

State of Wyoming

State Treasurer's Office



Strategic Plan

**July 1, 2012 – June 30, 2014
(FY2013– FY2014)**

**Joseph B. Meyer
State Treasurer**

**WYOMING STATE TREASURER'S OFFICE
STRATEGIC PLAN
FY 2013/2014**

Plan Period: FY2013-2014 (July 1, 2012 through June 30, 2014)

Agency: State Treasurer (004)

Quality of Life Results:

Wyoming state government is a responsible steward of State assets and effectively responds to the needs of residents and guests.

Wyoming has a diverse economy that provides a livable income and ensures wage equality.

Contribution to Wyoming Quality of Life:

As responsible stewards of the state's assets, the State Treasurer's Office contributes to Wyoming's quality of life 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.

We invest state funds in a prudent manner to ensure safety of principal, adequate liquidity and maximization of the total rate of return on investments ultimately saving tax dollars for every working Wyoming citizen. As the steward of unclaimed property assets, the agency responds to the needs of Wyoming residents through diligent efforts to locate its citizens or heirs who rightfully own the property. In addition, the agency distributes various state and federal revenue to all governmental entities of Wyoming in a timely manner as prescribed by law.

The State Treasurer also contributes to Wyoming's quality of life by investing state funds in legislatively designated investments. These projects contribute to the diversification of Wyoming's economy. The placement of state funds with Wyoming banks encourages lending to Wyoming residents and businesses to stimulate the State's economy.

Basic Facts:

The State Treasurer's Office has 26 full time positions and one at-will employee contract positions authorized as of July 1, 2011. Agency personnel provide investment program management, financial management and processing, unclaimed property program management, computer technology and administrative support. The success of the agency is due in a large part to the dedicated and talented staff, many of whom have been employed by the State Treasurer's Office or other state agencies for a number of years.

The current authorized budget for the 2011-2012 biennium is approximately \$61 million of which \$15.3 million is general funds and \$46 million is other agency funds (fees and investment income). Of the \$15.3 million authorized from general, \$4.1 million is for agency operations, while \$11.2 is authorized as pass-through funds to reimburse counties for Veterans property tax exemptions and Indian motor vehicle tax exemptions. Of the \$46 million of agency funds authorized, \$44.5 million is for the investment program while \$1.5 is for administering the unclaimed property program.

It is extremely important for the agency's computer system to be maintained and updated on a routine basis due to the primary function of investing, banking, accounting and distributing the

billions of dollars this office manages each year. As such, an exception budget request will be included in the upcoming 2013-2014 biennium budget for approximately \$140,250 (\$49,500 in general funds in the Operation's unit and \$47,050 in investment income-Manager Payments unit and \$33,700 in investment income-Unclaimed Property unit) for updating and enhancing the agency's computer hardware and software.

The five primary programs and/or functions include:

#1 State Treasurer Activities and Agency Administration: As one of the five statewide elected officials, the State Treasurer responds to the needs of the citizens of Wyoming through the various programs and activities required of the office as well as through the numerous boards and commissions he serves on. Agency administration includes all duties associated with a state elected official, administrative, accounting and fiscal activities, human resources services, and computer technology support.

#2 Banking and Cash Management: Receipts from state agencies are received, reconciled and deposited daily. State warrants (checks) are validated and redeemed from the bank each day. The agency also has general responsibility for the management of the state's cash resources including the development of information to forecast the cash needs of the state.

#3 Accounting and Distributions: The Treasurer's Office administers various statutory programs which involve accounting for and distributing state and federal funds as prescribed by law to cities, towns, counties, the University, community colleges, critical access & rural hospitals, county libraries and state agencies. Funds distributed include federal mineral royalties, severance tax, railroad car tax, Taylor grazing fees, livestock predatory animal control fees, veterans' tax exemptions, Indian tax exemptions, fines and penalties, challenge matching endowment funds, Hathaway scholarship & excellence in higher education funds and investment income.

