



**WYOMING STATE TREASURER'S
INVESTMENT REPORT**

Fiscal Year 2012
(July 1, 2011 – June 30, 2012)

September 2012

WYOMING STATE TREASURER'S INVESTMENT REPORT

Fiscal Year 2012

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**WYOMING STATE TREASURER'S
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Fiscal Year 2012
(July 1, 2011 – June 30, 2012)**



I am pleased to present our 2012 Investment Report, covering the fiscal year July 1, 2011 through June 30, 2012. Inside you will find detailed information about the State's investment portfolio, including fund performance, asset allocation and income distribution.

First off, I want to thank the State Treasurer's staff, not only those directly involved with the investment program, but the entire staff who serve Wyoming with talent and dedication. You find them listed on the following page.

Wyoming's portfolio has grown to \$15.5 billion. That is almost \$1 billion over this time last year, and \$7 billion more than when I took office in January 2007.

As you will see inside, we distributed over \$600 million during FY 12. Almost 58 percent of that income went to the State general fund. Other beneficiaries of investment income include the 18,000 employers who participate in the State's Workers Compensation program, and the 5,000 students who receive Hathaway scholarships each year.

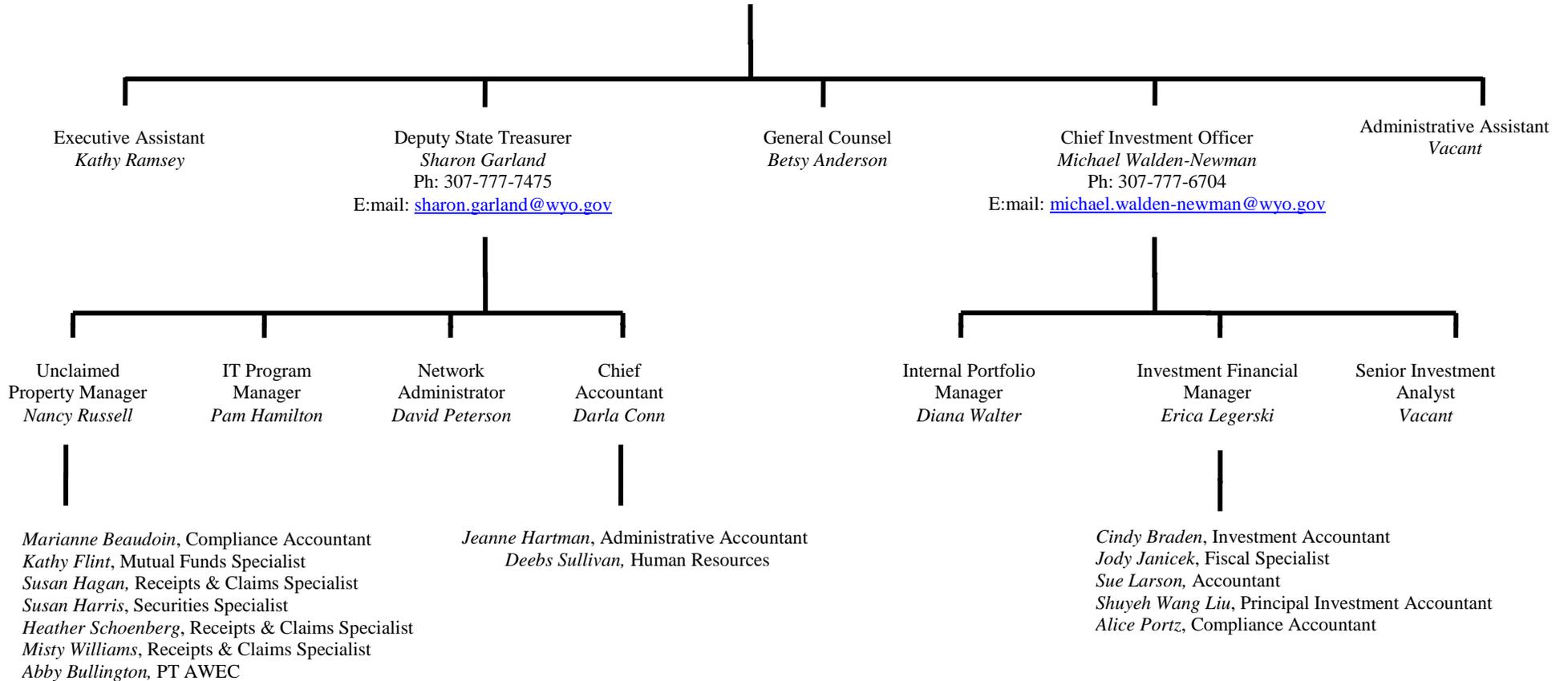
It is important to remember that our primary investment goal is to protect the corpus of the funds in our care. Our investment policies are designed first and foremost for maximum safety. These policies are tested in turbulent financial markets. We asked R.V. Kuhns, investment consultant to the State Loan and Investment Board, to review our portfolio at fiscal year end and comment on our positioning to weather volatile markets. Their independent analysis, which I have included, finds that, "The Wyoming State investment funds have demonstrated an ability to fare better than most large institutional funds in the face of significant market declines while participating meaningfully in up market environments." We are proud of the fact that R.V. Kuhns also notes that our funds are in the top 5 in a universe of almost 90 large institutional funds.

