sustainable flow of earnings for expenditure over time; it will protect the permanent fund corpus against inflation; and it will increase earnings available for expenditure to offset the effects of inflation. Changes to W.S. 9-4-712 also establish a limit on the total amount of permanent state funds available as investments for a specific public purpose. The limitation of these legislatively designated investments (LDIs) was capped at \$500 million dollars.

During fiscal year 2000, a chief investment officer position was added to the Treasurer's Office. This position was filled in June, 2000. This position will be devoted 100 percent to increasing investment opportunities and income for the state and will oversee all investment managers and internal investment decisions.

In FY00, the ultimate result of these activities was an increase in investment options and a 6 percent increase in investment income over the prior year. The total investment return of the treasurer's investments was 6.99 percent, thus meeting the benchmark set by the State Loan and Investment Board. (The board's benchmark was actually 7 percent, but this was gross of fees, while the treasurer's return calculation is net of fees.)

**Objective B:** Carry out daily receipts and bank activity.

Information technology upgrades in anticipation of the year 2000 changeover were completed, tested and in place substantially before December 31, 1999, and the century change was handled by the Treasurer's Office equipment and staff without any problems.

The treasurer has successfully put into place equipment and procedures to enable the office to use the Automated Clearing House (ACH) debit, thus allowing the office to charge other bank accounts.

Currently, this is being used for state investments in banks and for Wyo-STAR, the local government investment pool. Several other state agencies are also now either using this automated ACH debit process or working on setting it up, including Liquor Commission, Employees Group Insurance and Department of Revenue. This has reduced processing time and eliminated some paperwork for office staff and for other state agencies. This process was begun in FY99, but the conversion process was completed during FY00.

The Treasurer's Office began Internet banking this year, enabling staff to quickly check demand account balances, deposits and withdrawals and to easily transfer funds between accounts. The Department of Revenue and Liquor Commission were then also given access to the special accounts set up to handle their activity to enable them to easily check on ACH activity and balances, thereby eliminating the time lag for phone call and hard-copy notifications.

**Goal 2:** Provide for statutory and constitutional responsibilities of the Office of the State Treasurer.

**Objective A:** Support State Treasurer's additional statutory responsibilities.

Wyo-STAR, the local government investment pool, has continued to provide its participants with a rate of return higher than other pools available to Wyoming's local municipalities. As of June 30, 2000, Wyo-STAR had 131 participants with an ending invested balance of \$168.0 million. These local political entities earned \$9.98 million in interest in FY00. Wyo-STAR had an average monthly rate of return of 5.2 percent, an increase over the FY99 estimated average return of 5.07 percent — very acceptable in a year of wild market swings. This compares favorably with other states' similar programs: Idaho's FY00 average monthly yield was 5.59 percent, and Oregon's average monthly yield was 5.09 percent for the year ending December 31, 1999.

In response to legislation (W.S.21-16-809 through 21-16-818) effective March 2000, the State Treasurer's Office, as program administrator, launched the State of Wyoming College Achievement Plan in May 2000. This college savings program is a qualified state tuition program, established under Section 529 of the Internal Revenue Code, designed to assist Wyoming residents in financing higher education costs for their families. The plan is available to any U.S. resident and can be used at any accredited college or vocational institution in the country that is eligible to participate in federal student financial aid programs. Contributions are invested in one of four investment options, selected by the participant, each holding a different mix of stocks, bonds and/or money market mutual funds. Earnings attributed are subject to federal income tax upon withdrawal for qualified higher education expenses, however, they are taxed federally at the beneficiary's rate, which is usually a lower rate than the contributor's. For fiscal

year 2000, this program is too new to compare to any other state's program.

**Objective B:** Improve administration of state and local programs not directly related to treasurer's normal activities.

The State Treasurer continues to attempt to convince the Legislature of the feasibility of moving a number of state and local programs administered by the treasurer but not related to the office's normal activities to other agencies where they could be better administered. These include Miners' Hospital, Veterans' Tax Exemption, Police Officers' Retirement and Indian Motor Vehicle Exemption programs, and the Wyoming Deferred Compensation Program.

This task was successful for the Miners' Hospital program, which was transferred to the Department of Health as of July 1, 2000, thus eliminating this program from the treasurer's budgeting and administrative processes.

In May 2000, under direction from the Legislative Management Audit Committee, the Legislative Services Office staff began conducting a program evaluation regarding the proper placement of the Wyoming Deferred Compensation program within state government.

**Objective C:** Expand Uniform Unclaimed Property program operations.

Improvements continue to be made to the unclaimed property database, enabling easier and quicker entry. Because data is easier to retrieve, compliance by holders in reporting their unclaimed funds has increased and resulted in increased owner and holder records being added to the database.

The public list of owners is available on State Treasurer's Internet Web site, and the information is updated quarterly. This site received approximately 370,000 inquiries during FY00, an increase of 42.6 percent over FY99.

In FY00, one national holder seminar was conducted, one national speaking engagement was performed, several interviews were given to radio stations, and numerous claimants were instructed on how to claim their funds. An alphabetical list of owners is mailed each month to Wyoming county clerks.

Total unclaimed funds turned over to the State in FY00 was \$1,975,558, and \$1,274,918 was returned to the original owners or their heirs. The Wyoming Unclaimed Property Division is ranked in the top ten nationally for returning funds to the owners.

### ❖ *Strategic plan changes*

While a number of objectives were achieved in FY00, the focus of the goals of the Treasurer's Office will not change substantially in the new strategic plan to be filed in September, 2000.

## Office of the Treasurer organization chart