#4 Investment of State Funds: The State Treasurer's Office invests \$13.8 billion as of July 1, 2011 and this figure continues to grow each year. Total state funds have grown substantially over the last several years due primarily to the increased revenue generated from the state's mineral industry. This places greater demands on investment of these state funds. Investment income is currently the third largest source of income to the general fund.

#5 Unclaimed Property Program: The administration of this program involves collecting and holding unclaimed funds and returning it to the rightful owners or heirs.

Collectively, these activities and programs serve all state agencies and all citizens of the state.

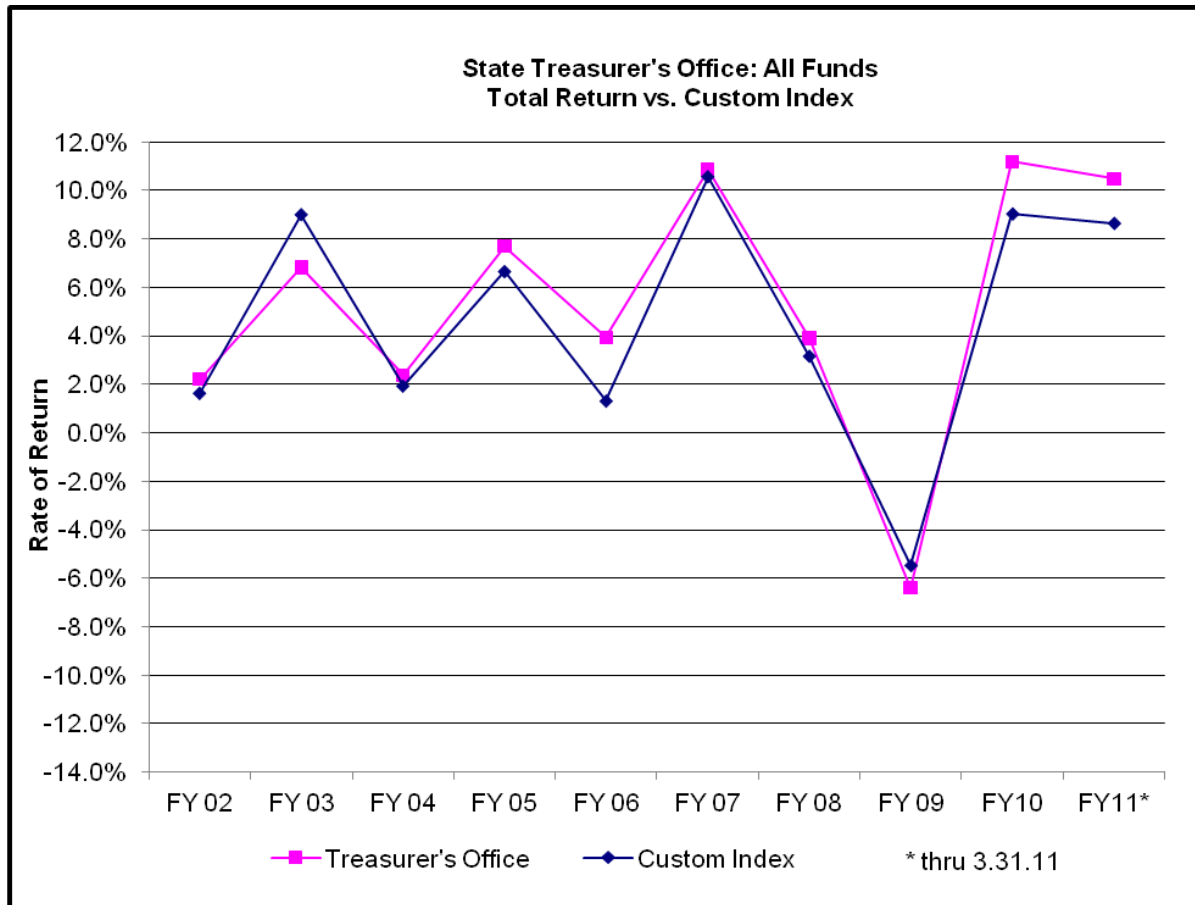
Performance Measures

The performance measures most important to our office are:

- 1: Investment of state funds in a manner that strives for maximum safety, achieves the highest possible return, provides adequate liquidity.
2. Percentage of times the agency has been in compliance with generally accepted governmental accounting standards.
3. Percentage of unclaimed property returned to owners or heirs compared to the amount collected and held in trust until the rightful owners can be located.

