

ANNUAL REPORT of the Treasurer

**of the
State of Wyoming**

**For the Period
July 1, 2004 through June 30, 2005**

Cynthia M. Lummis, State Treasurer
Sharon Garland, Deputy State Treasurer
Michael Walden-Newman, Chief Investment Officer

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FOREWORD

It's Been a Great Year

In this extraordinarily productive year we hosted a major meeting of State Treasurers and our first women and money conference, escalated the transition of our investment portfolio towards a mature asset allocation, improved our revenue projection process, streamlined our organization and invested in Wyoming's electric transmission infrastructure to name just a few of our accomplishments. Wyoming's revenue surplus continues to grow, relieving some of the pressure that we faced during previous years to produce substantial realized gains from our permanent funds. As a result, we were able to simultaneously address the quality of and reduce the duration of our internal fixed income portfolio in anticipation of rising interest rates, and more deliberately dollar cost average into our equity allocation. These and other projects, plus the wonderful people with whom I work, made this year the most fun and perhaps the most interesting of my years as State Treasurer.



A Wyoming Economic and Revenue Snapshot

Energy prices create rapid change in Wyoming's revenues. A 25 cent price change per ton of coal produces a \$13.3 million revenue change; a 10 cent change per mcf of natural gas produces a \$19.7 million revenue change; and a one dollar per barrel variation in oil price produces a \$6.1 million revenue change. In fiscal year 2000, mineral income as a percentage of state revenues was 34.8%; in fiscal year 2002 it was 59.5%.

Mining employment in Wyoming, at 7.2%, is ranked first in the nation (nationally it is 0.4%). Professional and business services employment, at 6.1%, is ranked 42nd in the US (nationally it is 12.5%), and Wyoming ranks last in the nation in manufacturing employment (less than 4% versus 11.1% nationally).

When I took office as State Treasurer in 1999, Wyoming had projected a \$200 million budget deficit; by 2004, a \$1.2 billion surplus was projected, followed by another nearly one billion dollar surplus in 2005 and next year's projected budget surplus is approaching \$2 billion.

The Investment Portfolios

The Total Fund of \$6.676 billion (including the Permanent Mineral Trust Fund, Common School Permanent Land Fund, State Agency Pool, Workers Compensation Fund and the Tobacco Settlement Fund) returned 7.69% for fiscal year 2005, outperforming our custom index of 6.66%.

The Permanent Mineral Trust Fund returned 8.40% for the fiscal year and the Common School Permanent Land Fund returned 8.66%. Both funds finished the fiscal year with an asset mix of 70% fixed income/30% equities.

We continue to dollar-cost-average each month toward our limit of 50% fixed income/50% equities. We expect to reach a 60% fixed income/40% equity allocation by the end of FY 06. We expect to reach the full allocation by the time I leave office on January 2, 2007.

The State's fixed income portfolio outperformed over the past year with a return of 8.68% (the Lehman Aggregate Index returned 6.8% for the period).

The Federal Reserve continued its campaign of rate increases, bringing the overnight rate up to 3.25% as of June 30, 2005. Late in the fiscal year the dollar surged in value, rising 6% against a basket of world currencies and posting its strongest quarterly gain in four years.

Our U.S. equity investments returned 6.72% for the fiscal year, while international equity was the best performing segment of the market for us, at 11.69%. During the year, our small/mid-cap growth portfolio was transferred from Brazos to Friess Associates. Friess' outperformance to date has been exceptional, and we are pleased to have this wonderful Wyoming business as part of our investment team. Our convertible bond manager, Nicholas Applegate, outperformed its benchmark for the year with a return of 7.71% versus 2.11% for the index, and our private equity allocation in Cheyenne Capital Fund is in the investment phase, with all investments to date in the black and posting strong growth potential.

We purchased our first Wyoming Infrastructure Authority bond of \$34.5 million at 4.69% to help finance Basin Electric's new transmission in the Powder River Basin, and retired the industrial development bond obligation of Hawkins & Powers, an aviation business in Big Horn County.

The Treasurer's Conference

We had the privilege of hosting the Western and Midwestern State Treasurer's Conference in September at the Jackson Lake Lodge. Nearly half of the nation's state treasurers, many NAST corporate affiliates and guests were in attendance to enjoy the entertainment of Michael Martin Murphy and Baxter Black. The theme was Energy, Agribusiness and Sustainable Economies of the West and Midwest. Among a very impressive array of speakers were Jack Levin of Kirkland & Ellis, Theodore Roosevelt IV of Lehman Brothers, Rob Wallace of GE Energy, Andrew Duffey of TIAA-CREFF, Mark Drabenstott of the Federal Reserve Bank of Kansas City, Ed McCaffrey of Bank of America and Gordon Rausser of the University of California, to name a few.

The Wyoming Women's Money Conference

Why a money conference targeting women? Statistics show that three out of four women earn less than \$30,000 per year, women earn less and receive half the pension benefits of men, and a staggering 71% of the nation's four million elderly poor are women. Each of

the over 300 women who attended our conference in Cheyenne in October shared the day with certified financial planner and author Dee Lee and with many experts from around Wyoming in the areas of banking, investing, buying and financing a home, financially surviving a divorce and many other important topics. Feedback from attendees was very positive and we hope to hold another women's money conference in the future.

Wyoming's Unique Approach to its 529 Program

In an effort to improve our college savings program, Wyoming will become the first state, but I predict not the last, to combine its 529 program with another state's program.

Participants in the College Achievement Plan, Wyoming's 529 plan with partner Merrill Lynch, have experienced higher than average fees due primarily to the small size of our program. Merrill Lynch is cooperating with our office's efforts to find a more satisfactory alternative for plan participants. We have concluded that partnering with another state in its 529 plan will provide our participants with an array of investment options and a better return on their investments net of fees. We will work with the Legislature to amend Wyoming's authorizing legislation, and hope to transition our participants to a partner state's 529 plan in the next fiscal year.

The Team

This office is blessed with a very dedicated team of public servants with whom it is a privilege to work. Deputy State Treasurer Sharon Garland leads our operations division and Chief Investment Officer Michael Walden-Newman leads the investment division.

Many thanks to Glenn Shaffer, a sixteen year treasurer's office veteran, who retired this year. Glenn capably invested Wyoming's internally managed fixed income portfolio and was part of the states revenue estimating group (CREG). Prior to serving as the state's first Chief Investment Officer and as Deputy State Treasurer, Glenn worked at the Wyoming Game and Fish Department and the Adjutant General's, for a total of thirty three years of service to the State of Wyoming. Glenn's duties were assumed by Diana Walter, the investment accountant who served as 'second chair' to Glenn for fifteen years. University of Wyoming College of Business graduate and certified treasury professional Erika Legerski filled Diana Walter's role in the investment division.

Michael Walden-Newman joined us in the redefined position of chief investment officer. Michael holds a masters degree in public finance from Louisiana State University's Graduate School of Business and was named this year as its outstanding alumnus. Michael served for seventeen years as the executive director of the Wyoming Taxpayers Association, and brought with him a tremendous working knowledge of Wyoming's overall financial picture.

Betsy Anderson also joined us as in-house counsel, a very welcome addition to our staff. Our work generates a tremendous number of legal issues. Betsy comes to us from the corporate private sector and the private practice of law. She is a Phi Beta Kappa graduate of Wake Forest University and the University of Georgia Law School.

Finally, Ryan McGuffey and Holly Lass spent the year with us, Ryan as part of the investment team and Holly in the operations division. Holly has since returned to Washington D.C. where she is a lobbyist and Ryan has returned to the University of Wyoming as a first year law student. Summer intern Ryan Ford graduated from the UW College of Business and is employed at Cheyenne Capital Fund.

Coming Events

In the next fiscal year, we will add the real estate investment class to our permanent fund investments, complete a fixed income manager search to augment our participation in components of that asset class in which we are currently underrepresented, and request that the State Loan and Investment Board authorize us to conduct an absolute return strategy search (the only remaining major component of a fully diversified asset allocation). We will also work with the Legislature and the Wyoming Community Development Authority on a proposal to address Wyoming's housing shortage and with the Natural Gas Pipeline Authority to improve Wyoming's natural gas take-away capacity. The ever-changing nature of our work keeps us engaged and challenged. Morale in this office is very high – we love our jobs!

Postscript

Serving as Wyoming State Treasurer continues to be my privilege, and I am grateful to the people of Wyoming for giving me this opportunity.

In addition to serving on many statutory boards with Wyoming's other elected officials, I continue to serve on the NAST Corporate Governance Committee, which I enjoy. I have also served as Vice Chairman of the Laramie Foundation and Chair of its Campaign for the Historic Women of Laramie and Wyoming. This project has been successfully completed with the construction of a Wyoming women's history house and plaza in downtown Laramie dedicated to Louisa Swain, the first woman in the world to vote while exercising full voting rights with men. The history house is the first new structure in downtown Laramie in over forty years and its Foundation Board is very proud of it and the attendant lecture series, and the recognition it brings to an historical Wyoming event of worldwide significance. The Ruckelshaus Institute, College of Business Advisory Committee and opportunities to lecture in UW classrooms have kept me on the UW campus on a regular basis this year, which I also have enjoyed.

I approach my last year as State Treasurer with great pride in what we have accomplished, and I look forward to sharing our story with the people of Wyoming, who have put their trust in us.

DUTIES OF THE OFFICE

The principal duty of the State Treasurer is to safeguard and to supervise or invest all the funds of the state, including the cash balance, the local government investment pool and the permanent funds. However, the State Treasurer has many other additional duties and currently serves on several boards and commissions as follows: 1) State Loan and Investment Board, 2) Board of Land Commissioners, 3) State Building Commission, 4) Wyoming Community Development Authority, 5) Board of Deposits, 6) State Canvassing Board, 7) Wyoming Retirement System Board of Directors, 8) On-line Government Commission and 9) Financial Advisory Council. The State Treasurer also serves as administrator of the Wyoming family college savings program.

Daily receipts from state agencies are reconciled and deposited for the agency. State warrants are redeemed from the bank each day and filed for reference. All available cash is deposited daily. A composite investment account composed of funds from the agencies, called the state agency pool, is invested daily with the interest going either to the general fund or to the fund that earned the interest. Interest on Permanent Land Funds goes either to an income fund or to the general fund. Permanent Mineral Trust Fund earnings are transferred annually to the general fund. The State Treasurer also has general responsibility for the management of the state's cash resources including developing information to forecast the cash needs of the state.

The State Treasurer has the duty of periodically sponsoring and holding training seminars for the benefit of local government treasurers to discuss proper and lawful investments according to Wyoming law.

The Wyoming Unclaimed Property Program is administered by the Treasurer. This involves holding unclaimed property for the rightful owners and making diligent efforts to locate those rightful owners.

The Treasurer handles the deposit of funds in financial institutions within the state; notifies the financial institutions of quarterly rates set by the Board of Deposits, maturities, and payment of interest; and monitors collateral pledges under the provisions of the law.