Thank you for your interest in our investment program. It is, after all, your money. Please visit us on the web at <http://treasurer.state.wy.us/investmentsbank.asp#invest>.

Joe Meyer
Wyoming State Treasurer

As of June 30, 2012

WYOMING STATE TREASURER JOE MEYER



MEMORANDUM

To: Wyoming State Treasurer’s Office
From: R.V. Kuhns & Associates, Inc.
Subject: Wyoming State Treasurer’s Office – Portfolio Positioning
Date: Updated as of July 2, 2012

The purpose of this memo is to address the positioning of the State’s investment funds and their ability to weather volatile market environments and absorb potential losses should broad markets decline in value. The State has worked diligently to ensure the investment funds are well diversified and allocated efficiently while maintaining a relatively conservative posture. Furthermore, the State has utilized an exhaustive manager selection process to identify investment managers that are best suited to meet the unique needs of Wyoming’s assets. The systematic inclusion of alternative strategies over time has created flexibility in the sources of performance and provided further diversification benefits. The Wyoming State investment funds have demonstrated an ability to fare better than most large institutional funds in the face of significant market declines while participating meaningfully in up market environments.

The following charts show the experience of the Wyoming State Treasurer’s Office Total Fund Composite over the most recent 5 years. **Exhibit 1** focuses on the portfolio’s performance over a complete market cycle, including the extreme markets of 2008 and 2009, compared to a global portfolio of 60% equity and 40% fixed income along with median plans in a very broad peer group of other institutional funds. This data illustrates the State’s success in protecting in down markets, with significantly better capital preservation during the most extreme market drawdown as was experienced in calendar year 2008. The State has also been able to generate strong absolute returns in up market environments.