Performance Measure #1:

Wyoming Investments-Total Rate of Return - Wyoming Total Fund compared to Custom Index as benchmark



Story Behind the Performance:

#1: Wyoming Investments – Rate of Return: The primary goal of the state investment program is to invest public funds of the State of Wyoming in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The goal of the performance measurement for “Wyoming Investments-Total Rate of Return” is for the Total Wyoming Fund (culmination of all state investment pools—shown in large square boxes on the graph) to outperform or have a higher percentage rate than the Total Fund Custom Index (shown in small square boxes). This index is a benchmark calculated using broad indices corresponding to each asset class the state invests in, weighted based on the current allocation to each asset class. This Custom Index provides a measurement of the Wyoming Fund's total performance relative to the performance of the market. The Custom Index is a tool to evaluate whether or not the Fund's selected managers, as a whole, are outperforming broad market benchmarks.

The State Treasurer's Office manages \$13.8 billion (as of 06-30-11) in non-pension investable funds across seven fund types. Five funds, the Permanent Wyoming Mineral Trust Fund (PWMTF), the Permanent Land Fund (the largest being the Common School account), the

Worker's Compensation Fund, the Hathaway Student Scholarship Endowment Fund and the Excellence in Higher Education Endowment Fund may hold equities under current law. The other funds, the State Agency Pool and the Tobacco Settlement Fund cannot. The state's total investable funds have more than tripled over the last ten years from \$4.5 billion at the end of FY01 to \$13.8 billion at the end of FY11.

Investment performance is carefully monitored by State Treasurer staff. Monitoring efforts will continue as the state's portfolio continues to be diversified and investments become more complex. Monitoring efforts include due diligence site visits by State Treasurer's staff as well as regularly scheduled visits by investment managers to Cheyenne for portfolio reviews.

What do you propose to do to improve performance in the next two years?

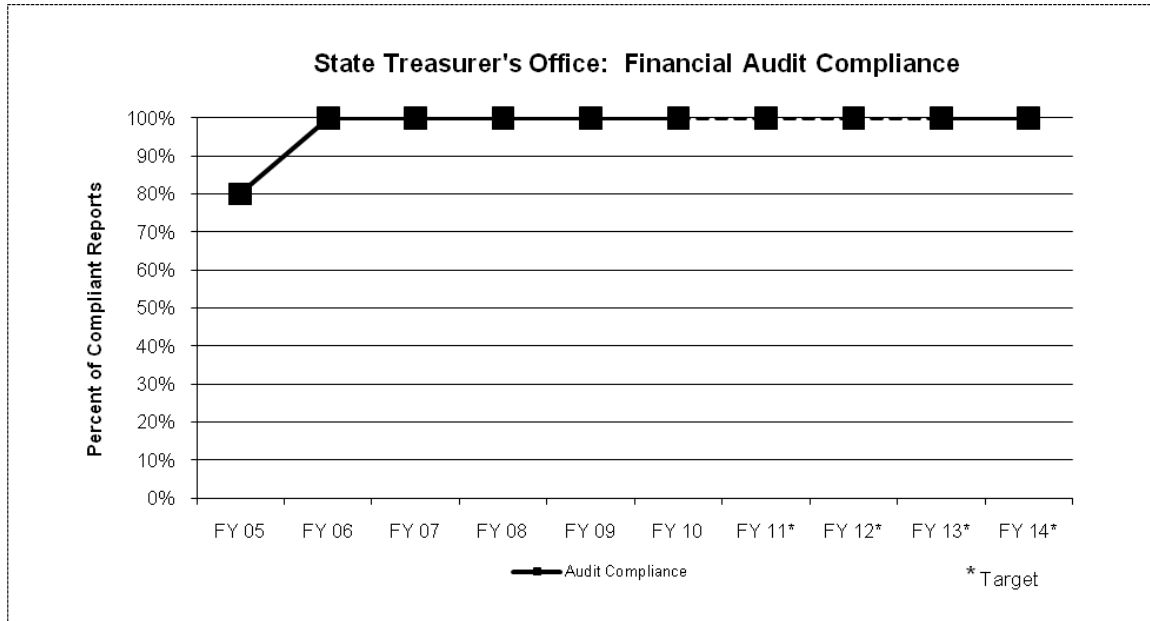
#2 Performance of Wyoming Investments – Rate of Return