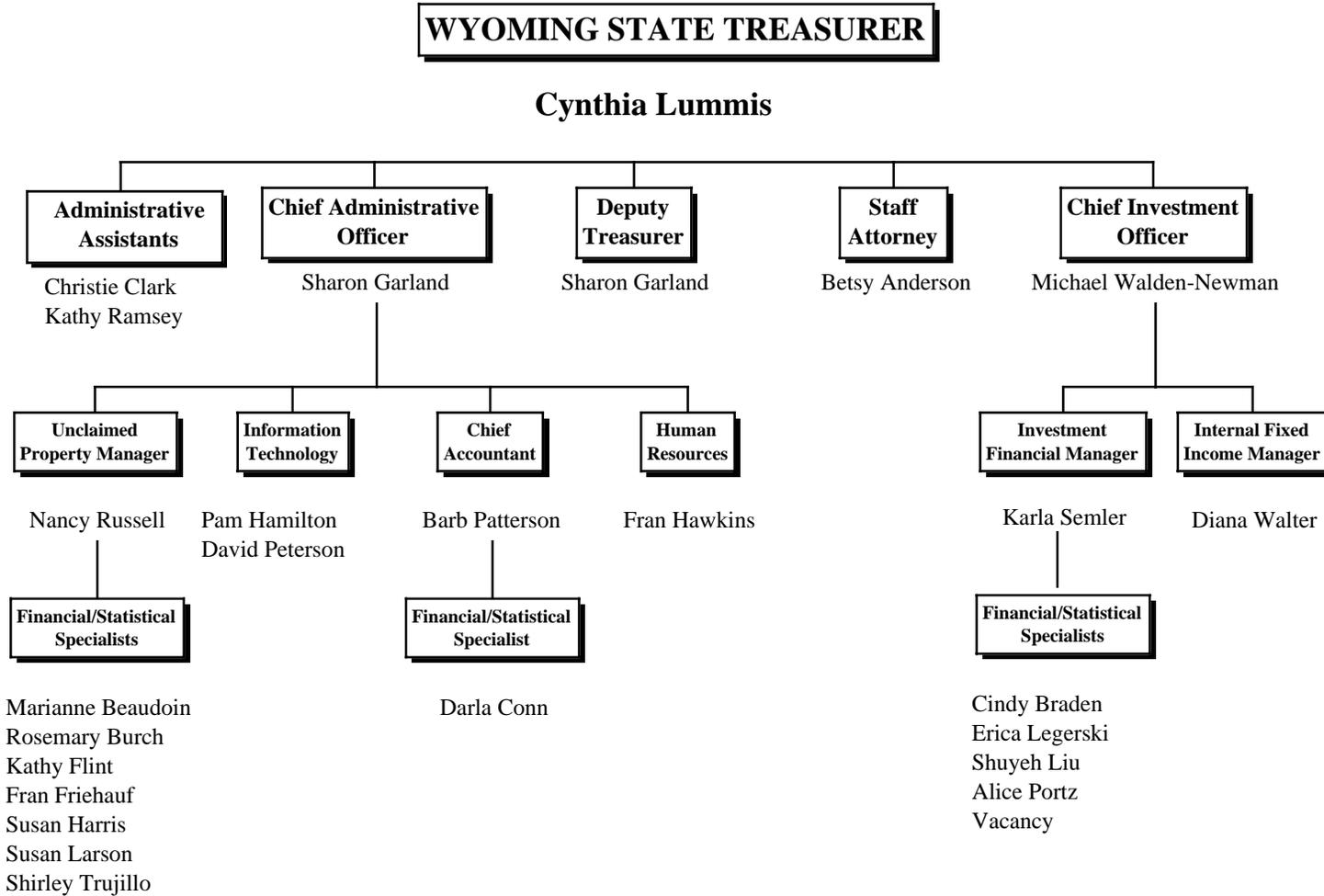
The Treasurer administers the Wyoming State Treasurer's Asset Reserve (WYO-STAR) which is an investment pool for use by local government entities, school districts, counties and cities that wish to place funds with the state for short term investment.

Distributions of various state and federal monies are made as prescribed by law to cities, towns, counties, and state agencies.

The only automobile assigned to the office is S-4.

STATE TREASURER'S OFFICE ORGANIZATION CHART

As of January 1, 2006



STATEMENT OF CASH FLOWS

For Year Ended June 30, 2005

Cash flows from operating activities:

Receipts	1	\$4,782,198,288.87
Less return items		<u>(1,965,094.90)</u>
Net Cash receipts		4,780,233,193.97
Decrease (increase) in Petty Cash Expenses		(52,470.00)
Warrants redeemed	2	<u>(4,126,969,581.20)</u>

Net Cash provided (used) by operating activities \$653,211,142.77

Cash flow from investment operations:

Cash Investment income received	3	252,401,186.39
Net increase in investments & loans receivable		<u>(901,220,181.34)</u>

Net Cash provided (used) by investment activities (648,818,994.95)

Net increase (decrease) in Cash 4,392,147.82

Beginning Cash: July 1, 2004 11,033,304.38

Ending Cash: June 30, 2005 \$15,425,452.20

Notes:

1 Most income to the state is entered as a receipt by the receiving agency and is then processed through the State Treasurer's Office. The exception to this process is investment income, which is entered directly to the investment system and is apportioned later to the receiving agencies. The "receipt" total above represents only non-investment income.

Fiscal Year 2005 net cash receipts increased 19.8% compared to FY04..

2 The "warrants redeemed" total represents the amount paid by the State Treasurer to redeem warrants presented for payment during the fiscal year. Warrants redeemed cannot be equated to total expenditures as warrants may be written in one fiscal year and not presented for payment until the following fiscal year. Internal transfers between agencies, funds or accounts are not included in this total.

In Fiscal Year 2005 warrants redeemed increased 15.9% compared to FY04.

3 "Investment income received" represents the investment income actually received by the Treasurer during the fiscal year. Distributions do not normally exactly equal earnings because some income earned and received in one fiscal year may actually be distributed in the following fiscal year. This figure excludes non-cash items, but does include all state trading profits.

INCOME EARNINGS RECOGNIZED ON INVESTMENTS
During Fiscal Year 2005

	REGULAR INVESTMENT INCOME	CASH POOL INTEREST 07/01 - 06/30	TOTAL INVESTMENT INCOME RECEIVED
Water Development		\$5,921,457.69	\$5,921,457.69
Worker's Compensation	16,768,195.76	7,460,416.36	\$24,228,612.12
Tobacco Settlement Trust Fund	3,093,872.71	207,159.73	\$3,301,032.44
Miners' Hospital Permanent Land Fund		958,174.38	\$958,174.38
Public Buildings @ Cap Permanent Land Fund *		22,781.21	\$22,781.21
Fish Hatchery Permanent Land Fund		8,350.15	\$8,350.15
Common School Permanent Land Fund	48,239,133.90	4,457,600.66	\$52,696,734.56
Common School II		186,359.15	\$186,359.15
D.D. & B. Permanent Land Fund *		32,865.90	\$32,865.90
Carey Act Permanent Land Fund *		8,476.55	\$8,476.55
Omnibus Permanent Land Fund *		209,163.33	\$209,163.33
State Hospital Permanent Land Fund *		24,067.81	\$24,067.81
State Training School Permanent Land Fund *		1,260.20	\$1,260.20
Penitentiary Permanent Land Fund *		68,624.00	\$68,624.00
Agriculture College Permanent Land Fund		221,356.35	\$221,356.35
University Permanent Land Fund		531,072.70	\$531,072.70
Permanent Mineral Trust Fund	78,945,882.50	11,703,338.55	\$90,649,221.05
Other Funds		66,850,924.08	\$66,850,924.08
	<u>\$147,047,084.87</u>	<u>\$98,873,448.80</u>	<u>\$245,920,533.67</u>
<u>Total Income - Treasurer's Investments</u>		<u>\$245,920,533.67</u>	

Note: Realized yield for all state investments is 4.09% for FY05. This is an approximation based on income recognized versus end-of-month investments at current amortized cost, and includes investment managers but excludes WYO-STAR.

* All or a portion of the investment income from these funds ultimately goes to the General Fund and is included in the \$39,340,610.94 General Fund Income.

STATE TREASURER'S INVESTMENT SUMMARY

As Of June 30, 2005

INVESTMENT TYPE	COMMON SCHOOL PLF	WORKERS' COMPENSATION	MINERAL TRUST FUND	TOBACCO SETTLEMENT FUND	STATE AGENCY POOL	WYO-STAR (LGIP)
Discretionary Investments						
CMO/Remics	\$6,700,985.80					\$13,176,961.16
Commercial Mortgage Backed	890,964.51					
Corporate Bonds	11,967,864.01	\$35,700,273.86	55,969,131.79		45,008,160.43	
Discounted Notes			19,850,309.80		112,111,994.20	60,392,763.01
Government Bonds	474,586,374.93	374,413,552.69	1,244,497,271.21	\$46,982,278.89	1,690,254,686.32	95,883,718.46
Mortgage Backed	93,737.19					8,429,936.81
Municipal Bonds						
Mutual Funds	4,251,910.39		9,307,549.90			
Repurchase Agreements						66,949,000.00
STIF						1,075.91
Guaranteed Investment Contracts			23,550,090.84			
Deposits: Financial Institutions						
Bank Deposits-TDOA					67,850,000.00	
Cash/Receivables/Payables						791,745.85
Program Loans Authorized By State						
AG Loans					4,937,908.53	
Cities & Towns			10,022,184.15			
Community College Bonds	152,000.00					
Drainage Districts	29,500.00					
Farm Loans			41,203,705.40			
Irrigation Loans			9,066,427.05			
Joint Powers Loans			7,407,780.03			
Mortgage Purchase Program	1,702,743.80					
SBAA Program			604,431.60			
Special FLB Loans			376,590.14			
Student Loans						
Water Development Loans			24,747,248.57			
IDR Bonds			3,428,863.65			
Wyoming Infrastructure Authority					250,000.00	
Natural Gas Pipeline Authority					1,668,150.00	
Investment Managers						
Equity Managers	273,302,192.38		583,275,530.75			
International Equity Managers	53,383,701.74		111,447,247.46			
Fixed Income Managers	217,150,739.84		129,105,041.20		14,037,568.53	
Cash Management					807,830,020.05	
Net Discount/Premium Not Yet Recognized	(6,773.60)	1,017.19	150,735.07	(80.70)	402,388.81	
	<u>\$1,044,205,940.99</u>	<u>\$410,114,843.74</u>	<u>\$2,274,010,138.61</u>	<u>\$46,982,198.19</u>	<u>\$2,744,350,876.87</u>	<u>\$245,625,201.20</u>

REPORT ON STATE BOARD OF DEPOSITS As Of June 30, 2005

The State Loan & Investment Board, consisting of the five elected officials, met on April 7, 2005 to consider the applications from Wyoming financial institutions to be designated as State Depositories under the provisions of the State Depository Law. The Board meets quarterly, in advance of each calendar quarter, to set the interest rate for the ensuing quarter. All deposits in excess of the federally insured amount of \$100,000 are protected by a pledge of securities or mortgage loans to the State Treasurer as prescribed by statute.

The State Treasurer & the Department of Audit have determined that the parent & branches will be considered a single entity for FDIC Insurance, Time Deposit-Open Accounts (TDOA's), & other deposit programs. The parent bank will hold the depository relationship.

No Wyoming Banks were reported closed in Fiscal Year 2005

The TDOA statutes require that banks enrolled in the program give the State 45 days notice prior to returning program funds.

The TDOA rate for the four quarters of fiscal year 2005 were set at 1.31%, 1.08 %, 1.50%, 1.82 %.
Therefore, annualized TDOA rate for fiscal year 2005 was actually 1.43%.

TDOA DEPOSITS IN WYOMING BANKS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Bank of Star Valley, Afton	\$1,100,000.00	\$1,100,000.00	\$1,100,000.00	\$1,100,000.00
First National Bank, Buffalo	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00
American National Bank, Cheyenne	3,900,000.00	3,900,000.00	3,900,000.00	3,900,000.00
Cheyenne State Bank, Cheyenne	100,000.00	100,000.00	100,000.00	100,000.00
Bank of The West, Cheyenne	14,100,000.00	14,100,000.00	14,100,000.00	14,100,000.00
Security First Bank, Cheyenne	1,400,000.00	1,400,000.00	1,400,000.00	1,400,000.00
Wyoming Bank & Trust, Cheyenne	900,000.00	900,000.00	900,000.00	900,000.00
Shoshone 1st, Cody	4,300,000.00	4,300,000.00	4,300,000.00	4,300,000.00
First National Bank, Gillette	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00
Oregon Trail, Guernsey	300,000.00	300,000.00	300,000.00	300,000.00
Bank of Jackson Hole	6,300,000.00	6,300,000.00	6,300,000.00	6,300,000.00
Jackson State Bank, Jackson	12,900,000.00	12,900,000.00	12,900,000.00	12,900,000.00
First National Bank, Laramie	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00
First National, Powell	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00
First State Bank, Thermopolis	600,000.00	600,000.00	600,000.00	600,000.00
First National Bank, Torrington	2,300,000.00	2,300,000.00	2,300,000.00	2,300,000.00
Pinnacle Bank, Wyoming (Torrington)	5,250,000.00	5,250,000.00	5,250,000.00	5,250,000.00
First State Bank, Wheatland	2,400,000.00	2,400,000.00	2,400,000.00	2,400,000.00
	\$65,850,000.00	\$65,850,000.00	\$65,850,000.00	\$65,850,000.00

TDOA DEPOSITS IN WYOMING FEDERAL SAVINGS BANKS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1st FSB, Sheridan	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00

TIME DEPOSITS - WYOMING BANKS

Rates for Time Deposit-Open Account deposits are set quarterly by the State Board of Deposits. A total of \$980,997.93 in investment income was received in Fiscal Year 2005.