Exhibit 1

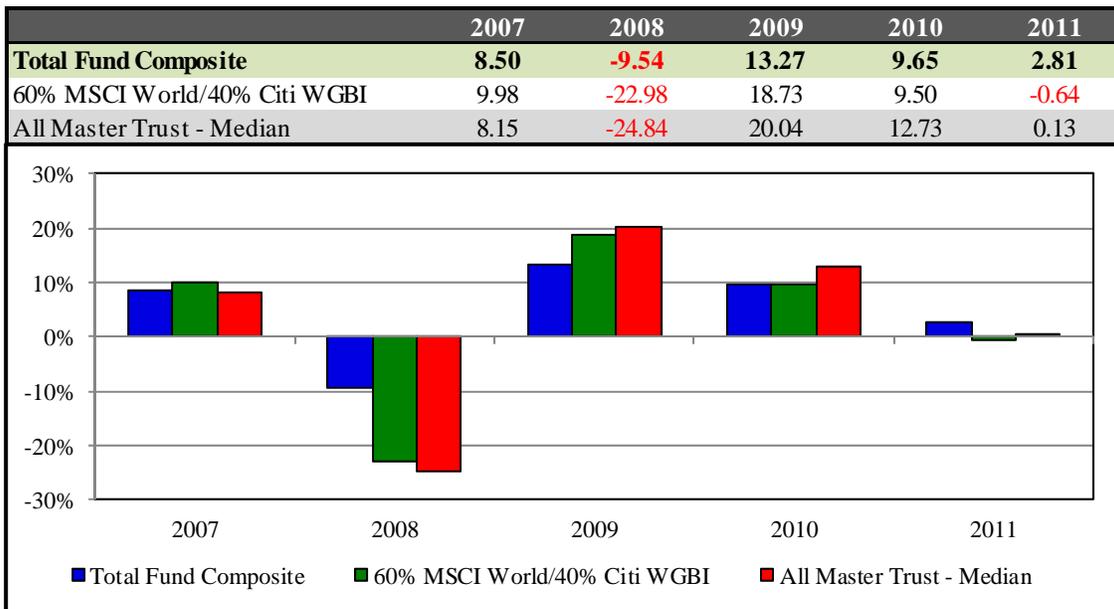
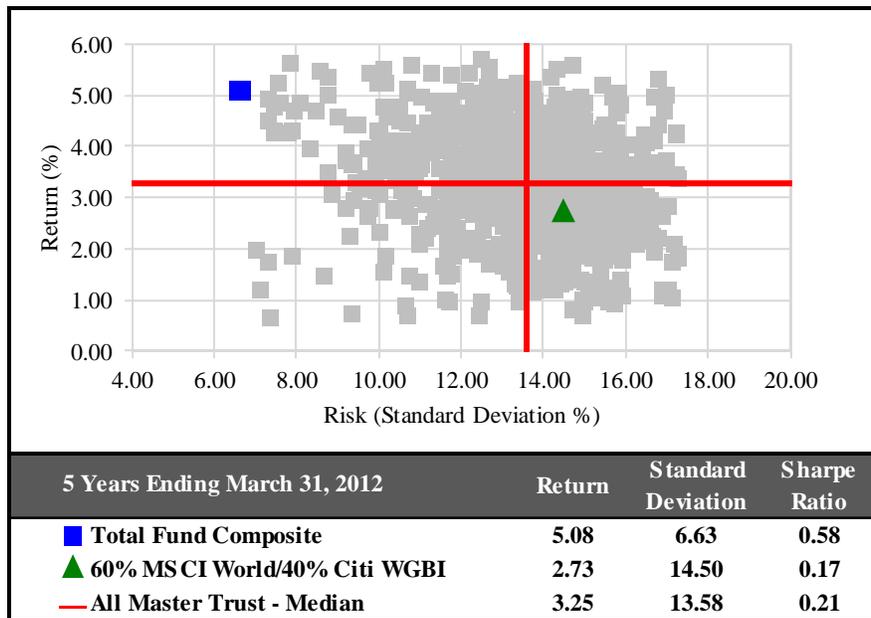


Exhibit 2 illustrates the risk/return profile of Wyoming’s Total Fund Composite over the most recent 5 year period relative to a broad market index and a peer group of other institutional investors. The State has achieved returns well in excess of the median plan while assuming less than half the risk, as measured by standard deviation, thus resulting in the highest and therefore most efficient reward-to-risk ratio (Sharpe Ratio).

