

# State Treasurer

## Mission and philosophy

The mission of the Wyoming State Treasurer's Office is to serve the people of Wyoming by receiving, safeguarding and investing all funds 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 the office with the highest degree of ethical, personal and professional behavior.

The office's first goal is to perform the best possible investment management and revenue accounting services for the State of Wyoming to expand investment opportunities and produce an increased and more stable income flow.

During FY 02, the State Treasurer's Office continued to be challenged by down markets to meet the income needs of the Legislature and to maintain the value of the state's funds. Continuing to increase portfolio diversification and move funds from fixed income securities to equities is an ultimate goal to achieve a 50 percent equity allocation. This is outlined in the state's asset allocation plan. The decision to move more slowly than originally planned was necessary to ensure that the cash flow requirements established by the Legislature were able to be met.

The state's portfolio incurred a total investment gain during FY 02, but because of market conditions, actual earnings recognized and distributed decreased by 1.14 percent compared to the prior year. Recognized and distributed yield for FY 02 was calculated to be 5.06 percent. When total portfolio return (including unrealized gains) is compared to the total Wyoming Fund Custom Index, the Treasurer's portfolio performed at 5.19 percent versus the Index of 5.30 percent.

During FY 02, the State Treasurer continued the strategy of seeking an alternative, sustainable funding source for the Permanent Mineral Trust Fund (PMTF) and Common School Permanent Land Fund (CSPLF) spending policy reserve accounts.

As required by Wyoming State Statute 9-4-713, each year the State Treasurer, in consultation with the State Loan and Investment Board, is to recommend to the Select Committee on Capital Financing and Investments modifications to the state spending policy for the PMTF and the CSPLF. In September 2001, the State Treasurer did recommend significant changes to the state spending policy which, in the long term, will allow for more stable income flow by stabilizing spending, and by building a reserve fund while inflation proofing the permanent funds over a period of time. The committee recommended changes to the policy by sponsoring legislation, which was passed

## *General information*

Cynthia Lummis, state treasurer

## *Agency contact*

Sharon Garland, deputy state treasurer  
State Capitol  
Cheyenne, WY 82002  
307/ 777-7408  
[sgarla@state.wy.us](mailto:sgarla@state.wy.us)

## *Other locations*

Unclaimed Property Division  
Hansen Building  
Cheyenne, WY 82002

## *Year established*

1869

## *Statutory references*

W.S. 9-1-401 through 9-1-413

## *Authorized personnel*

18 full-time

## *Organization structure*

Administrative Operations, Investment Management, Unclaimed Property

## *Clients served*

All state agencies, federal government and the public.

## *Budget information*

Administrative Operations	
General Fund	\$1,162,364
Other	0

## *Unclaimed Property*

General Fund	0
Other	\$846,253

## *Investment managers (from investment income)*

General Fund	0
Other	\$8,954,211

during FY 02. This legislation changed the current pre-determined fixed dollar spending policy established in statute to a percentage based spending policy. The target spending level started at 8.0 percent of the five year average market value level for the PMTF and a target spending level of 8.2 percent of the five year average market value for the CSPLF. This spending level percentage will decrease by .375 percent each year until it reaches a sustainable 5.0 percent spending level. Although there will be a decrease in general funds and common school income funds available for spending each year, a reserve account will be built up and available if needed for appropriation. Excess investment earnings will flow to the spending policy reserve accounts established for each of these two funds with any amounts over 75 percent of the spending policy going back to the corpus, which is intended to inflation proof the corpus. Therefore, the legislation passed also repealed an "inflation proofing" provision for the CSPLF which had been depositing an increasing amount of earnings back into the corpus each year as it was no longer needed.

The State Treasurer introduced the idea of possible securitization of tobacco settlement proceeds for the purpose of generating additional interest income to be used at the discretion of the legislature. Although this concept was presented to the Select Committee on Capital Financing and Investments, no legislation was introduced during FY 02.

The strategy for increasing portfolio diversification was measured by the number of investment classes added to the portfolio by selecting and hiring for these various investment classes and by the funds placed with the managers hired in these investment classes. This strategy was also measured by the number of contacts made in researching and investigating alternative investments.

A request for proposal (RFP) for small-mid cap equity managers was issued in September 2001 which resulted in the selection of two additional investment managers. A small-mid cap growth equity manager and a small-mid cap value equity manager were selected by the State Loan and Investment Board at their December 6, 2001 meeting. Contracts for hiring of these managers were completed during December 2001 and funds were placed with the managers in January and February 2002.

In an effort to fully diversify the state's portfolio in the long term, the state's asset allocation plan calls for a small percentage of the state's portfolio to be invested in alternative investments. In an effort to accomplish this long-term goal, the State Treasurer has spent a great deal of time during FY 02 investigating this asset class.

As a result of this investigation, an RFP for alternative investment "Fund of Funds" investment management services was issued in November 2001. Two firms were selected by the State Loan and Investment Board to fill this mandate at the

February 7, 2002 meeting. The Treasurer has contracted with a law firm that specializes in alternative investments to conduct an intense review and analysis of the fund of funds partnership documents to ensure that the state's interests are protected before placing funds with these management firms. This review will continue during the next fiscal year.

In addition, the State Treasurer spent a great deal of time researching, interviewing and meeting with a variety of contacts to further investigate alternative investment options. During FY 02, the State Treasurer attended in excess of 40 meetings, conducted more than 20 conference calls and spent a considerable number of hours working with individuals with business plans and commercially tested products, as well as meeting with the Wyoming Business Council, legal counsel and investment professionals.