Year	BANKS			SAVINGS & LOANS		
	Amount	Rate		Amount	Rate	
		May	Nov		May	Nov
1976	\$37,930,000	5.25%	5.50%	\$3,970,000	5.50%	5.75%
1977	41,350,000	5.50%	6.00%	8,930,000	5.75%	6.25%
1978	46,180,000	6.50%	7.25%	15,300,000	6.75%	7.75%
1979	50,230,000	8.75%	10.00%	16,530,000	9.00%	10.25%
1980	56,050,000	12.75%	10.75%	18,530,000	13.00%	11.00%

The Board of Deposits ceased granting different interest rates effective January 1981. Banks and Federal savings banks have been allocated the same rate from that date to the present.

Year	DEPOSIT AMOUNTS		RATE			
	Banks	S&L	January	April	July	October
1981	\$59,860,000	\$19,675,000	11.50%	11.75%	12.50%	13.50%
1982	63,995,000	20,005,000	10.25%	12.50%	12.75%	9.75%
1983	67,760,000	20,500,000	9.25%	8.00%	8.25%	8.25%
1984	67,750,000	20,500,000	8.25%	8.50%	9.25%	9.25%
1985	67,950,000	20,500,000	8.50%	8.25%	7.25%	7.25%
1986	65,110,000	15,705,000	7.00%	6.75%	6.00%	5.00%
1987	59,210,000	16,075,000	5.00%	5.00%	5.75%	5.90%
1988	56,215,000	16,075,000	6.00%	5.75%	6.50%	7.50%
1989	44,241,000	16,112,000	8.00%	9.25%	8.70%	8.125%
1990	40,360,000	14,929,000	7.65%	7.60%	7.50%	7.50%
1991	39,182,000	9,516,000	7.25%	6.10%	5.70%	5.50%
1992	50,193,000	10,364,000	5.00%	4.50%	4.25%	3.75%
1993	50,437,000	9,390,000	3.25%	3.00%	3.00%	3.00%
1994	52,808,000	10,410,000	3.00%	3.125%	4.00%	4.50%
1995	64,772,000	13,333,000	5.30%	5.80%	5.80%	5.58%
1996	73,360,000	12,669,000	5.46%	5.12%	5.12%	5.23%
1997	82,625,000	12,109,000	5.16%	5.10%	5.25%	5.16%
1998	89,459,000	6,345,000	5.14%	5.22%	5.11%	5.08%
1999	87,581,000	5,850,000	4.42%	4.48%	5.14%	5.01%
2000	79,508,000	3,186,000	5.22%	5.14%	5.72%	5.94%
2001	54,750,000	3,700,000	6.49%	6.58%	4.37%	4.37%
2002	34,470,000	2,800,000	2.07%	1.62%	2.28%	3.00%
2003	9,000,000	2,000,000	2.28%	3.00%	3.25%	3.47%
2004	67,850,000	2,000,000	1.50%	1.82%	1.31%	1.08%

INTERNALLY MANAGED PORTFOLIOS
As Of June 30, 2005

Total Investments held	\$4,132,587,045.92
Cash + receivables/payables	<u>0.00</u>
 Total Investments held	 \$4,132,587,045.92
 Income not yet recognized at Year End	 <u>547,295.31</u>
 Net Investments with Internally Managed Funds	 <u><u>\$4,133,134,341.23</u></u>
 Net Income Recognized	 \$166,886,711.39

Realized yield FY05: 4.64%

The Wyoming State Treasurer’s Office manages a fixed income portfolio and a small international exchange traded index portfolio. The internal fixed income portfolio was traded to maximize portfolio performance while minimizing risk. Trades were executed to raise cash, to shift maturity, to change asset mix, to enhance yield, and to improve quality. The Fed Funds rate increased from 1.25% in July, 2004 to 3.25% by the end of June, 2005 and was expected to go higher. The bond market is constantly fluctuating, and bond trades can be made to take advantage of market fluctuations, aberrations and trends.

FIXED INCOME
EXTERNAL INVESTMENT MANAGERS
As Of June 30, 2005

Total Investments held	\$418,050,685.99
Cash + receivables/payables	<u>(56,296,363.10)</u>

Total Investments held	\$361,754,322.89
------------------------	------------------

Income not yet recognized at Year End	<u>(1,645,264.07)</u>
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Net Investments with Internally Managed Funds	<u><u>\$360,109,058.82</u></u>
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Net Income Recognized	\$17,776,905.12
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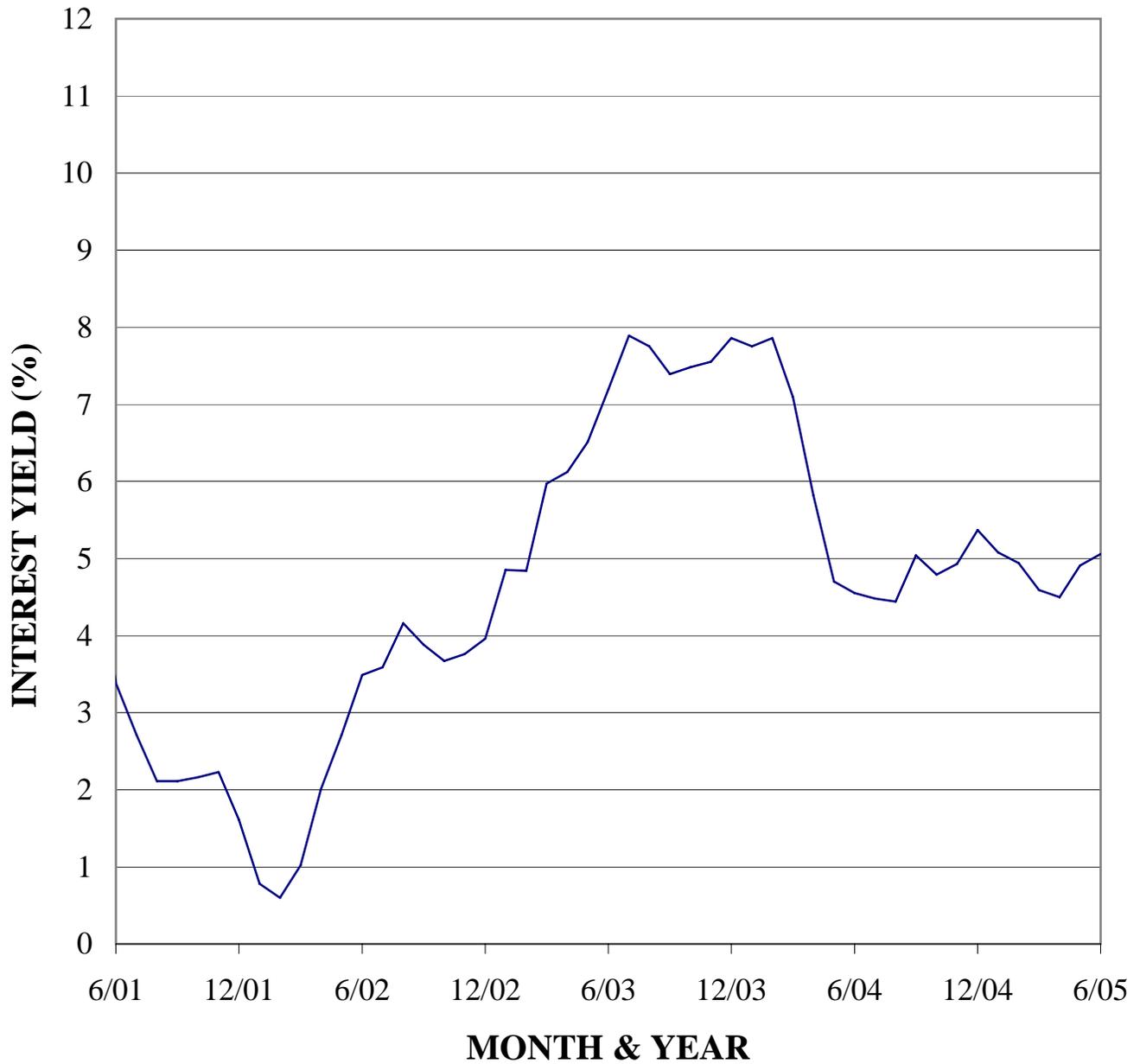
Realized yield FY05: 4.91%

Fixed income enjoyed positive returns in the 2005 fiscal year, returning 6.8% (Lehman Aggregate). Bond prices proved resilient after the debt of General Motors and Ford staged dramatic falls late in the quarter ending March 31, 2005. Early in the quarter ending June 30, 2005, Standard and Poors simultaneously downgraded both companies to “junk” status, shifting approximately \$85 billion of their debt into the \$600 billion market for below-investment grade securities. This ratings change, coupled with increasing concerns for the creditworthiness of corporate America, caused high-yield spreads to widen. The ten-year note began the fiscal year yielding 4.6% but gradually fell 0.7%, ending the fiscal year at 3.9%.

Managers:

Western Asset Management
West AM

REALIZED YIELD EXTERNAL FIXED INCOME MANAGERS



EQUITIES
EXTERNAL INVESTMENT MANAGERS
As Of June 30, 2005

Total Investments held	\$1,043,048,969.29
Cash + receivables/payables	<u>(16,171,312.11)</u>
Total Investments held	\$1,026,877,657.18
Income not yet recognized at Year End	<u>(5,284,694.10)</u>
Net Investments with Internally Managed Funds	<u><u>\$1,021,592,963.08</u></u>
Net Income Recognized	\$27,101,392.32

Realized yield FY05: 2.74%

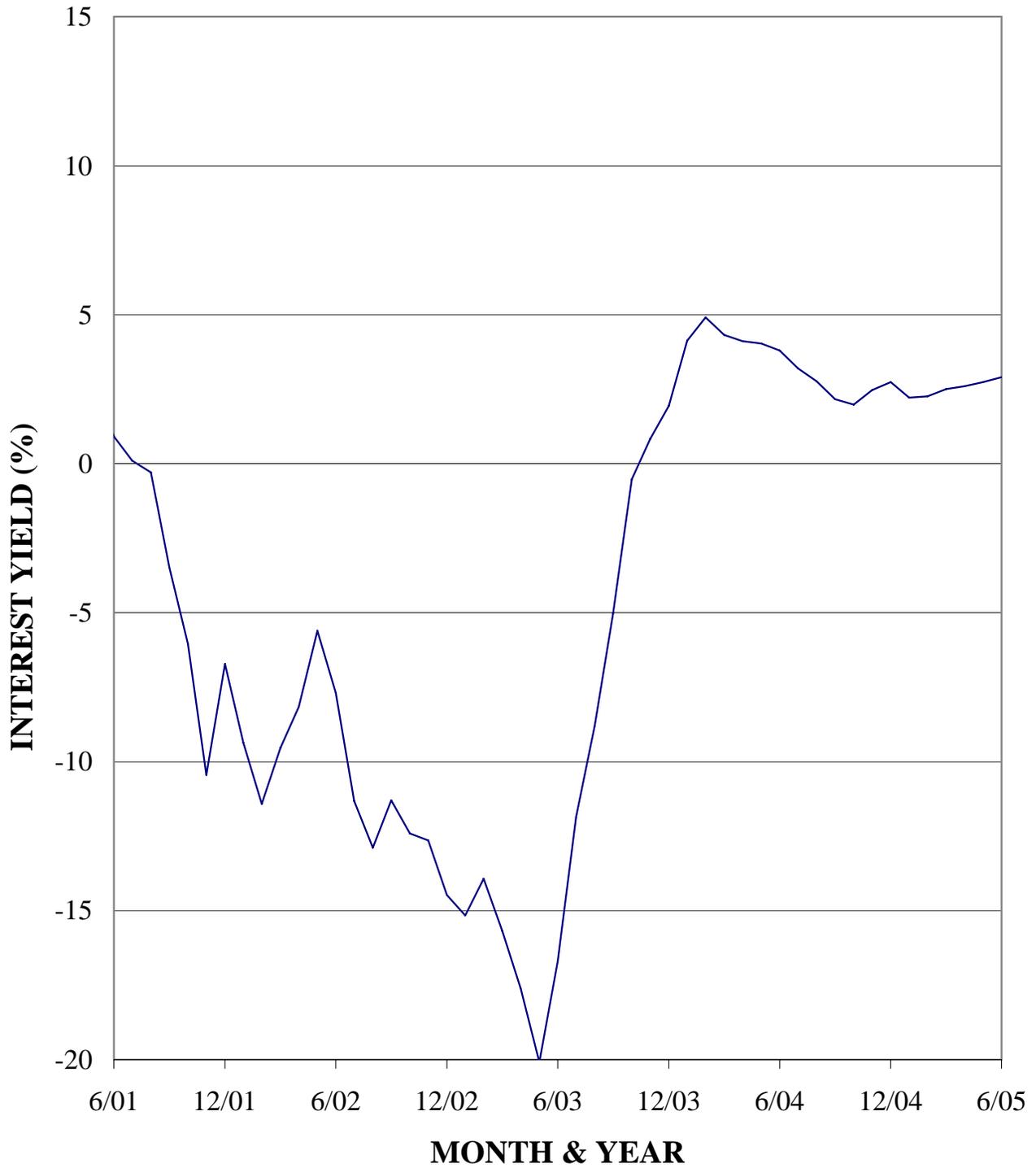
U.S. stocks rose in the 2005 fiscal year across all capitalization ranges, while in U.S. dollar terms, international equities enjoyed double-digit returns. In the U.S., the S&P 500 rose 6.3%, while small-capitalization equities (Russell 2000) rose 9.5%. On a one-year basis, all capitalization ranges witnessed value equities significantly outperform growth securities. Notably, the Energy and Utilities sectors of the S&P 500 returned an impressive 39.5% and 38.0%, respectively. The best-performing market segment was small-cap value, with a 14.4% return (Russell 2000 Value). International equities returned 14.1% on a one-year basis (MSCI EAFE), and were led by those in emerging countries, whose equities rose (in dollar terms) by 34.5%.