Exhibit 2

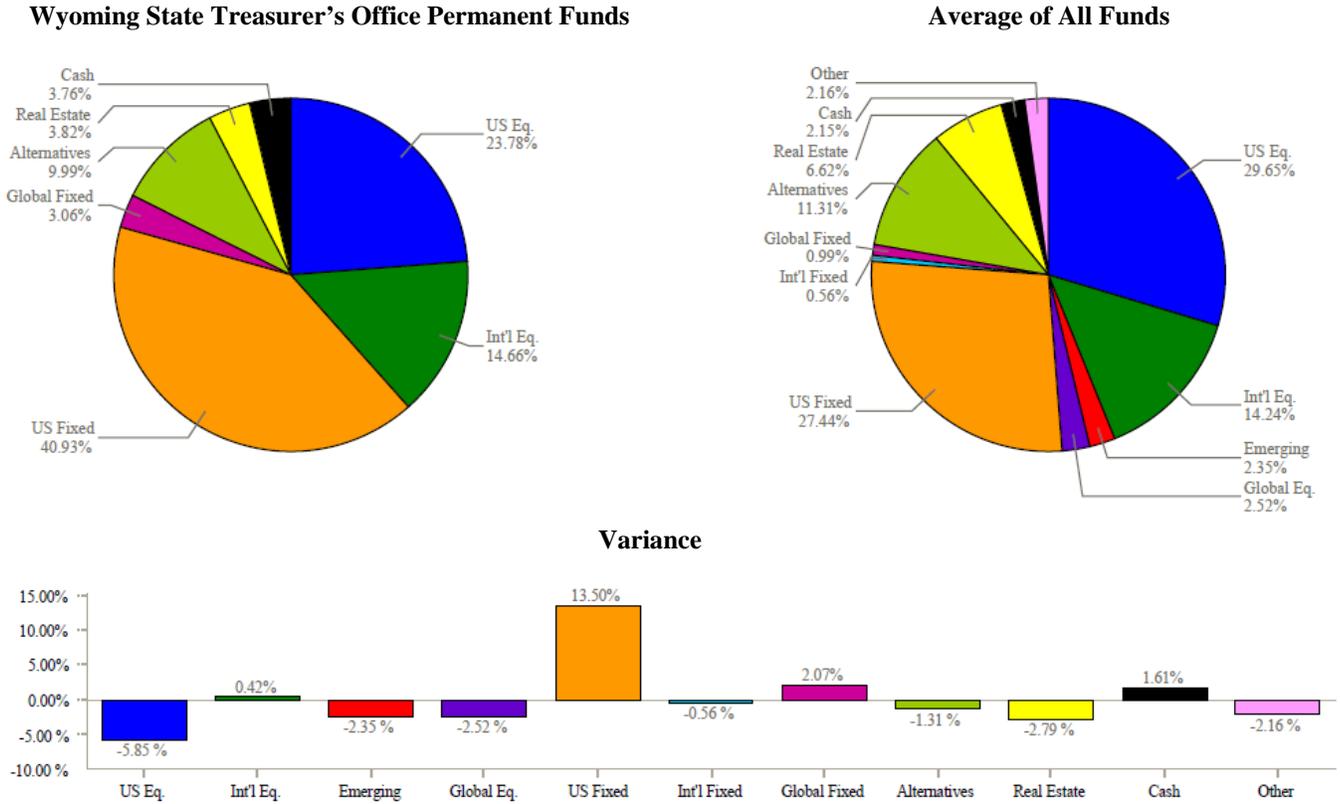


The State Loan and Investment Board has adopted conservative asset allocations for the six Permanent Funds, with just over 50% of the portfolio dedicated to equities and alternative investments with the remaining portion allocated to fixed income. Within both the equity and fixed income allocations, the State has worked diligently to extensively diversify and refine the portfolios of the individual Permanent Funds. The pie charts in **Exhibit 3** compare the Wyoming State Treasurer’s Office Permanent Funds’ asset allocation versus the weighted average of all funds in a peer group of other institutional public funds.