Another outcome is more efficient transfer of financial information.

The strategy of transmitting accounting and financial information via the Internet is measured by the number of reports received and sent to banks and other outside contacts in a more timely fashion and also by the number of hits on the State Treasurer's website.

During FY 02, the State Treasurer's Office continued expanding Internet banking, enabling staff to quickly check demand account balances, deposits and withdrawals, and to easily transfer funds between accounts. The office is currently negotiating with a vendor (QED) regarding the implementation of Internet accessibility for the local government investment pool (Wyo-STAR). This piece would allow Wyo-STAR participants to view their statements and request withdrawals daily. During FY 02, Wyo-STAR forms were added to the agency's web site. Addition of these forms has assisted agency staff and the Wyo-STAR participants with a means to transfer money in a more timely method.

The State Treasurer's Office has enhanced and expanded information contained on its web site during FY 02 in an attempt to better inform the public. This was accomplished by creating and placing new logos on the main page of the Web site for various programs administered by the State Treasurer's Office including the Wyoming Family College Savings Program, (College Achievement Plan), the Wyoming Unclaimed Property Program and the Local Government Investment Pool, (Wyo-STAR). In addition, various publications, forms and reports have been added to the State Treasurer's web site, including the agency's annual report, strategic plan, investment policy, various program forms, proposed rules and regulations, requests for proposals and press releases. During FY 02, there were 16 new types of reports received from banking institutions and eight new types of reports sent to banks and other outside entities, which was an extreme benefit both to the State Treasurer's Office and to the clients

served. From January 2002 through June 30, 2002, the period in which these enhancements were implemented, there were a total of 80,352 hits on the agency's Web site.

Goal II is to continuously improve implementation of statutory and constitutional responsibilities by improve administration of Treasurer's additional statutory programmatic responsibilities and achieve above average results of programs administered.

The strategy to improve apparent satisfaction with other programs administered by the State Treasurer's Office, such as the Local Government Investment Pool (Wyo-STAR program) and the Wyoming Family College Savings Program (the College Achievement Plan) was measured by the number of program participants and dollars involved in each of the programs.

The Wyo-STAR program has continued to be very successful in serving as an investment opportunity for its participants. The pool remains extremely liquid, uses top grade investments, while producing returns which exceed many other short-term investment programs. It produces a rate of return higher than other pools available to Wyoming's local municipalities. As of June 30, 2002, Wyo-STAR had 136 participants compared with 133 participants in FY 02. It had an ending invested balance of \$212 million at the end of FY 02 compared to \$188 million at the end of FY 01. Local entities invested in this program earned a total of \$6.7 million in interest in FY 02 compared to \$10.1 million earned in FY 01. The lower earnings in FY 02 were due to market conditions. The rate of return for FY 02 was measured against two other states that have similar programs, Idaho and Utah. Wyoming compared favorably with these other states' programs. The average yield for the Wyo-STAR program was 3.38 percent for FY 02, while Idaho had a higher average yield of 3.88 percent and Utah had a lower average yield of 3.01 percent.

The Wyoming's Family College Savings Program, the "College Achievement Plan", was designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529 of the Internal Revenue Code. This is an investment program which assists families to save for expenses associated with post-secondary education. During FY 02, there were several enhancements made to the plan, including increasing the maximum contribution limit per beneficiary from \$120,000 to \$245,000, adding a balanced portfolio to the plan's investment options, and passing legislation which deleted the state's requirement to access a mandatory 10 percent penalty for non-qualified withdrawals.

The College Achievement Plan continues to grow. At the end of FY 02, Wyoming's program had a total of 1,722 accounts, an increase of 1,007 accounts or approximately 53 percent from FY 01. These accounts had a total asset value of over \$14 million on June 30, 2002 an increase of \$8.9 million or

approximately 75 percent over FY 01.

The outcome for II A-2 is to transfer program responsibilities to agencies with related areas of responsibilities.

The strategy for this outcome was to seek the introduction of legislation to transfer the administration of several state and local programs currently administered to other more closely related agencies. These programs include the Veteran's Tax Exemption, Police Officers' Retirement and the Indian Motor Vehicle Exemption programs, which are not related to the normal activities of the State Treasurer's Office. Although discussion with the Appropriations Committee took place this fiscal year through the budget process, no legislation was introduced to transfer the budget or administration for these programs to other agencies.

The objective to fully comply with Uniform Unclaimed Property Program intent calls for additional unclaimed property delivered by holders.

The strategy to manage tangible unclaimed property was to be measured by the amount of tangible unclaimed property returned by holders. Due to the continuation of extremely heavy workloads within the Unclaimed Property Division, requesting tangible unclaimed property from holders has not been accomplished. Inventorying tangible property is very time consuming and may require additional staff before this strategy can be accomplished.

There is an outcome to increase unclaimed property returned to the rightful owner or heir.

The strategy to improve the rate of return to owners/heirs was measured by the value of cash, stock, and other securities returned to owners. During FY 02, total unclaimed funds turned over to the state amounted to more than \$3.4 million and over \$1.9 million was returned to the original owners or their heirs. This was an increase of \$726,700 in additional funds turned over to the state between FY 01 and FY 02 and an increase of \$868,000 being returned to owners or their heirs from FY 01 to FY 02.

## Office of the Treasurer organization chart