Managers:

State Street Global Advisors: Domestic Equity Large Cap
 Gabelli Asset Management: Domestic Equity Small/Mid Cap
 Friess Associates, LLC, Domestic Small/Mid Cap Value
 Fisher Investments Inc.: International Equity
 Capital Guardian Trust Co.: International Equity
 First Quadrant: Overlay Strategy

Note: John McStay Investment Counsel, Small/Mid Manager was terminated in April 2005, and replaced with Friess Associates.

REALIZED YIELD EXTERNAL EQUITY MANAGERS



**CASH MANAGEMENT
EXTERNAL INVESTMENT MANAGER
As Of June 30, 2005**

Total Investments held	\$810,333,022.50
Cash + receivables/payables	<u>17,553.18</u>
 Total Investments held	 \$810,350,575.68
 Income not yet recognized at Year End	 <u>(2,520,555.63)</u>
 Net Investments with Internally Managed Funds	 <u><u>\$807,830,020.05</u></u>
 Net Income Recognized	 \$20,590,770.50

Realized yield FY05: 2.10%

The State Treasurer retained an external cash manager several years ago to efficiently manage the cash portion of the investment assets. The external manager produces a return that is measured against a benchmark established by the State Loan and Investment Board with the advice of the Board's consultant. This portfolio is managed daily and fluctuates several times each day as cash activities occur. The realized yield of 2.10% was an increase over the FY04 yield and was primarily due to the Fed Funds rate increasing from 1.25% to 3.25% by the end of June, 2005. The use of an external manager allows internal management to concentrate on the greater portion of the State's investable funds and provides that diversification and transition of those assets is more professionally monitored. These funds are a part of the State Agency Pool. JPMorgan Asset Management is the current manager of these funds.

Manager:

JP Morgan Asset Management

SECURITIES LENDING INCOME

In cooperation with Key Bank and JP Morgan Chase Bank, Wyoming runs a very conservative & prudent securities lending program. Income from the overall program is allocated back to each fund from which the securities are loaned, & substantial additional income is achieved for the state of Wyoming.

	INCOME RECOGNIZED	JP Morgan Chase Bank SECURITIES LENDING EXPENSE	NET INCOME RECOGNIZED
Common School Permanent Land Fund	\$1,409,588.42	\$1,191,483.74	\$218,104.68
Permanent Mineral Trust Fund	\$2,772,888.80	2,333,380.91	439,507.89
Water Development Pool	\$0.00	0.00	0.00
Worker's Compensation Pool	\$239,645.11	214,927.59	24,717.52
Tobacco Settlement Fund	\$30,457.50	27,181.00	3,276.50
State Agency Pool	\$2,000,993.18	1,745,782.10	255,211.08
	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$6,453,573.01</u>	<u>\$5,512,755.34</u>	<u>\$940,817.67</u>

	INCOME RECOGNIZED	Key Bank SECURITIES LENDING EXPENSE	NET INCOME RECOGNIZED
Common School Permanent Land Fund	\$9,084,311.42	\$8,802,872.84	\$281,438.58
Permanent Mineral Trust Fund	\$20,447,364.88	19,788,115.45	659,249.43
Water Development Pool	\$0.00	0.00	0.00
Worker's Compensation Pool	\$5,456,289.99	5,265,470.81	190,819.18
Tobacco Settlement Fund	\$958,176.65	930,182.68	27,993.97
State Agency Pool	\$28,511,478.48	27,490,687.57	1,020,790.91
	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$64,457,621.42</u>	<u>\$62,277,329.35</u>	<u>\$2,180,292.07</u>

Securities lending income is included in the total investment income reported for FY05.

MARKET PERFORMANCE SUMMARY ANALYSIS - ALL INVESTMENTS

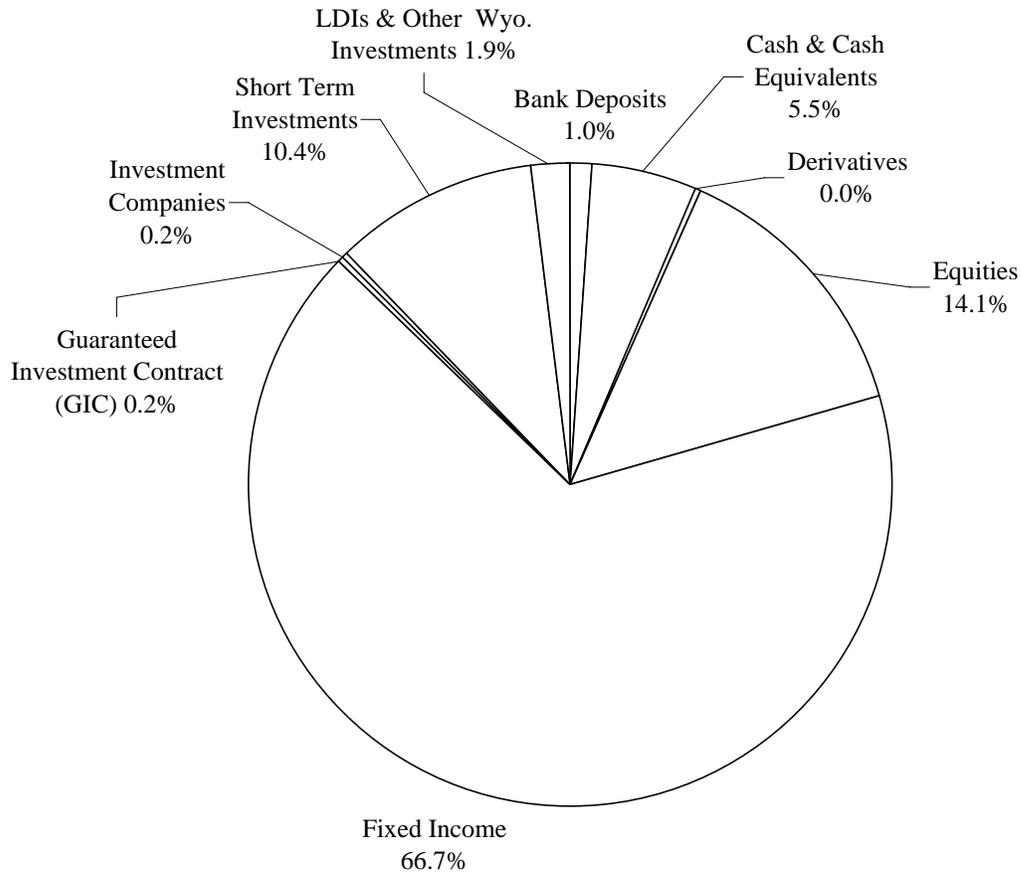
Manager/Investment Type	Market Value		Market Return		
	FY04	FY05	FY05	3 Year	5 Year
<u>Domestic Equity</u>					
Brazos (formerly John McStay)	82.33	0.00	N/A	N/A	N/A
Gabelli	90.38	101.98	13.29%	17.37%	N/A
Friess Associates	0.00	78.82	N/A	N/A	N/A
State Street Global Advisors	437.23	700.10	6.36%	N/A	N/A
Total Domestic Equity	<u>\$609.94</u>	<u>\$880.90</u>			
<u>International Equity</u>					
Int'l Exchange Traded Funds	43.04	13.36	8.61%	N/A	N/A
Fisher	0.00	92.85	N/A	N/A	N/A
Capital Guardian	0.00	90.29	N/A	N/A	N/A
	<u>43.04</u>	<u>196.50</u>			
<u>Domestic Fixed Income</u>					
WestAM	153.89	156.02	6.08%	5.12%	6.93%
Western Asset Management	152.78	153.73	7.21%	6.34%	7.72%
Wyoming State Treasurer's Office	3,433.97	4,146.23			
	<u>3,740.64</u>	<u>4,455.98</u>			
<u>Convertible Bonds</u>					
Nicholas Applegate	63.26	63.26	7.71%	10.80%	N/A
<u>Cash & Cash Equivalents</u>					
JP Morgan Asset Mgmt					
Operating Funds/Short-Term	810.37	668.27	2.19%	1.57%	2.68%
Extended Cash	138.94	142.59	2.64%	2.93%	4.56%
Total Cash Management	<u>\$949.31</u>	<u>\$810.86</u>			
<u>Private Equity</u>					
Cheyenne Equity Partners	12.08	21.92	N/M	N/M	N/M
<u>Overlay Strategies</u>					
First Quadrant	0.00	50.48	N/A	N/A	N/A
<u>LDI's</u>					
	<u>\$165.67</u>	<u>\$197.00</u>	N/A	N/A	N/A
Total Funds	\$5,583.94	\$6,676.90	7.69%	5.60%	6.08%

Benchmarks:

<i>Wyoming State Custom Index</i>	6.66%	5.83%	6.09%
<i>S&P 500</i>	6.33%	8.29%	-2.37%
<i>Russell 2500 Growth</i>	7.46%	13.34%	-3.84%
<i>Russell 2500 Value</i>	17.44%	16.05%	15.83%
<i>MSCI EAFE</i>	14.13%	12.51%	-0.18%
<i>ML All Quality Convertible</i>	2.11%	10.36%	0.86%
<i>Lehman Aggregate</i>	6.80%	5.76%	7.41%
<i>Lehman Govt/Credit</i>	7.26%	6.41%	7.71%
<i>Lehman Govt/Credit Long</i>	16.87%	11.13%	10.59%
<i>90 Day Treasury Bills</i>	2.16%	1.56%	2.62%

Note: Returns are stated in traditional total return terms and do not specify realized income. The State of Wyoming has multiple goals: preservation of corpus and maximizing returns while meeting income targets. First Quadrant was incepted during 1st Quarter 2005. Market value shown represents cash held as collateral. Performance shown is calculated based on a notional principle of \$500 million. During 2nd Quarter 2005, Brazos was liquidated and Friess was incepted. Interim performance for Cheyenne Equity Partners is highly immature and is shown as "N/M" or "Not Material". Market values shown for LDI's reflect cost value of the investments.

INVESTMENTS BY GENERAL TYPE



Bank Deposits	1.0%	\$69,350,000.00
Cash & Cash Equivalents	5.5%	381,570,973.13
Derivatives	0.0%	(1,797,561.21)
Equities	14.1%	978,277,413.72
Fixed Income	66.7%	4,618,373,421.42
Guaranteed Investment Contract (GIC)	0.2%	14,263,241.91
Investment Companies	0.2%	13,559,460.29
Short Term Investments	10.4%	722,543,527.68
Legislatively Designated & Other Wyoming Investments	1.9%	129,147,623.76
TOTAL	100.00%	<u><u>\$6,925,288,100.70</u></u>

This analysis includes Treasurer's in-house investments, WYO-STAR, funds with investment managers, and the funds held by fiscal agents. Percentages are calculated based on amortized cost.