The Worker’s Compensation Fund is positioned with a more conservative tilt than the Permanent Funds given its unique purpose. The Worker’s Compensation Fund has a target allocation of 30% across equities and alternative investments and 70% dedicated to fixed income and cash equivalents. The State has also adopted asset class and manager diversification within this fund. The State’s non-Permanent Funds, which include the State Agency Pool and Tobacco Settlement Trust, invest exclusively in fixed income and cash equivalents. The conservative positioning of these two plans enhances the overall capital preservation characteristics in the event that equity markets decline.

Exhibit 3

Asset Allocation As of December 31, 2011 Wyoming State Treasurer's Office Permanent Funds vs. Average of All Funds

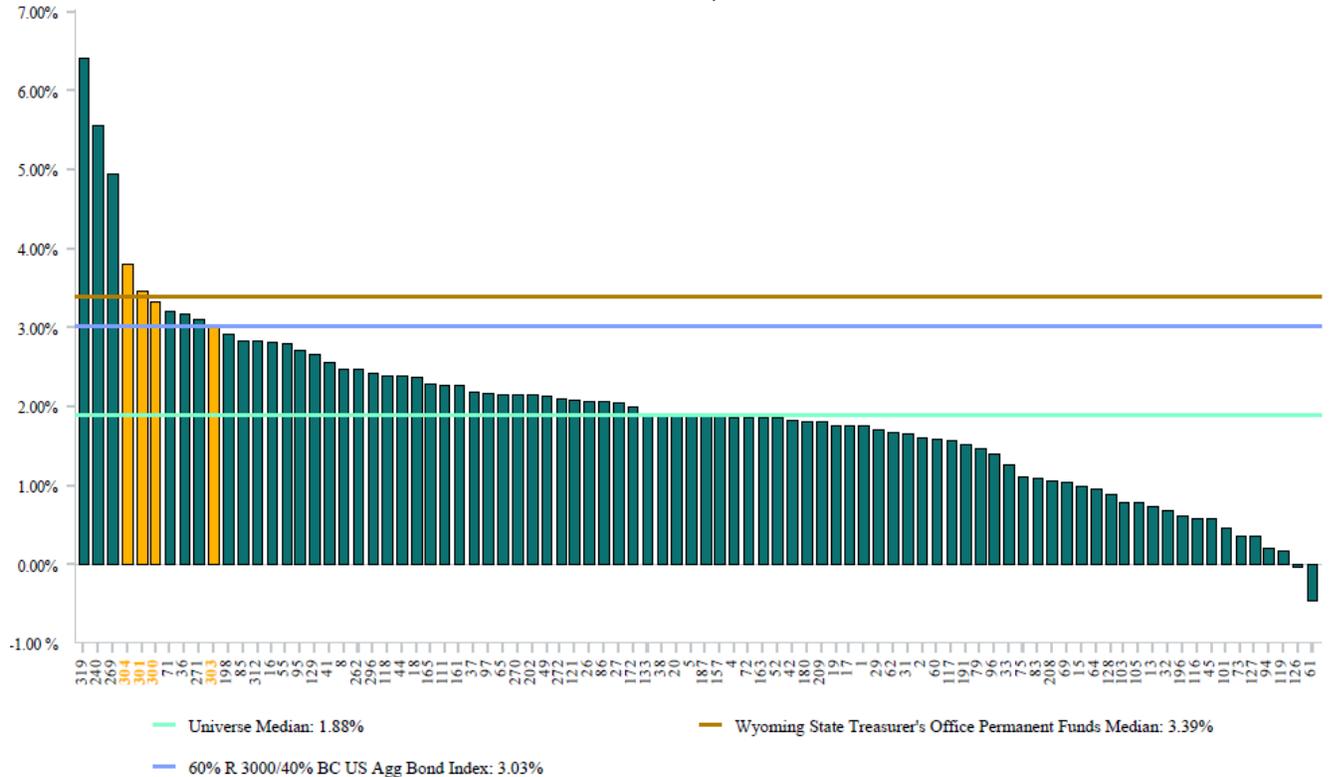


We believe that Wyoming's more conservative overall stance remains appropriate given the requirement to generate income and provide stable return patterns. We continue to evaluate the asset allocation structure of the State's investments, and each fund individually, for the opportunity to improve the structure and the related risk/return trade-off.