Great strides have been taken to further diversify the investment portfolio to improve the total return for the state permanent funds. The Treasurer's Office will continue to explore investment opportunities in consultation with the State Loan and Investment Board (SLIB) and with the SLIB's external investment consultant. The investment goals continue to be protection of corpus and enhancement of return. Diversification will continue to ensure greater returns on a more consistent basis, helping to smooth what can be unpredictable mineral income.

Investment performance is carefully monitored by the State's investment consultant as well as State Treasurer staff. The agency has increased monitoring efforts over the last several years to ensure that investment performance is maintained or improved. These monitoring efforts will be continued during the 2011-2012 biennium as diversification of the state's portfolios continues and as investments in more complex asset classes are explored. Treasurer staff will continue to meet with investment managers in Cheyenne to conduct portfolio reviews and will continue to conduct periodic due diligence site visits.

Performance Measure #2:

Financial Audit Compliance. Percentage of times the agency has been in compliance with governmental accounting standards



Story Behind the Performance:

#2: Financial Audit Compliance: The primary goal of this measurement is for the Treasurer's office to be 100% compliance with all generally accepted accounting principles (GAAP) and all of the Governmental Accounting Standard Board's (GASB) requirements and have no reportable findings in the audit of the State's Comprehensive Annual Financial Report (CAFR).

Each year the State Treasurer's office (STO) supplies accounting records and financial reporting data on revenue receipts, banking and cash management activities, revenue distributions in accordance with state statutes and investment of state funds. Since this involves billions of dollars each year, financial compliance is an extremely important aspect of the day to day activities within the Treasurer's office.

In fiscal year 2005, there were only two reportable findings attributable to the Treasurer's office and only one was directly reportable. The reportable finding involved the inadequate segregation of duties within the investment functions which was primarily due to lack of personnel. There have not been any reportable findings since FY 05.

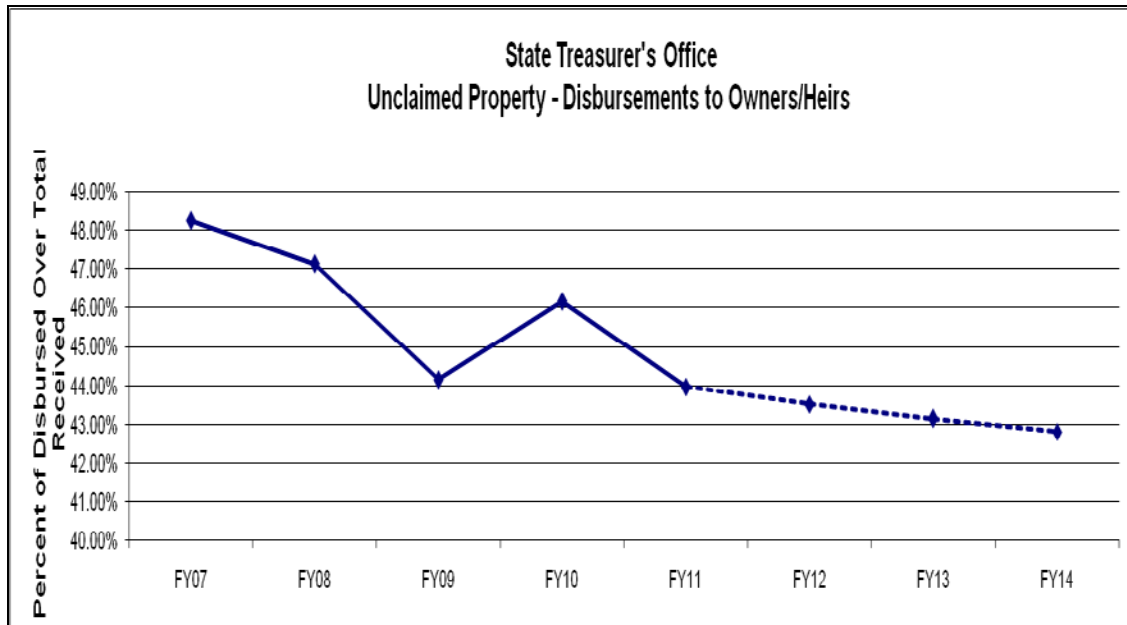
What do you propose to do to improve performance in the next two years?