INVESTMENT ACCOUNT BALANCES As Of June 30, 2005

<u>FUND/ACCOUNT NAME</u>	<u>CASH & RECEIVABLES</u>	<u>INVESTMENTS</u>	<u>ACCOUNT BALANCE (Corpus)</u>
Miner's Hospital	\$27,692,311.56		\$27,692,311.56
Public Buildings At Capitol	1,203,836.35		1,203,836.35
Fish Hatchery	226,742.32		226,742.32
Common School	112,804,453.60 *	\$1,044,205,940.99 **	1,157,010,394.59
Common School II	5,000,000.00		5,000,000.00
D.D. & B. Asylum	1,252,486.20		1,252,486.20
Carey Act	356,709.87		356,709.87
Omnibus	7,972,964.80		7,972,964.80
State Hospital	832,620.27		832,620.27
State Training School	12,503.41		12,503.41
Penitentiary	2,222,073.57		2,222,073.57
Agricultural College	6,173,341.50		6,173,341.50
University	14,489,771.74		14,489,771.74
Subtotal-Permanent Land Fund	180,239,815.19	1,044,205,940.99	1,224,445,756.18
Mineral Trust Fund	198,578,565.25	2,274,010,138.61 **	2,472,588,703.86
Tobacco Settlement Fund	4,826,242.00	46,982,198.19	51,808,440.19
Subtotal-All Permanent Funds	383,644,622.44	3,365,198,277.79	3,748,842,900.23
Worker's Compensation	159,021,846.87	410,114,843.74 **	569,136,690.61
Water Development	165,095,644.31		165,095,644.31
TOTAL	\$707,762,113.62	\$3,775,313,121.53	\$4,483,075,235.15

* Does not include debt service deposit (\$57,984,859.00).

** All or a portion of these funds are now invested by Investment Managers, rather than directly invested by the State Treasurer.

“Cash and Receivables” is actually included with, and part of, the State Agency Pool investments. This investment Pool represents the cash balance of all funds and accounts for which specific investments have not been made. The State Agency Pool investments are not summarized in this report.

PERMANENT LAND FUND: CORPUS

<u>FUND/ACCOUNT NAME</u>	<u>JUNE 30, 2004 CORPUS BALANCE</u>	<u>REVENUE</u>	<u>JUNE 30, 2005 CORPUS BALANCE</u>
<u>L01 MINERS' HOSPITAL</u>			
Beginning Balance	\$25,172,907.06		
Oil & Gas Lease Royalties		\$199,696.95	
Sodium & Trona Lease Royalties		1,985,613.42	
Right-of-Way Easements		5,786.06	
Surface Damage		3,650.80	
Inflation Proofing Income Diversion		<u>324,657.27</u>	
		2,519,404.50	<u>\$27,692,311.56</u>
 <u>L02 PUBLIC BUILDINGS AT CAPITOL</u>			
Beginning Balance	\$444,870.01		
Oil & Gas Lease Royalties		717,037.72	
Sand & Gravel Royalties		1,097.80	
Right-of-Way Easements		20,705.71	
Surface Damage		7,619.65	
Real Estate-Sales		6,499.03	
Prior Year Reversion		320.86	
Inflation Proofing Income Diversion		<u>5,685.57</u>	
		758,966.34	<u>\$1,203,836.35</u>
 <u>L03 FISH HATCHERY</u>			
Beginning Balance	\$223,294.57		
Right-of-Way Easements		567.30	
Inflation Proofing Income Diversion		<u>2,880.45</u>	
		3,447.75	<u>\$226,742.32</u>
 <u>L04 COMMON SCHOOL (1)(2)</u>			
Beginning Balance	\$1,068,565,613.92		
Bentonite Lease Royalties		\$177,549.87	
Coal Lease Royalties		5,809,850.59	
Liquidated Damages		70,000.00	
Miscellaneous Mineral Lease Royalties		29,182.86	
Oil & Gas Lease Royalties		77,194,613.00	
Sand & Gravel Royalties		256,032.71	
Sodium & Trona Lease Royalties		2,445,972.19	
Right-of-Way Easements		801,715.17	
Uranium Lease Royalties		4,930.78	
Surface Damage		1,354,972.55	
Prior Year Adjustment		(512.00)	
Real Estate-Sales		<u>300,472.95</u>	
		88,444,780.67	<u>\$1,157,010,394.59</u>

<u>FUND/ACCOUNT NAME</u>	<u>JUNE 30, 2004 CORPUS BALANCE</u>	<u>REVENUE</u>	<u>JUNE 30, 2005 CORPUS BALANCE</u>
 <u>L14 COMMON SCHOOL II (1)(2)</u>			
Beginning Balance	\$5,000,000.00	0.00	
		<u>0.00</u>	<u>\$5,000,000.00</u>
 <u>L05 DEAF, DUMB & BLIND</u>			
Beginning Balance	\$814,728.70		
Oil & Gas Lease Royalties		\$409,787.76	
Sand & Gravel Royalties		90.00	
Right-of-Way Easements		5,780.51	
Surface Damage		11,600.74	
Inflation Proofing Income Diversion		10,498.49	
		<u>437,757.50</u>	<u>\$1,252,486.20</u>
 <u>L06 CAREY ACT</u>			
Beginning Balance	\$201,765.40		
Bentonite Lease Royalties		\$2,315.00	
Oil & Gas Lease Royalties		142,937.02	
Right-of-Way Easements		7,093.26	
Inflation Proofing Income Diversion		2,599.19	
		<u>154,944.47</u>	<u>\$356,709.87</u>
 <u>L07 OMNIBUS</u>			
Beginning Balance	\$5,160,660.80		
Liquidated Damages		20,000.00	
Oil & Gas Lease Royalties		\$2,106,921.94	
Sand & Gravel Royalties		54,233.65	
Right-of-Way Easements		19,586.71	
Surface Damage		44,946.33	
Prior Year Reversion		378.00	
Inflation Proofing Income Diversion		66,237.37	
Reimb from State Hospital (1998 Ch 30 Sec 3/048)		500,000.00	
		<u>2,812,304.00</u>	<u>\$7,972,964.80</u>
 <u>L08 WYOMING STATE HOSPITAL</u>			
Beginning Balance	\$977,648.02		
Oil & Gas Lease Royalties		\$297,969.49	
Per 2004 Session Laws Ch 95 Sec 3/048		(\$455,567.00)	
Inflation Proofing Income Diversion		12,569.76	
		<u>(145,027.75)</u>	<u>\$832,620.27</u>

<u>FUND/ACCOUNT NAME</u>	<u>JUNE 30, 2004 CORPUS BALANCE</u>	<u>REVENUE</u>	<u>JUNE 30, 2005 CORPUS BALANCE</u>
<u>L09 WYOMING STATE TRAINING SCHOOL</u>			
Beginning Balance	\$468,549.72		
Oil & Gas Lease Royalties		\$115,479.16	
Sand & Gravel Royalties		\$144,432.26	
Surface Damage		\$4,509.06	
Per 2004 Session Laws Ch 95 Sec 3/048		(\$726,500.00)	
Prior Year Reversion		\$25.09	
Inflation Proofing Income Diversion		6,008.12	
		<u>(456,046.31)</u>	<u>\$12,503.41</u>
<u>L10 WYOMING STATE PENITENTIARY</u>			
Beginning Balance	\$1,708,573.09		
Oil & Gas Lease Royalties		\$447,926.40	
Sand & Gravel Royalties		\$24,154.25	
Right-of-Way Easements		5,110.10	
Surface Damage		11,326.35	
Real Estate-Sales		3,000.00	
Inflation Proofing Income Diversion		21,983.38	
		<u>513,500.48</u>	<u>\$2,222,073.57</u>
<u>L11 WYOMING STATE AGRICULTURE COLLEGE (1)</u>			
Beginning Balance	\$5,886,762.96		
Oil & Gas Lease Royalties		\$199,807.01	
Right-of-Way Easements		9,305.10	
Surface Damage		1,541.62	
Inflation Proofing Income Diversion		75,924.81	
		<u>286,578.54</u>	<u>\$6,173,341.50</u>
<u>L12 WYOMING STATE UNIVERSITY (1)</u>			
Beginning Balance	\$14,213,168.38		
Oil & Gas Lease Royalties		\$88,021.66	
Right-of-Way Easements		\$5,246.11	
Inflation Proofing Income Diversion		183,335.59	
		<u>276,603.36</u>	<u>\$14,489,771.74</u>
	NET INCREASE IN CORPUS	<u>\$95,607,213.55</u>	

(1) These funds are not available for appropriation.

(2) Common School PLFund II is listed separately from the "main" fund because the investment income from the first \$5.0 million of the Express Pipeline Easement monies is to go to the Education Trust Fund, rather than to the Common School Income Fund.

Revenue from above "sales" is the principal payment from the sale of state lands and from right-of-ways granted on state lands. "Royalties" is derived from oil and mineral leases on state lands.

PERMANENT WYOMING MINERAL TRUST FUND: CORPUS

	<u>JUNE 30, 2004</u> <u>CORPUS BALANCE</u>	<u>REVENUE</u>	<u>JUNE 30, 2005</u> <u>CORPUS BALANCE</u>
Beginning Balance	\$2,252,392,361.64		
Severance Tax			
Coal		31,654,643.39	
Stripper Oil		6,673,032.66	
Other Valuable Products		40,187.36	
Oil		16,976,676.76	
Natural Gas		109,777,665.60	
Condensate-Gas		3,432,771.84	
Tertiary-Oil		53,421.83	
Wildcat Oil		67.15	
Per Session Laws 2004 Ch 1 Sec 1		37,875.63	
Per Session Laws 2004 Ch 95 Sec 303(a)		<u>51,550,000.00</u>	
TOTAL REVENUE ADDED TO CORPUS		<u><u>\$220,196,342.22</u></u>	
			<u><u>\$2,472,588,703.86</u></u>

LEGISLATIVELY DESIGNATED INVESTMENTS

As of June 30, 2005

Legislatively Designated Investments are investments of state funds for a specific public purpose, other than investments in accordance with state investment policy under W.S. 9-4-709, 9-4-711 or 9-4-831, which are authorized or directed by the legislature in law. Total LDI investments of permanent funds of the state shall not exceed \$500 million. Prior to the convening of each general session of the legislature, the State Treasurer shall, after consultation with the State Loan and Investment Board, recommend to the Select Committee on Capital Financing and Investments whether any adjustment should be made in the limitation. The Treasurer closely monitors the outstanding balances of all LDIs to ensure the statutory limitation is not exceeded. Most LDIs are from the Permanent Mineral Trust Fund.

<u>Program</u>	<u>See Notes next page</u>	<u>Statutory Allotment</u>	<u>Outstanding Investments</u>	<u>Amount Available</u>
Farm Loans	A	\$275,000,000	\$41,203,705	\$ 233,796,295
Irrigation Loans	B	20,000,000	9,066,427	10,933,573
Joint Powers Loans	C	30,000,000	7,407,780	22,592,220
Student Loans	D	25,000,000	0	25,000,000
Small Business Assistance & FmHA Ag Loans	E	55,000,000	5,542,340	49,457,660
Hot Springs State Park	F	2,000,000	376,590	1,623,410
Shoshone Municipal Pipeline Treatment Plant	G	16,500,000	14,460,021	0
Sheridan Area Water Treatment Project	H	6,750,000	6,447,923	0
Cheyenne Water Treatment Plant	I	28,000,000	3,839,304	0
Laramie Territorial Park Loan	J	10,000,000	10,000,000	0
Reimbursement to Counties for Deferred Taxes	K	2,000,000	22,184	1,977,816
Industrial Development Bonds	L	100,000,000	3,428,864	96,571,136
Airport Loans-Aeronautics Commission	M	4,000,000	0	4,000,000
		<u>\$574,250,000</u>	<u>\$101,795,139</u>	<u>\$ 445,952,109</u>

In addition to the LDIs listed above, the following statutory commitments have been made:

Student Loan Stand-By Commitment	N	175,000,000	0	175,000,000
Wyoming Community Development Authority Mortgage Bonds	O	25,000,000	1,702,744	0

Also, there are statutory loans from the general fund as follows:

Wyoming Gas Pipeline Authority	P	1,917,100	1,668,150	0
Wyoming Infrastructure Authority	Q	250,000	250,000	0

LEGISLATIVELY DESIGNATED INVESTMENTS - cont'd

NOTES:

- (A) Farm loans under W.S. 11-34-129;
- (B) Irrigation district loans under W.S. 11-34-301;
- (C) Joint Powers loans under W.S. 16-1-109;
- (D) W.S. 9-4-701(f), student loans;
- (E) W.S. 9-4-701(e), guaranteed portion of certain Small Business Assistance Act loans and guaranteed portion of certain Farmers Home Administration loans;
- (F) Hot Springs state park loans under W.S. 36-8-318;
- (G) Shoshone municipal water treatment project under 1987 Wyoming Session Laws, Chapter 117, as amended;
- (H) Sheridan area water treatment project under 1989 Wyoming Session Laws, Chapter 230, as amended;
- (I) Cheyenne water plant project under 1998 Wyoming Sessions Laws, chapter 104, as amended.
- (J) Laramie territorial park under 1989 Wyoming Session Laws, Chapter 285, as amended;
- (K) W.S. 9-4-701(m), deferred property taxes;
- (L) W.S. 9-4-701(q), industrial development bonds;
- (M) Airport construction, development & improvement loans under W.S. 10-3-403
- (N) W.S. 21-16-714, Student Loan Stand-By Commitment. This would be an investment only if it were needed to cover a default in the Student Loan Program. There has been no such incident since the legislation was established. The current outstanding commitment is \$161.0 million.
- (O) Purchase of up to \$100 million WCDA bonds was authorized from the Common School Permanent Land Fund; however, the authorization period ended with only \$25 million actually used.
- (P) 2003 Session Laws, SF 0085, Enrolled Act No. 55, Chapter 171, Section 4 - \$279,500; 2004 Session Laws, HB 0001, Enrolled Act No. 77, Chapter 95, Section 321 - Appropriations Bill - \$1,353,550; & 2004 Session Laws, SF 0060, Enrolled Act No. 43, Chapter 83 - Section 3 - \$284,600.
- (Q) 2004 Session Laws, SF 0052, Enrolled Act 42, Chapter 84, Section 4 - \$250,000.