The Public Fund Survey continues to suggest that the risk/return trade-off for the State has consistently been highly efficient relative to other public plans over the long-term. **Exhibit 4** illustrates the State's 5 year annualized Total Fund returns for the Permanent Funds and collectively versus other institutional funds. The gold bars depicted below represent the individual Permanent Funds, all of which rank in the Top 10 plans and some even in the Top 5 compared to a universe of nearly 90 peer funds. It is noteworthy to point out that the survey includes some peer Permanent Funds, but also a large number of Retirement Plans. Despite the broad inclusion of different plan types, the survey remains a good representation of the investment patterns, results, and characteristics of public funds in general within the United States.

Exhibit 4

5 Year Annualized Total Fund Returns As of December 31, 2011



The primary goal of long-term investing should not be to avoid declines altogether, but to maximize long-term real wealth while providing sufficient liquidity for near to intermediate term needs. That can't be accomplished without a level of risk that will result in periodic episodes in which values decline. This is a natural part of investing and required for creating intergenerational equity in Wyoming (i.e. growing the value of the portfolio in inflation-adjusted terms). The market decline of 2008 resulted in negative returns; however, because of the relatively conservative positioning, extensive diversification, and thoroughness of the manager selection process, the portfolio has performed well against the peer group and custom benchmark both in the periods of the market decline and the subsequent recovery. We would expect these characteristics to continue well into the future.

As a firm, we look forward to continue collaborating with the State to evaluate and assimilate new market information while capitalizing on deliberate opportunities when appropriate in order to achieve the performance goals within a suitable risk framework.

WYOMING STATE INVESTMENT PORTFOLIO

Fiscal Year 2012

PORTFOLIO OVERVIEW

The State Treasurer manages all non-pension funds of the State of Wyoming. As stated in the Master Investment Policy and Sub-Policies approved by the State Loan and Investment Board, the Treasurer invests the state portfolio "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 State's portfolio is in a diversified asset allocation. Modern portfolio theory, creating a diversified portfolio of asset classes, allows the investor to achieve a high rate of return while minimizing the volatility of the portfolio. Simply put, the State's portfolio diversification protects the corpus of the funds and allows maximum returns within acceptable risk.

The State portfolio consists of nine investment pools in seven fund types. Seven pools — the Permanent Wyoming Mineral Trust Fund, the Permanent Land Funds, the Hathaway Scholarship Endowment Fund, the Excellence in Higher Education Endowment Fund and the Workers Compensation Fund — may hold equities, fixed income and cash. The State Agency Pool and the Tobacco Settlement Fund may only hold fixed income and cash.

As shown below, the Treasurer's investment portfolio grew across all funds on a cost basis during FY 12. The total portfolio was \$13.8 billion at the end of FY 11, increasing over \$1.3 billion to \$15.1 by June 30, 2012.

	FY 12		FY 11	
	Cost	Market	Cost	Market
Permanent Mineral Trust Fund	\$5,440.9	\$5,595.5	\$5,050.0	\$5,325.8
Permanent Land Funds				
- Common School Perm Land Fund	2,318.0	2,371.3	2,129.9	2,236.5
- University Permanent Land Fund	18.0	18.3	17.4	18.0
- Remaining Permanent Land Funds	131.8	135.2	117.2	122.8
Hathaway Scholarship Fund	501.3	518.4	473.0	502.8
Higher Education Endowment Fund	108.4	111.8	105.0	111.5
Workers Compensation Fund	1,403.1	1,436.8	1,317.1	1,362.5
Tobacco Settlement Fund	67.9	69.9	66.8	67.5
State Agency Pool	5,131.0	5,336.0	4,545.1	4,683.5
Total	\$15,120.5	\$15,593.1	\$13,821.6	\$14,431.0