#2 Financial Audit Compliance:

During the next biennium, the Treasurer's office will keep apprised of any new GASB reporting requirements and will strive to continue to achieve a 100% compliance record.

Performance Measure #3:

Unclaimed Property Disbursements – Percentage of Unclaimed Property returned to owners/heirs compared to the total amount received.



Story Behind the Performance:

#3 Unclaimed Property Disbursements to Owners/Heirs: The purpose of the Unclaimed Property program is to collect unclaimed property (generally cash and securities) from companies and entities, known as “holders”, that have unclaimed property in their possession, and reuniting the rightful owner or heir with their property.

This performance measure illustrates the fluctuation in the percentage of the dollar amount of claims paid out to owners/heirs each fiscal year compared to the total amount of unclaimed property collected from holders and held in trust since the program’s inception. The goal of this measurement is for an upward trend of returning unclaimed funds collected to the rightful owners or heirs through various outreach efforts, such as mailing due diligence letters to owners at the last known address, providing notification so the funds may be claimed (Owner Outreach Program). This goal is dependent on the amount of unclaimed funds reported by entities and when owners/heirs claim their funds.

The percentage of unclaimed property returned to owners compared to the amount held in trust in FY09 dropped due to converting to a new database system. The Owner Outreach Program was put on hold for several months until the conversion was completed. The percentage also dropped in FY11. This decrease primarily resulted because claims were filed without the required documentation thus disbursements could not be processed. The trend line on the above chart indicates that the percentage of disbursements compared to the amount held in trust would continue to decrease based on the average amount of funds received each fiscal year (approximately \$4 million) compared to the average amount of disbursements made each year (approximately \$1.5 million). However, it is hoped that the FY12 percentage will increase rather than the decrease as indicated by the trend. This is due to further outreach being made to owners and claimants becoming more aware of proper documentation requirements. This is not something that our agency can control, however, for the first time in many years we have noticed

an increase in owners claiming small amounts of funds. We believe this may be due to the recession.

Unclaimed property reports and payments are due from nationwide holders on November 1 of each year. Property received by the agency during the calendar year is advertised the following February. The amount received from holders varies each year; the state has no control over the number of reports, cash and property received.

Wyoming was the last state to pass an unclaimed property law (1993), and at that time, the Unclaimed Property Division was established. The key element to the success of this division is the Unclaimed Property staff. Staff longevity has played a vital role in achieving the division's accomplishments and goals.

The Unclaimed Property list is on the Internet – www.wywindfall.gov. There is no charge for citizens to check and see if their name appears on the list or for filing a claim. Unclaimed property is held in perpetuity. There also is no time-limit to claim the funds and/or property.

What do you propose to do to improve performance in the next two years?

#3 Unclaimed Property Disbursements to Owners/Heirs:

During the next biennium, the Unclaimed Property Division will continue to educate entities holding unclaimed property, in written format and oral instructions, to ascertain funds are reported in accordance with the law. When entities become compliant with the law, the number of claims filed should continue to increase.

Several years ago it was determined that companies reporting unclaimed property do not always perform due diligence as required by law. In addition, the owner does not take action once a due diligence letter is received. Because of this, the Owner Outreach Program was implemented. This program includes mailing due diligence letters to owners at the reported addresses. Also, press releases are issued when there is a consumer protection issue dealing with unclaimed property that could affect Wyoming citizens.