FEDERAL MINERAL ROYALTY DISTRIBUTION

	UNDER 200 MILLION %	FY 04 ADJUSTMENTS	OVER 200 MILLION DIST FY04-9/15/04	DISTRIBUTIONS MADE IN FY 05	OVER 200 MILLION DIST FY05-9/15/05	TOTAL FY05 ROYALTY MONEY DISTRIBUTED
Cities & Towns	9.375%	\$0.00	\$0.00	\$18,562,500.00	\$0.00	\$18,562,500.00
University Of Wyoming	6.750%	0.00	0.00	13,365,000.00	\$0.00	\$13,365,000.00
Foundation Fund	44.800%	0.00	19,890,661.71	219,174,380.34	\$26,198,772.04	\$225,482,490.67
Capitol Fac Rev Bds Series 1992		0.00	0.00	645,000.00	\$0.00	\$645,000.00
Capitol Fac Rev Bds Series 1993		0.00	0.00	150,000.00	\$0.00	\$150,000.00
Capitol Fac Rev Bds Series 1994		0.00	0.00	4,165,000.00	\$0.00	\$4,165,000.00
Capitol Fac Rev Bds Series 2002				1,256,281.37	\$0.00	\$1,256,281.37
Highway Fund	30.375%	0.00	0.00	60,142,500.00	\$0.00	\$60,142,500.00
Highway Fund State Roads	2.250%	0.00	0.00	4,455,000.00	\$0.00	\$4,455,000.00
Cities, Counties & Special Districts Capital Const.	3.750%	0.00	0.00	7,425,000.00	\$0.00	\$7,425,000.00
School Districts - Grants	2.700%	0.00	0.00	5,346,000.00	\$0.00	\$5,346,000.00
1% General Fund			-	2,000,000.00	\$0.00	\$2,000,000.00
Budget Reserve Account		0.00	204,711,903.72	204,711,903.72	\$285,903,764.41	\$285,903,764.41
TOTAL	100.00%	\$0.00	\$224,602,565.43	\$541,398,565.43	\$312,102,536.45	\$628,898,536.45
Bonus Payments						
Cities, Counties & Special		0.00	0.00	5,625,000.00	0.00	5,625,000.00
Districts Capital Const.			0.00		0.00	0.00
School Capital Construction		0.00	0.00	207,775,806.26	0.00	207,775,806.26
Legislative Royalty Impact		0.00	0.00	0.00	0.00	0.00
Community College Commission		0.00	0.00	1,600,000.00	0.00	1,600,000.00
Highway Funds			0.00	1,875,000.00	0.00	1,875,000.00
TOTAL			\$0.00	\$216,875,806.26	\$0.00	\$216,875,806.26
GRAND TOTAL		0.00	224,602,565.43	758,274,371.69	312,102,536.45	845,774,342.71

Notes: Distribution FY05 less FY04 Over 200 Million, less FY04 adjustments plus FY05 "over 200 million" = Total FY05 royalty money distributed.

The "over 200 million FY 05" distribution was completed 9/05.

Mineral Royalties are distributed quarterly to Cities & Towns & quarterly to State Agencies & monthly to the Foundation Fund.

Distributions are based on estimated income determined by the Consensus Revenue Estimating Group (CREG). In September of each year, adjustments are made to reflect actual receipts.

DISTRIBUTIONS TO COUNTIES

COUNTIES	RAILROAD CAR TAX W.S.39-13-103	VETERANS' EXEMPTION W.S.39-13-103	US FOREST RESERVE W.S. 9-4-501	TAYLOR GRAZING ACT W.S. 9-4-401	SEVERANCE TAX DISTRIBUTION W.S. 39-14-211	LIVESTOCK PREDATORY ANIMAL CONTROL FEES W.S. 11-6-210	INDIAN EXEMPTION W.S. 31-3-101	TOTAL
Albany	\$194,265.00	\$42,815.26	\$177,012.31	\$30,379.48	\$384,597.39	\$33,809.54		\$862,878.98
Big Horn	54,666.00	19,121.76	95,257.96	8,532.61	164,946.81	17,460.10		359,985.24
Campbell	166,814.00	28,513.08		45,778.69	380,925.23	40,836.02		662,867.02
Carbon	166,580.00	17,134.09	295,299.69	38,295.29	188,709.70	47,881.15		753,899.92
Converse	221,246.00	18,038.05	35,172.16	19,146.00	150,041.29	34,480.40		478,123.90
Crook	17,362.00	17,585.09	441,146.97	12,287.64	121,696.53	40,370.53		650,448.76
Fremont	34,724.00	62,462.85	120,694.94	30,308.24	413,168.75	20,676.71	\$155,918.99	837,954.48
Goshen	163,530.00	30,398.25		3,709.78	198,867.32	24,498.71		421,004.06
Hot Springs	22,054.00	21,107.52	6,280.73	8,787.96	106,790.62	8,391.17	1,595.04	175,007.04
Johnson		26,649.87	88,663.17	48,691.86	125,665.89	43,646.43		333,317.22
Laramie	282,247.00	221,738.42		9,810.88	927,418.62	10,117.87		1,451,332.79
Lincoln	101,825.00	16,257.24	157,123.27	8,680.58	174,863.09	38,513.57		497,262.75
Natrona	61,236.00	88,723.39	2,616.97	110,235.44	758,627.53	25,803.65		1,047,242.98
Niobrara	91,502.00	5,517.91		19,532.00	155,666.81	31,099.36		303,318.08
Park	34,489.00	49,742.65	206,217.76	14,657.61	303,647.81	16,369.91		625,124.74
Platte	84,228.00	30,790.01	523.38	10,517.65	142,306.62	10,929.38		279,295.04
Sheridan	77,894.00	78,983.71	106,772.65	5,180.40	318,118.44	37,156.04		624,105.24
Sublette		9,055.68	193,446.91	12,064.83	71,902.18	12,718.64		299,188.24
Sweetwater	324,479.00	42,592.12	21,773.23	83,994.98	427,328.45	15,631.64		915,799.42
Teton		10,383.25	286,087.90	170.17	212,350.16			508,991.48
Uinta	143,587.00	19,400.96	16,643.96	9,817.94	232,630.74	30,869.38		452,949.98
Washakie	20,177.00	13,628.42	9,735.14	13,317.81	150,671.85	21,068.58		228,598.80
Weston	83,290.00	18,117.33	19,574.97	14,208.11	139,863.79	23,013.35		298,067.55
GRAND TOTAL	\$2,346,195.00	\$888,756.91	\$2,280,044.07	\$558,105.95	\$6,250,805.62	\$585,342.13	\$157,514.03	\$13,066,763.71

DISTRIBUTIONS TO CITIES & TOWNS

<u>CITY/TOWN</u>	<u>POPULATION</u>	<u>SEVERANCE TAX W.S. 39-14-801</u>	<u>FEDERAL MINERAL ROYALTY W.S. 9-4-601</u>	<u>TOTAL</u>
Afton	1,818	\$81,216.94	\$172,980.96	\$254,197.90
Albin	120	5,360.84	18,163.96	\$23,524.80
Alpine	550	24,570.57	62,794.04	\$87,364.61
Baggs	348	15,546.50	27,985.20	\$43,531.70
Bairoil	97	4,333.34	16,265.20	\$20,598.54
Bar Nunn	936	41,814.65	53,860.40	\$95,675.05
Basin	1,238	55,306.17	92,018.40	\$147,324.57
Bear River	441	19,701.12	41,124.84	\$60,825.96
Big Piney	408	18,226.91	54,100.68	\$72,327.59
Buffalo	3,900	174,227.77	251,942.00	\$426,169.77
Burlington	250	11,168.44	27,553.00	\$38,721.44
Burns	285	12,732.03	26,639.44	\$39,371.47
Byron	557	24,883.29	49,652.08	\$74,535.37
Casper	49,644	2,217,785.45	2,076,096.08	\$4,293,881.53
Cheyenne	53,011	2,368,202.10	2,737,988.52	\$5,106,190.62
Chugwater	244	10,900.39	26,034.80	\$36,935.19
Clearmont	115	5,137.50	17,471.92	\$22,609.42
Cody	8,835	394,692.91	507,404.96	\$902,097.87
Cokeville	506	22,604.92	58,970.52	\$81,575.44
Cowley	560	25,017.34	49,838.72	\$74,856.06
Dayton	678	30,288.83	47,260.80	\$77,549.63
Deaver	177	7,907.25	23,011.52	\$30,918.77
Diamondville	716	31,986.43	77,219.12	\$109,205.55
Dixon	79	3,529.24	14,947.80	\$18,477.04
Douglas	5,288	236,234.98	340,431.32	\$576,666.30
Dubois	964	43,065.53	83,209.08	\$126,274.61
East Thermopolis	274	12,240.63	23,211.16	\$35,451.79
Edgerton	169	7,549.87	19,016.48	\$26,566.35
Elk Mountain	192	8,577.36	19,164.28	\$27,741.64
Encampment	443	19,790.50	31,530.08	\$51,320.58
Evanston	11,507	514,061.28	696,674.20	\$1,210,735.48
Evansville	2,255	100,739.39	108,622.04	\$209,361.43
Fort Laramie	243	10,855.72	24,939.96	\$35,795.68
Frannie	209	9,336.84	24,814.44	\$34,151.28
Gillette	20,238	904,108.08	1,396,848.68	\$2,300,956.76
Glendo	229	10,230.28	25,172.00	\$35,402.28
Glenrock	2,231	99,667.20	152,299.04	\$251,966.24
Granger	146	6,522.38	18,419.76	\$24,942.14
Green River	11,808	527,508.07	534,210.32	\$1,061,718.39
Greybull	1,815	81,082.94	127,914.72	\$208,997.66
Guernsey	1,147	51,240.83	80,974.96	\$132,215.79
Hanna	873	39,000.23	47,575.04	\$86,575.27
Hartville	76	3,395.19	16,371.48	\$19,766.67
Hudson	407	18,182.24	43,797.84	\$61,980.08
Hulett	408	18,226.91	50,435.04	\$68,661.95