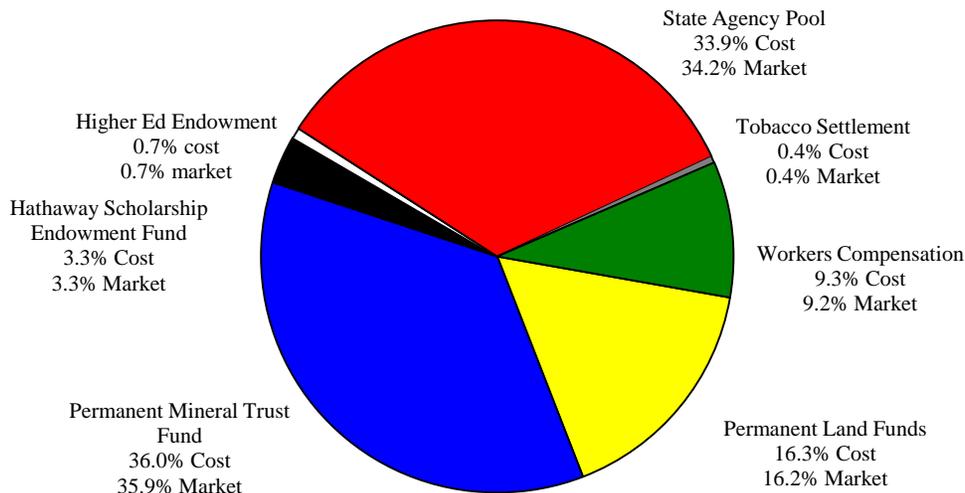
The State Treasurer distributes investment earnings to statutory recipients. Interest and dividends are treated as ordinary income and disbursed accordingly. Capital gains and losses are reconciled for each fund at the end of the fiscal year. If capital gains and losses are net positive in a fund, the Treasurer distributes the net capital gain as income. If capital losses exceed capital gains at year end, the losses are carried forward through the next fiscal year.

WYOMING STATE INVESTMENT PORTFOLIO

June 30, 2012

The State Treasurer's Office manages \$15 billion in non-pension investable funds across seven fund types. Five funds, the Permanent Wyoming Mineral Trust Fund, the Permanent Land Funds, the Hathaway Scholarship Endowment Fund, the Excellence in Higher Education Endowment Fund and the Worker's Compensation Fund may hold equities under current law. The other funds cannot: the State Agency Pool and the Tobacco Settlement Fund.

	Cost Basis	Market Value
Permanent Wyoming Mineral Trust Fund	\$5,440,883,650	\$5,595,493,940
<i>Funded with constitutional and statutory mineral severance tax revenues, and occasional direct legislative appropriations. Income from the PWMTF goes to the state general fund. Up to 55 percent of the PWMTF may be invested in equities.</i>		
Permanent Land Funds	2,467,854,133	2,524,790,718
<i>Funded with royalties, leases, fees and permits, and other revenue generated from state lands. Investment income from these funds go to state public institutions. The Common School Permanent Land Fund is the largest of the land funds: \$2.318 billion book/cost, \$2.371 billion market; its investment income helps to fund Wyoming's K-12 schools. Up to 55 percent of the Permanent Land Funds may be invested in equities.</i>		
Hathaway Scholarship Endowment Fund	501,340,390	518,418,148
<i>Funded with federal mineral royalties. Investment income is used to pay higher education tuition for qualifying Wyoming high school graduates at the University of Wyoming and Wyoming's community colleges. Up to 55 percent of the Hathaway Scholarship Fund may be invested in equities.</i>		
Excellence in Higher Education Endowment Fund	108,407,594	111,829,141
<i>Funded with federal mineral royalties. Investment income is used to pay for recruitment and retention of faculty, to establish endowed faculty positions and to support the work of endowed faculty at the University of Wyoming and Wyoming's community colleges. Up to 55 percent of the Higher Ed. Endowment Fund may be invested in equities.</i>		
Workers Compensation Fund	1,403,130,016	1,436,849,381
<i>Funded with employer premiums. Investment income is used to assist in the payment of Workers Compensation costs including administrative and indemnity costs, and vendor payments. Up to 45 percent of the Workers Compensation Fund may be invested in equities.</i>		
Tobacco Settlement Fund	67,885,067	69,855,405
<i>Funded with settlement proceeds received by Wyoming under the 1998 Master Settlement Agreement between states and tobacco companies. Income from the fund goes to health improvement programs.</i>		
State Agency Pool	<u>5,130,982,071</u>	<u>5,335,862,401</u>
<i>Monies from all other state funds pooled for investment. Income is distributed back to a specific state agency or to the state general fund.</i>		
GRAND TOTAL ALL FUNDS	\$15,120,482,920	\$15,593,099,135



