

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.

Results of outcomes

The primary goal of the State Treasurer's Office is to perform the best possible investment management and revenue accounting services for the state. The objective of this goal is to expand investment opportunities that will produce the outcome of increased and more stable income flow.

During FY03, the State Treasurer's Office was once again challenged by down markets which made it more difficult to meet the income needs of the state while maintaining 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 as outlined in the state's asset allocation plan. However, with the continued low returns of the equity markets during much of FY03, the state's portfolio continued to be over weighted in cash and bonds to ensure that cash flow requirements established by the legislature were met.

The strategy for stable bond investments during the nation's fiscal downturn saved Wyoming millions of dollars and was a sound tactic for protecting Wyoming from investment vulnerability. Equity and convertible bond markets began to recover during the fourth quarter of the fiscal year. It is crucial for Wyoming to diversify into these markets to maximize returns safely.

Due to the economic condition of the financial market during most of the fiscal year, there were not as many gains that could be harvested in the state's portfolio. Therefore, actual earnings recognized and distributed during FY03 decreased by 29.1 percent. Recognized and distributed yield for FY03 was calculated to be 3.52 percent compared to 5.06 percent in FY02. However, the total portfolio return (including unrealized gains) actually resulted in a higher return in FY03 at 6.83 percent compared to 5.19 percent in FY02, which was due to a strong recovery of the equity market in the fourth quarter of FY03.

The strategy for increasing portfolio diversification during FY03 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. The

General information

Cynthia Lummis, state treasurer

Agency contact

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Other locations

Unclaimed Property Division
Hansen Building
Cheyenne, WY 82002

Year established

1869

Statutory references

Wyoming Constitution, W.S. 9-1-401 through 9-1-417 general duties

Authorized personnel

19 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	\$1,149,976
Other	0

Unclaimed property

General Fund	0
Other	\$448,255

Investment managers

(from investment income)	
General Fund	0
Other	\$5,691,262

number of contacts made in researching and investigating alternative investments also measured this strategy.

In seeking to accomplish the strategy of increasing portfolio diversification, the Treasurer issued two requests for proposals (RFP's). In November 2002, a search was conducted for an alternative investment/private equity provider. Also in November 2002, a search was conducted for large cap covered option investment management services. Although the State Loan and Investment Board did select firms to fill these mandates, funding had not taken place at the end of FY03 as contractual negotiations had not been finalized.

Although no additional state funds were placed with managers during FY03, the continued monitoring of manager's performance led to the termination of the three large cap investment management firms. The long-term evaluation of the three management firms revealed that they had not met the performance standards outlined in the State Investment Policy. With the approval of the State Loan and Investment Board, the adoption of a passive index management approach versus the previous active approach for all large cap equity options was adopted. Thus, the securities held by these active managers were transferred to the state's S & P 500 index manager during FY03.

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 continued to spend a great deal of time during FY03 investigating this asset class and spent a great deal of time researching, interviewing and meeting with a variety of contacts to further investigate alternative investment options. During FY03, the Treasurer spent a considerable amount of time researching and investigating alternative investments including attending in excess of 50 meetings, sending and/or receiving over 150 emails and discussing various issues in connection with this asset class via the telephone.

The second goal of the State Treasurer's Office is to fulfill its other statutory and constitutional responsibilities by monitoring results of additional statutory programs.

The first outcome of this goal is for continued progression of these statutory programs. The strategy for this outcome was to report on results of other programs administered by the State Treasurer. These programs would include the Wyo-Star program, the College Savings Program and the Unclaimed Property Program.

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 and produces a rate of return higher

than other pools available to Wyoming's local municipalities. As of June 30, 2003, Wyo-Star had 140 participants compared with 136 participants in FY02. It had an ending invested balance of \$306 million at the end of FY03 compared to \$212 million at the end of FY02. Local entities invested in this program earned a total of \$6.3 million in interest in FY03 compared to \$6.7 million earned in FY02. Market conditions continued to effect earnings in FY03. The average yield for the Wyo-Star Program was 2.56 percent for FY03 compared with 3.38 percent in FY02.