<u>CITY/TOWN</u>	<u>POPULATION</u>	SEVERANCE TAX W.S. 39-14-801	FEDERAL MINERAL ROYALTY W.S. 9-4-601	TOTAL
Jackson	8,647	386,294.23	473,076.48	\$859,370.71
Kaycee	249	11,123.77	27,127.84	\$38,251.61
Kemmerer	2,651	118,430.21	245,367.20	\$363,797.41
Kirby	57	2,546.41	14,332.24	\$16,878.65
La Barge	431	19,254.40	52,453.12	\$71,707.52
La Grange	332	14,831.68	32,679.28	\$47,510.96
Lander	6,867	306,774.87	500,883.76	\$807,658.63
Laramie	27,204	1,215,305.77	740,616.88	\$1,955,922.65
Lingle	510	22,783.63	42,157.96	\$64,941.59
Lost Springs	1	44.67	12,061.56	\$12,106.23
Lovell	2,361	105,474.80	161,882.48	\$267,357.28
Lusk	1,447	64,642.97	91,588.76	\$156,231.73
Lyman	1,938	86,577.78	129,807.04	\$216,384.82
Manderson	104	4,646.07	18,470.04	\$23,116.11
Manville	101	4,512.05	17,345.88	\$21,857.93
Marbleton	720	32,165.14	84,001.20	\$116,166.34
Medicine Bow	274	12,240.63	22,224.00	\$34,464.63
Meeteetse	351	15,680.50	34,562.44	\$50,242.94
Midwest	408	18,226.91	31,939.16	\$50,166.07
Mills	2,591	115,749.79	122,571.92	\$238,321.71
Moorcroft	807	36,051.77	85,088.36	\$121,140.13
Mountain View	1,153	51,508.88	83,303.68	\$134,812.56
Newcastle	3,249	145,145.14	190,711.36	\$335,856.50
Opal	102	4,556.72	20,863.60	\$25,420.32
Pavillion	165	7,371.19	23,674.80	\$31,045.99
Pine Bluffs	1,153	51,508.88	74,225.56	\$125,734.44
Pine Haven	222	9,917.56	31,280.80	\$41,198.36
Pinedale	1,412	63,079.37	150,319.04	\$213,398.41
Powell	5,373	240,032.27	314,455.76	\$554,488.03
Ranchester	701	31,316.32	48,355.20	\$79,671.52
Rawlins	9,006	402,332.11	351,049.16	\$753,381.27
Riverside	59	2,635.75	14,201.52	\$16,837.27
Riverton	9,310	415,912.96	673,741.48	\$1,089,654.44
Rock River	235	10,498.33	18,268.20	\$28,766.53
Rock Springs	18,708	835,757.21	837,610.64	\$1,673,367.85
Rolling Hills	449	20,058.51	42,632.12	\$62,690.63
Saratoga	1,726	77,106.94	79,403.84	\$156,510.78
Sheridan	15,804	706,024.51	766,990.44	\$1,473,014.95
Shoshoni	635	28,367.86	59,930.28	\$88,298.14
Sinclair	423	18,897.02	30,783.80	\$49,680.82
Superior	244	10,900.39	22,728.92	\$33,629.31
Sundance	1,161	51,866.26	115,833.48	\$167,699.74
Ten Sleep	304	13,580.84	27,889.92	\$41,470.76
Thayne	341	15,233.78	44,632.28	\$59,866.06
Thermopolis	3,172	141,705.24	144,787.72	\$286,492.96
Torrington	5,776	258,035.79	322,577.08	\$580,612.87
Upton	872	38,955.53	62,159.20	\$101,114.73
Van Tassell	18	804.11	12,952.72	\$13,756.83
Wamsutter	261	11,659.87	23,476.44	\$35,136.31

<u>CITY/TOWN</u>	<u>POPULATION</u>	SEVERANCE TAX W.S. 39-14-801	FEDERAL MINERAL ROYALTY W.S. 9-4-601	<u>TOTAL</u>
Wheatland	3,548	158,502.60	219,079.52	\$377,582.12
Worland	5,250	234,537.38	289,414.52	\$523,951.90
Wright	1,347	60,175.57	106,973.04	\$167,148.61
Yoder	169	7,549.87	20,999.40	\$28,549.27
GRAND TOTALS	<u>336,834</u>	<u>\$15,047,650.19</u>	<u>\$18,562,500.00</u>	<u>\$33,610,150.19</u>

Distribution Dates:

Severance Tax: Quarterly
Federal Mineral Royalty: Quarterly

WYO-STAR

WYOMING STATE TREASURER'S ASSET RESERVE

In 1987 the Wyoming State Legislature authorized any county, municipality, school district or any other local government entity to participate in the WYO-STAR program (W.S. 9-1-416).

The Wyoming State Treasurer established an investment pool or common fund in which all monies are commingled for investment purposes. Each participant has an individual interest in the pool based on the ratio of that participant's cash balance as a percentage of the total cash balance of the pool. Separate accounts are maintained for each political entity. All investments conform to the statute covering the State Treasurer's other investments (W.S. 9-4-831).

J. P. Morgan Asset Management continues to manage the WYO-STAR portfolio. Safety of principal is always the foremost objective of the investment manager. Liquidity being the second objective, WYO-STAR continues to guarantee the return of funds on a 24-hour notice.

During FY97 WYO-STAR rules were amended to allow income to be distributed to participants on a monthly basis. Also, ACH (automated clearing house) has replaced wire transfer in returning participants' funds. Timeliness and cost savings prompted this change.

General information about the WYO-STAR program, daily rate information and forms have been made available through the Treasurer's website. Participants can now access their accounts via the internet. This service is called Internet Participant Access System (IPAS). This service has been received by participants as very beneficial.

WYO-STAR investments, conformance to state statutes, and manager performance are reviewed quarterly by the consultant R.V. Kuhns & Associates, Inc. hired by the State Loan and Investment Board. This board is made up of the five elected officials, the Governor, Secretary of State, Auditor, Treasurer and Superintendent of Public Instruction.

WYO-STAR yields realized in FY05 are as follows:

07/04	1.426%	01/05	1.992%
08/04	1.539%	02/05	2.448%
09/04	1.642%	03/05	2.467%
10/04	1.745%	04/05	2.569%
11/04	1.838%	05/05	2.681%
12/04	1.991%	06/05	2.846%

The annualized yield for FY05 was 2.09%.

As of June 30, 2005, there were 143 active participants. (Some participants have multiple accounts). WYO-STAR pool balance on June 30, 2005, was \$245,615,201.20. Participants earned \$5,481,164.30 in FY05.

WYOMING UNIFORM UNCLAIMED PROPERTY ACT

During Fiscal Year 2005, funds totaling more than \$3.188 million were received and deposited into the trust fund to be held in perpetuity for the owners. More than \$1.3 million was returned to the rightful owners or heirs. The remaining seed money to establish the division was paid in full to the General Fund at the end of FY00. The Unclaimed Property Division is totally self-supporting.

The Unclaimed Property Division is responsible for receiving unclaimed funds from any entity that cannot locate the owner. 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 owners and reunite the rightful owner/heir with their property by advertising the names in one or more papers of general circulation once a year. The division is also in contact with other states to bring Wyoming residents' unclaimed funds back to Wyoming.

The division is also charged with: (1) assisting and educating unclaimed property holders of compliance; (2) informing vendors of requirements; and (3) informing claimants of their rights and responsibilities. In FY05, numerous claimants were instructed on how to claim their funds. An alphabetical list of owners is mailed each month to Wyoming county clerks.

The unclaimed funds listing is available for public inspection after the funds have been held for two years. This two-year period allows for the advertising of the funds and for the owner to come forth. If the owner fails to come forth within the two-year period, the names are then made public. Third-party tracers (heirfinders) are then given access to records to allow them to attempt to locate the owners. Heirfinders charge the owners a percentage of the funds as their fee.

The Unclaimed Property Division maintains the records for more than 126,000 owners and more than \$36.2 million. The division has returned approximately \$15.4 million to owners or heirs. A large part of this return was due to the annual advertisement which generated more than 1,700 telephone calls in a ten-day period.

In FY05 several major goals and accomplishments were achieved:

1. Cost savings measures were implemented, i.e., reducing monthly reports to quarterly or annually.
2. Finalization of Phase II of the WUP mainframe system.
3. Website updating with more "user friendly" appearance and access.
4. Newspaper advertisement - resulting in approximately 1,500 claims.
5. Unclaimed property information disseminated to all state legislators.
6. Followup project to remind owners who have not finalized the claim process.
7. Efforts to locate previously paid owners with "new" money.
8. The owner list on the Internet continued to generate numerous claims.
9. Finalized electronic reporting phase for holder reporting.

Unclaimed property owner information and lists were requested by 24 heirfinders located in 16 states. Written inquiries from persons seeking their possible unclaimed funds totaled 4,171 and were received from 43 states and several foreign countries. Internet inquiries on the Wyoming Unclaimed Property Website totaled 137,294. In addition, numerous telephone inquiries are received daily.

WYOMING UNIFORM UNCLAIMED PROPERTY ACT

<u>FISCAL YEAR</u>	<u>BEGINNING BALANCE</u>	<u>RECEIVED</u>	<u>DISBURSED</u>	<u>TRANSFERRED TO COMMON SCHOOL PERMANENT LAND FUND *</u>	<u>ENDING BALANCE</u>
FY 82	\$340,921.02	\$272,408.86	\$98,857.76	\$56,279.50	\$458,192.62
FY 83	458,192.62	40,309.15	25,350.65	37,194.58	435,956.54
FY 84	435,956.54	61,963.60	93,589.29	16,937.42	387,393.43
FY 85	387,393.43	47,472.14	101,321.02	49,968.22	283,576.33
FY 86	283,576.33	269,438.08	28,044.24	83,399.72	441,570.45
FY 87	441,570.45	160,250.59	34,181.84	64,240.20	503,399.00
FY 88	503,399.00	158,444.52	45,714.55	39,438.64	576,690.33
FY 89	576,690.33	181,276.90	76,462.16	38,075.60	643,429.47
FY 90	643,429.47	252,858.09	96,746.71	27,116.14	772,424.71
FY 91	772,424.71	191,102.86	130,627.04	218,847.68	614,052.85
FY 92	614,052.85	428,432.95	101,327.17	76,218.30	864,940.33
FY 93	864,940.33	298,531.97	160,017.21	102,307.91	901,147.18
FY 94	901,147.18	4,051,549.91	160,105.04	124,876.64	4,667,715.41
FY 95	4,667,715.41	1,639,708.30	760,996.09	0.00	5,546,427.62
FY 96	5,546,427.62	2,219,667.05	1,303,951.21	0.00	6,462,143.46
FY 97	6,462,143.46	1,902,193.42	1,486,211.28	0.00	6,878,125.60
FY 98	6,878,125.60	2,060,174.91	902,332.35	0.00	8,035,968.16
FY 99	8,035,968.16	3,648,277.24	1,513,694.11	0.00	10,170,551.29
FY 00	10,170,551.29	1,975,557.85	1,274,918.31	0.00	10,871,190.83
FY01	10,871,190.83	2,763,717.84	1,050,831.89	0.00	12,584,076.78
FY02	12,584,076.78	3,489,779.83	1,917,521.28	0.00	14,156,335.33
FY03	14,156,335.33	3,116,677.58	1,657,258.29	0.00	15,615,754.62
FY04	15,615,754.62	3,784,421.94	1,982,406.14	0.00	17,417,770.42
FY05	17,417,770.42	3,188,781.15	1,389,724.33	0.00	19,216,827.24

NOTES:

*Up to March 11, 1993, unclaimed funds remitted to the state were held for a five-year period. If the funds were not claimed within that time, they escheated to the Common School Permanent Land Fund.

On March 11, 1993, Governor Sullivan signed the Wyoming Uniform Unclaimed Property Act into law. Under the new law, unclaimed property is no longer transferred to the Permanent School Land Fund. This law provides for unclaimed funds to be held in perpetuity for the rightful owners or their heirs.

CAPITAL FACILITIES REVENUE BONDS

Wyoming Statute 9-4-605 authorized up to \$105 million in revenue bonds for capital construction purposes. Funds for the principal & interest on these bonds is restricted to the federal mineral royalties distributed to the school foundation program or to the highway construction funds.

SERIES	AMOUNT ISSUED	INTEREST RANGE %	BONDS OUTSTANDING JULY 1, 2004	PRINCIPAL PAYMENTS FY05	YEAR OF MATURITY	BALANCE JUNE 30, 2005
1992	\$28,750,000	3.0-6.25	\$12,465,000	\$0	(2020)	\$12,465,000
1993	8,777,522	4.1-6.2	8,132,522	1,775,000	(2011)	6,357,522
1994	27,395,897	4.1-6.2	24,610,897	23,180,530	(2005)	1,430,367
2002	10,405,000	2.75-5.0	9,390,000	915,000	(2012)	8,475,000
2005	23,440,000	2.5-5.0	0	0	(2023)	<u>23,440,000</u>
Total Outstanding Revenue Bonds						<u><u>\$52,167,889</u></u>

Future minimum payments for revenue bonds are as follows:

FISCAL YEAR ENDED

<u>JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2006	2,850,367	1,944,311
2007	2,740,940	3,733,685
2008	2,685,300	3,758,725
2009	2,653,854	3,776,564
2010	2,657,968	3,784,719
2011-2015	11,569,458	12,332,592
2016-2020	13,250,000	5,481,462
2021-2024	13,760,000	2,220,794

Prior Year Defeasance of Debt:

In prior years, the state of Wyoming defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets & liability for the defeased bonds are not included in this financial statement. As of June 30, 2005, only \$2.9 million of the defeased 1991 issue remained outstanding.

