

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 of Wyoming.

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

During FY04, the State Treasurer's Office was once again challenged by market conditions, making it 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 to achieve a 50 percent equity allocation as outlined in the state's asset allocation plan remains an ultimate goal. While returns in the equity market showed improvement during FY04, 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. If the rate of return on equities remains stable during the upcoming fiscal year, the Treasurer's Office will be placing more funds in equities.

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.

Actual earnings recognized and distributed during FY04 increased by 44.2 percent over FY03. Recognized and distributed yield for FY04 was calculated to be 4.65 percent compared to 3.52 percent in FY03. However, the total portfolio return (including unrealized gains and losses) actually resulted in a lower return in FY04 at 2.37 percent compared to 6.83 percent in FY03.

The strategy for increasing portfolio diversification during FY04 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 the funds placed with the managers hired in these investment classes.

General information

Cynthia Lummis, State Treasurer

Agency contact

Sharon Garland, Deputy State Treasurer
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State Capitol Building
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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

21 full-time

Organizational structure

Administrative Operations, Investment Management,
Unclaimed Property

Clients served

All state agencies, federal government and the public.

Budget information

Administrative Operations

General Fund.....\$1,386,288
Other.....0

Unclaimed Property

General Fund.....0
Other \$681\$681,424

Investment managers

(from investment income)

General Fund.....0
Other.....\$12,736,883

In seeking to accomplish the strategy of increasing portfolio diversification, the Treasurer placed an additional \$61.2 million with the two existing small/mid cap equity investment managers, placed an additional \$160 million with the existing S&P index manager, placed \$41.8 million in international exchange traded funds (ETFs), and funded \$14.2 million in private equity capital calls.

In addition, the Treasurer issued one request for proposal (RFP). In February, 2004, a search was conducted for international equity investment management services. This was done as the result of the termination of the two existing international equity investment managers by the State Loan and Investment Board due to changes in the investment teams of both firms. Two new firms were selected by the Board to fulfill the international equity mandate. Funding these two new international managers did not take place during FY04, but will be done in early FY05.

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 FY04, the Treasurer began the review process. Legislation was passed (Chapter 93, 2004 session) that made changes to W.S. 9-4-710 and 9-4-711, clarifying and defining certain authorized investments and provisions related to the state's retention of services for securities lending.

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 30 June 2004, Wyo-Star had 140 participants, which was the

same number of participants it had in FY03. It had an FY04 ending invested balance of \$276 million compared with \$306 million at the end of FY03. Local entities invested in this program earned a total of \$3.13 million in interest in FY04 compared with \$6.3 million earned in FY03. Market conditions continued to affect earnings in FY04. The average yield for the Wyo-Star program was 1.14 percent for FY04 compared with 2.56 percent in FY03.

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 College Achievement Plan continued to grow during FY04. At the end of FY04, Wyoming's program had a total of 1,805 accounts, a decrease of 46 accounts or approximately 9.75 percent below FY03. These accounts had a total asset value of approximately \$18.0 million on 30 June 2004, an increase of \$1.7 million or approximately 9.1 percent over FY03, even though there were fewer accounts at the end of FY04.

Participation in the College Achievement Plan declined during FY04 due to the extremely competitive nature of these 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 has slowed participation as well.

During the upcoming fiscal year, the Treasurer's Office will be evaluating its current program. Fee negotiations and other options to provide participants with a better program will be investigated.

During FY04, 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 which compiles survey of all states. Also, four 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 FY04, 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 FY04, unclaimed funds totaling \$3.8 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 \$1.98 million was returned to the rightful owner or heirs in FY04.

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 Police Officer's Retirement program was successfully transferred to the State Retirement System as of 1 July 2003. There are still two programs 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 during FY04.

State Treasurer organization chart

