

# State Treasurer

## Agency Mission

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 of Wyoming.

The objective of this goal is to expand investment opportunities that will produce the outcome of increased and more stable income flow.

The Treasurer invests the largest portion of state funds in cash and bonds; in cash to the extent needed to meet state liquidity demands and in bonds to maximize income.

During FY 05, the Federal Reserve continued its campaign of rate increases. The Treasurer's Office responded by shortening the duration of its bond holdings to protect the value of the portfolio.

The Permanent Wyoming Mineral Trust Fund and the Common School Permanent Land Fund have constitutional authority to invest in equities. Diversification into equities is essential to achieve long-term total returns for permanent funds that exceed total return for funds invested only in cash and fixed income.

The state's long-term goal is to achieve a 50 percent equity share in these permanent funds. In FY 05, the Treasurer implemented a systematic monthly allocation to equities which brought the permanent funds equity share to 30 percent by fiscal year end. The Treasurer expects to continue this process to achieve a 40 percent equity allocation by the end of FY 06 and a full 50 percent equity allocation by June 30, 2007.

Actual earnings recognized and distributed during FY 05 increased by 3.2 percent over FY 04. Recognized and distributed yield for FY 05 was calculated to be 4.09 percent compared to 4.65 percent in FY 04. However, the total portfolio return (including unrealized gains and losses) actually resulted in a higher return in FY 05 at 7.69 percent compared to 2.37 percent in FY 04.

The strategy for increasing portfolio diversification during FY 05 was measured by the income production from all sources of investable funds, by the number of investment classes added to the portfolio, by selecting and hiring for these various investment classes, and by

### General information

Cynthia Lummis, State Treasurer

### Agency contact

Sharon Garland, Deputy State Treasurer  
307-777-7408  
State Capitol  
200 West 24th Street  
Cheyenne, WY 82002  
sgarla@state.wy.us

### 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

25 full-time, 1 At-Will-Contract Employee

### Organization structure

Administrative Operations, Investment Management, Unclaimed Property

### Clients served

All state agencies, federal government and the public.

### Budget information

#### Administrative Operations

General Fund ..... \$1,597,238  
Other ..... 0

#### Unclaimed Property

General Fund ..... 0  
Other ..... \$677,242

#### Investment managers (from investment income)

General Fund ..... 0  
Other ..... \$4,063,611

the funds placed with the managers hired in these investment classes.

In seeking to accomplish the strategy of increasing portfolio diversification, the Treasurer placed an additional \$1.2 million with the two small-mid cap equity investment managers, placed an additional \$235.9 million with the existing S&P index manager, placed \$164.8 million with two new international equity investment managers, placed \$50 million with a new large cap equity covered option investment manager, and funded \$8.5 million in private equity capital calls.

During FY 05, one new small-mid equity manager was hired to replace an existing small-mid cap equity manager which was terminated by the State Loan and Investment Board due to their benchmark underperformance. The Treasurer issued one request for proposal (RFP) during FY 05; a search was conducted for real estate investment management services in June 2005, with the final selection taking place in July 2005.

The strategy of monitoring investment performance to ensure compliance with investment policy was measured by analyzing and reviewing audited quarterly performance reports prepared and submitted to the State Treasurer's Office by R.V. Kuhns & Associates, the state's investment consultant. The investment consultant also makes a formal presentation on investment performance on a quarterly basis at a public meeting of the State Loan & Investment Board. Copies of these reports are also forwarded to members of the Select Committee on Capital Financing & Investments.

The final strategy of the Treasurer's primary goal is to seek changes to state investment statutes to ensure the state's ability to fully diversify the portfolio and to ensure there is no conflicting language between statutes and state investment policy. During FY 05, the Treasurer continued this review. Legislation was passed (Chapter 124, 2005 session) that made changes to W.S. 4-10-911, 9-4-701, 9-4-708, 9-4-709, 9-4-711 and 9-4-834, clarifying language and modifying requirements and standards for the investment of state funds, and requirements for managers of state funds.

The Treasurer also undertook a comprehensive examination of the state investment policy in FY 05 with a goal to submit revisions to the State Loan and Investment Board for approval by August 2005.

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 the 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 include the Local Government Investment Pool, the Family College Savings Program, and the Unclaimed Property Program.

The Local Government Investment Pool (Wyo-Star) 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, 2005, Wyo-Star had 143 participants; three more participants than it had in FY 04. It had an FY 05 ending invested balance of \$245.6 million compared to \$276 million at the end of FY 04. Local entities invested in this program earned a total of \$5.5 million in interest in FY 05 compared to \$3.13 million earned in FY 04. The average yield for the Wyo-Star program was 2.09 percent for FY 05 compared with 1.14 percent in FY 04.

The Wyoming Family College Savings Program ("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 number of participants and total assets in the College Achievement Plan continued to decline during FY 05. At the end of FY 05, Wyoming's program had a total of 1,418 accounts, a decrease of 387 accounts or approximately 21.44 percent below FY 04. These accounts had a total asset value of approximately \$16.4 million on June 30, 2005, a decrease of \$1.6 million or approximately 9.0 percent from FY 04.

Participation in the College Achievement Plan continued to decline during FY 05 due to the extreme competitive nature of the many college savings plans. Many states are offering tax reduction incentives for participants who enroll in or transfer funds to their program. Since Wyoming does not have a state income tax, this type of incentive is not available to participants. Wyoming's fees are higher than many plans, which have also affected participation as well.

The Treasurer's Office began thoroughly evaluating its current program during FY 05 by retaining an independent contractor with expertise in the field of 529 college savings programs. At a meeting held in June 2005, an analysis of the current program and a report outlining several options were presented to the Select Committee on Capital Financing and Investments. These options included continuing the program in its current form; issuing an RFP to hire a new program manager; partnering with another state's 529 programs or terminating the program. The committee voted to allow the Treasurer's Office to continue to explore the option of partnering with another state, which would be a new concept for the 529 industry. It was also noted at this committee meeting that legislation might be necessary to allow this change in the state's family college savings program.

During FY 05, the State Treasurer's Office completed a total of six surveys on the progress of the College Achievement Plan. Four surveys were submitted in response to requests from the College Savings Program Network, which compiles survey of all states. Also, two surveys were completed in response to requests from the Investment Company Institute in Washington, DC, which collects data on all state college savings programs.

The Unclaimed Property Division is responsible for receiving unclaimed funds from any entity that cannot locate the owner. During FY 05, approximately 5,500 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 FY 05, unclaimed funds totaling \$3.2 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 \$1.39 million was returned to the rightful owner or heirs in FY 04.

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. There are still two programs of this type that the Treasurer's Office continues to administer, the Veterans' Tax Exemption program and Indian Motor Vehicle Exemption program. There was no attempt taken, however, during FY 05 to seek transfer of these two programs.

## Strategic plan changes

The State Treasurer's Office did participate in the new strategic planning process as outlined by the Governor's Planning Office and has submitted a revised strategic plan for the FY 07/08 biennium.

# State Treasurer organizational chart