New Issues:

In fiscal year 2005, the State Loan & Investment Board issued the Series 2005 Refunding Bonds for the purpose of refunding a portion (\$1,725,000) of the Series 1993 Refunding Bonds, specifically those maturing on October 1, 2021, and a portion (\$21,645,000) of the Series 1994 Bonds, specifically those maturing on October 1, 2010, October 1, 2014, and October 1, 2024. The Series 2005 Bonds maturing on and after October 1, 2016 are redeemable prior to maturity beginning October 1, 2014.

SCHOOL DISTRICT BOND GUARANTEE PROGRAM

Wyoming Statute 9-4-1001 authorizes the State Loan & Investment Board to guarantee school district general obligation bonds issued under W.S. 21-13-701 through 21-13-721. However, the 2002 Legislature closed the state guarantee for future issues, except for the refunding of bonds issued on or before November 1, 2001.

The State Treasurer is authorized to pledge up to \$300 million from the Common School Permanent Land Fund to guarantee the school district bonds. If a district fails to deposit sufficient debt service monies with the State Treasurer, funds will be advanced from the Common School Permanent Land Fund. Repayment to the Common School Permanent Land Fund will be made from the district's next payments from the School Capital Construction Account and the School Foundation Fund.

As of June 30, 2005, the State Loan & Investment Board had approved guaranteeing school district bond issues with original amounts totaling \$159,964,000. Of these, 8 issues have now been called or paid off completely and \$64.9 million is still outstanding.

LOCAL GOVERNMENT BOND GUARANTEE PROGRAM

Wyoming Statute 9-4-1002 authorizes the State Loan & Investment Board to guarantee local government general obligation bonds issued under W.S. 15-7-101 through 15-7-114 or 18-4-301. The program is intended to benefit local governments by guaranteeing payment of bonded indebtedness of creditworthy cities, towns and counties by reducing the interest rate at which the bonds may be issued.

The State Treasurer is authorized to pledge up to \$100 million from the Permanent Mineral Trust Fund to guarantee the local government bonds. If a government fails to deposit sufficient debt service monies with the State Treasurer, funds will be advanced from the Permanent Mineral Trust Fund to make the required payments. Repayment to the Permanent Mineral Trust Fund will be made from the government's next payments of federal mineral royalties and severance tax.

As of June 30, 2005, the State Loan & Investment Board had not approved any local government bond issues for the guarantee program.

WYOMING COLLEGE ACHIEVEMENT PLAN

State Statute 21-16-809 through 21-16-818 authorizes the Wyoming Family College Savings Program with the Treasurer as sole trustee and program administrator. The State of Wyoming plan is known as the “College Achievement Plan” which was established under these statutes in March 2000. The Program was designed to comply with the requirements for treatment as a “qualified tuition program” under Section 529 of the Internal Revenue Code to assist Wyoming citizens in financing higher education costs for their families. Assets are held in trust for account owners and designated beneficiaries.

The program is available for participation by any U.S. resident, and accounts can be set up for the contributor, their spouses, children, grandchildren, nieces, nephews, friends, etc. to be used at any accredited college or vocational institution in the country, public or private, that is eligible to participate in student financial aid programs. Accounts can be established by Wyoming residents with a minimum initial investment of \$250 (\$1,000 by non-residents). Additional contributions of at least \$50 can be made to accounts monthly or at any other interval. If the need arises, account beneficiaries can be changed to another family member.

Contributions are invested in one of several investment options, selected by the participant, each holding a different mix of stocks, bonds and/or money market mutual funds managed by Mercury Funds and MFS Investment Management. Contributions grow federal income tax free.

Mercury Asset Management, a subsidiary of Merrill Lynch, currently serves as Program Manager by providing certain administrative, record keeping, investment advisory services and marketing services for the Program.

Participation in the College Achievement Plan continued to decline during fiscal year 2005. Wyoming’s plan is one of the smallest in the country. At the end of FY 05, Wyoming had 1,418 total participants (only 193 are Wyoming participants) and \$16.4 million in total assets.

Due to the small size of our program, participants in Wyoming’s 529 Program have experienced higher than average fees. During fiscal year 2005, the Treasurer’s Office conducted a thorough evaluation of its current program and has determined that partnering with another state and its 529 plan will provide our participants with an array of investment options and a better return on their investments net of fees. The Treasurer’s Office is working with the Legislature to amend authorizing legislation, and it is hopeful that transition to a partner state’s 529 plan will occur during fiscal year 2006. However, any agreement will require the negotiation of final terms and conditions.

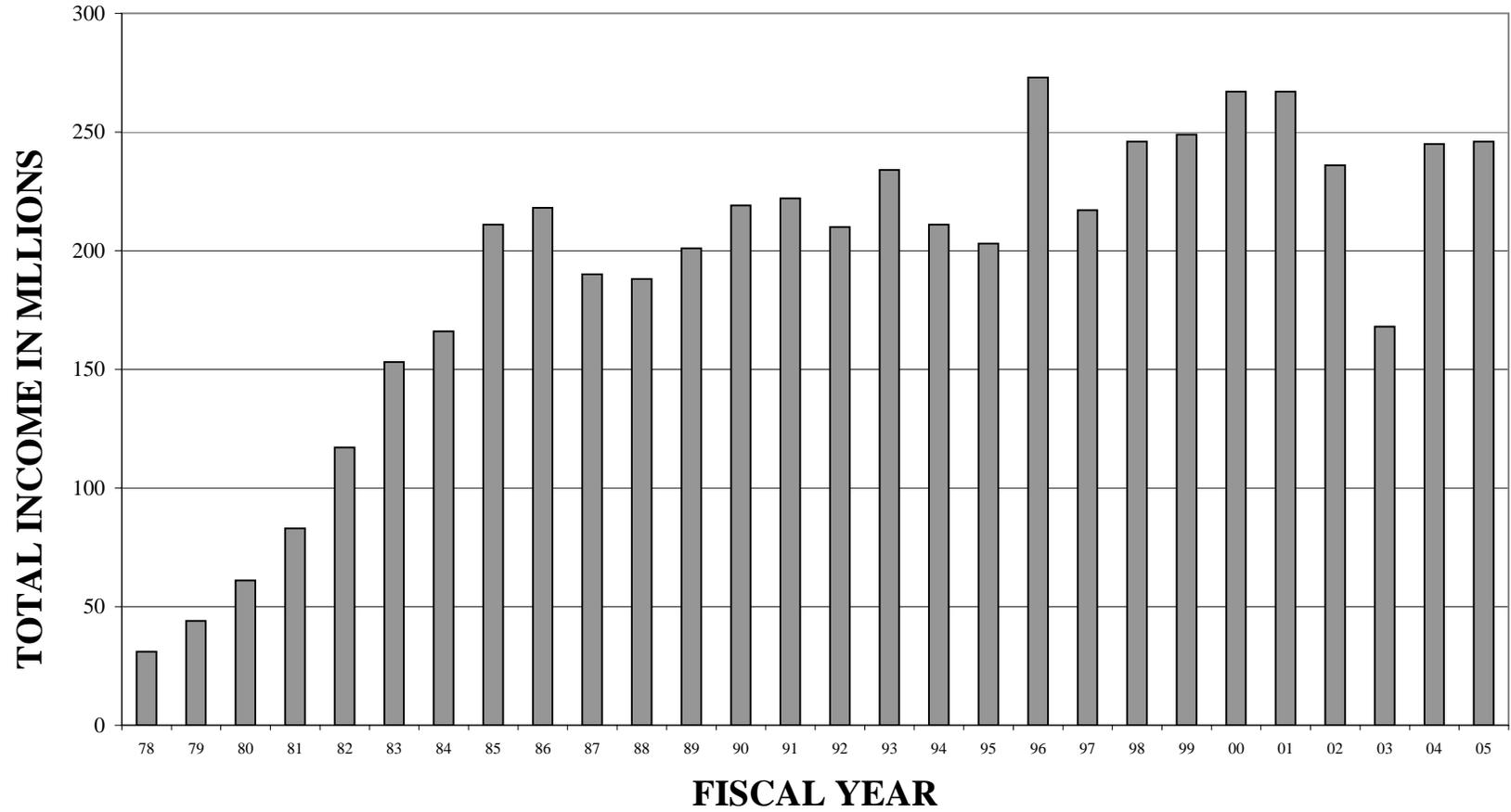
7/1/04		Investment	Change In	Distributions	6/30/05
<u>Beginning</u>		<u>Income</u>	<u>Market Value</u>	<u>And Fees</u>	<u>Ending</u>
<u>Balance</u>	<u>Contributions</u>	<u>Income</u>	<u>Market Value</u>	<u>And Fees</u>	<u>Balance</u>
\$18,025,218	\$9,635,052	\$1,424,707	\$(977,992)	\$(11,704,615)	\$16,402,370

Wyoming participants (193) have \$1,333,257 in these accounts and the remainder “belongs” to the accounts set up by the 1,225 out-of-state participants.

LEGISLATIVE AUTHORITY

W.S. 9-1-401 through 9-1-417	Duties Generally
W.S. 8-1-109	Payment of Fines & Penalties
W.S. 9-4-206	Petty Cash Funds
W.S. 9-4-401 through 9-4-406	Distribution of Taylor Grazing Funds
W.S. 9-4-501 through 9-4-504	Distribution of Forest Reserve Funds
W.S. 9-4-601 through 9-4-607	Distribution of Federal Mineral Royalties
W.S. 9-4-605	Bond Issues - Capital Facilities
W.S. 9-4-701 through 9-4-713 & 9-4-831 through 9-4-834	Investment of State Funds
W.S. 9-4-801 through 9-4-829	Deposits in Wyoming Banks & S&L
W. S. 9-4-901 through 9-4-904	Refunding Bond Issues
W.S. 9-4-1001 through 9-4-1002	Guarantee for Local Gov't & School District Bonds
W.S. 9-4-1101 through 9-4-1105	Tax & Revenue Anticipation Notes
W.S. 9-4-1203	Investment of Tobacco Settlement Trust Fund
W.S. 10-3-403	LDI Airport Loans - Aeronautics Commission
W.S. 11-6-210:	Distribution of Livestock Predatory Animal Control Fees
W.S. 11-34-129	LDI Investment in Farm Loans
W.S. 11-34-301	LDI Investment in Small Water Development Project Loans
W.S. 16-1-109	LDI Investment in Joint Powers Board Loans
W.S. 21-15-108	School Capital Construction Bonds
W.S. 21-16-113	Investment in Insured, Guaranteed or Higher Education Loans
W.S. 21-16-714	Student Loan Standby Commitment
W.S. 21-16-809 thru 21-16-818	Family College Savings Program
W.S. 21-16-902 through 21-16-904	UW Endowment Challenge Program
W.S. 21-16-1001 through 21-16-1003	UW Athletics Challenge Program
W.S. 21-16-1101 through 21-16-1104	Community Colleges Endowment Challenge Program
W.S. 21-16-1201 through 21-16-1204	Distribution - Hathaway & Higher Education Endowment Account
W.S. 21-22-101 through 21-22-109	Investment of Wyoming Education Trust Fund (closed)
W.S. 27-3-202	Investment of Worker's Compensation Funds
W.S. 31-3-101(b)(xiv)	Distribution of Indian Motor Vehicle Exemption Reimbursement
W.S. 34-24-101 through 34-24-140	Unclaimed Property
W.S. 36-8-318 through 36-8-320	LDI Investment in Hot Springs State Park Loans
W.S. 37-5- 206	Investment in Natural Gas Pipeline Authority Bonds
W.S. 37-5-406	Investment in Wyo Infrastructure Authority Bonds & Loans
W.S. 39-13-103	Distribution of Railroad Car Tax
W.S. 39-13-107	Deferred Tax Loans to Counties
W.S. 39-13-102 through 39-13-105	Distribution of Veteran Exemption Reimbursements
W.S. 39-14-203 through 39-14-211	Distribution of Severance Tax
W.S. 39-17-111	Gas Tax Refund to Municipalities
W.S. 41-2-124	Distribution-Water Development fund
W.S. 41-2-210	LDI Investment in Cheyenne Stage II Water Project
1987-ch117	LDI Investment in Shoshone Municipal Water Treatment Project Loan
1989-ch230	LDI Investment in Sheridan Area Water Treatment Facility Loan
1989-ch, 285	LDI Investment in Laramie Territorial Park Loan
1998-ch 104	LDI Investment in Cheyenne Sherarrd Water Treatment Project Loan

INVESTMENT INCOME



INVESTABLE FUNDS