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 that assists families to save for expenses associated with post-secondary education.

The College Achievement Plan continued to grow during FY03. At the end of FY03, Wyoming's program had a total of 1,851 accounts, an increase of 129 accounts or approximately 7.5 percent over FY02. These accounts had a total asset value of approximately \$16.3 million on June 30, 2003 an increase of \$2.3 million or approximately 16.2 percent over FY02.

During FY03, the State Treasurer's Office completed a total of eight surveys on the progress of the College Achievement Plan. Four surveys were submitted in response to requests from the College Savings Program Network who compiles survey of all states. Also, four surveys were completed in response to requests from the Investment Company Institute in Washington, DC who collects data on all state college savings programs.

Rules and regulations for the Wyoming Family College Savings Plan were amended with final adoption taking place on October 14, 2002. The purpose of the amendment was to include changes required for conforming to revisions of federal law promulgated under Section 529 of the Internal Revenue Code, and for conforming to changes made to state statutes during the 2002 legislative session including amendments to W.S. 21-16-815(h) and (k) and repeal of W.S. 21-16-185(g) and (j).

Rule amendments include changes which reflect the elimination of mandatory provisions for states to impose a de minimis penalty on non-qualified withdrawals effective January 1, 2002, a ten percent federal tax penalty will be imposed on non-qualified withdrawals and the state ten percent penalty for non-qualified withdrawals was eliminated. Rule amendments included changes in rollover contributions allowing transfers from other qualified tuition programs and allowing for rollover distributions into another qualified tuition program; changes made in the distribution of the program from offering the program through one distribution agent to offering distribution by a program distributor, distribution agent or any broker; and changes for permitting contributions to be invested through a multiple share class fee structure.

The Unclaimed Property Division is responsible for receiving unclaimed funds from any entity that cannot locate the owner. During FY03, approximately 5,200 packets were mailed to such entities requesting the return of Wyoming residents' funds. Upon receipt of these funds, the Division attempts to locate the owner and reunite the rightful owner/heir with their property by advertising the names in one or more newspapers of general circulation once a year. The division is also in contact with other states to bring Wyoming residents' unclaimed funds back to Wyoming.

During FY03, unclaimed funds totaling \$3.1 million were turned over to the Unclaimed Property Division and deposited into the trust fund to be held in perpetuity for the owners. A total of \$1.7 million was returned in FY03 to the rightful owner or heirs. These figures represent a decrease of approximately \$373,000 in total funds received and a decrease of approximately \$260,000 in total funds returned to owners or heirs. The amount of funds received is not something the Division can control, but instead is a result of the amount of funds that entities turn over to the State, as they have not been able to locate the rightful owner within the required time frame. Due to the efforts of the Division to educate businesses, the trend for decreasing funds being turned over to the state should continue to decline as these businesses (holders) are more diligently trying to locate the owners of the funds and returning the funds directly to the owners, therefore, they aren't having to turn the funds over to the state at a later date.

The second outcome of the goal to fulfill other statutory and constitutional responsibilities was to seek authorization to transfer some statutory program responsibilities to agencies with related areas of responsibilities.

The strategy for this outcome was to investigate the feasibility of transferring the administration of several state and local programs currently administered by the Treasurer's Office to agencies with missions more compatible with these programs. The programs included the Veterans' Tax Exemption, Police Officer's Retirement and Indian Motor Vehicle Exemption. Legislation which became effective July 1, 2003, authorized additional benefits and contributions for law enforcement officers, which eliminated the State Treasurer's role in the administration of the Police Officer's Retirement account. There are still two programs remaining that the Treasurer's Office will continue to explore the possibility of transferring: the Veterans' Tax Exemption program and Indian Motor Vehicle Exemption program.

Strategic plan changes

The overall goals and objectives outlined in the current strategic plan were not changed in the new strategic plan; however, strategies and measurements have been changed slightly.

Office of the Treasurer organization chart