The Treasurer distributed \$603.6 million in investment income during FY 12, down slightly from the \$622.4 million distributed in FY 11.

<u>Investment Income: Distributions by Fund</u>		
	<u>FY 12</u>	<u>FY 11</u>
Permanent Wyoming Mineral Trust Fund	\$235,847,144	\$215,755,659
Common School Permanent Land Fund	99,790,392	98,619,687
University Permanent Land Fund	700,995	1,718,287
Remaining Permanent Land Funds	5,218,065	4,157,223
Hathaway Scholarship Endowment Fund	25,103,968	30,957,021
Higher Education Endowment Fund	5,634,089	6,086,019
Workers Compensation Fund	60,219,062	98,747,770
Tobacco Settlement Fund	2,894,098	3,365,609
State Agency Pool	<u>168,195,634</u>	<u>162,968,281</u>
TOTAL	\$603,603,448	\$622,375,556

* "Distributed income" is net of management fees paid and accrued.

The tables on pages 10-11 detail dividend, interest and capital gain income across the portfolio's investment pools, and by asset class and manager.

The State portfolio's FY 12 yield was 4.38 percent and the total return was 3.5 percent for the fiscal year. This is a decrease from FY 11, when the cash yield was 4.93 percent, and the total return was 12.02 percent.

The chart on page 12 shows historic total return and yield for the Permanent Wyoming Mineral Trust Fund. Performance by fund and manager is detailed later in this report.

ASSET ALLOCATION AND FUND MANAGEMENT

Asset allocation is the distribution of investments among asset classes. There are two parts to the asset allocation decision: first identifying asset allocation possibilities; and next choosing the best combination of assets to meet investment risk and return objectives. R. V. Kuhns, investment advisor to the State Loan and Investment Board, works with the State Treasurer's Office to establish and annually review asset allocation targets.

The State's portfolio includes US and international stocks, private equity, absolute return strategies, real estate, bonds and cash. Each investment pool has a specific target allocation of each of these types of investments listed in the State's Investment Policy. The Treasurer's Office systematically invests money using monthly dollar cost averaging to achieve and maintain each pool's investment allocation.

The Treasurer's Office is mindful of the stated investment goal of the State's portfolio as set forth in the Investment Policy: that the portfolio is to be invested "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."

INVESTMENT INCOME

Fiscal Year 2012

	<u>Dividends</u>	<u>Interest</u>	<u>Distributed Capital Gains</u>	<u>Direct Fees Paid / Accrued</u>	<u>Total Investment Net Income</u>
Permanent Wyoming Mineral Trust Fund	\$54,360,930	\$90,284,647	\$99,803,197	(\$8,601,629)	\$235,847,144
Common School Permanent Land Fund	23,381,539	38,457,408	41,354,576	(3,403,131)	99,790,392
University Permanent Land Fund	175,270	296,774	257,246	(28,296)	700,995
Remaining Permanent Land Funds:					
- Miner's Hospital Permanent Land Fund	473,589	785,317	770,142	(71,920)	1,957,128
- Public Buildings @ Cap Permanent Land Fund	67,522	111,967	110,233	(10,267)	279,455
- Fish Hatchery Permanent Land Fund	4,303	7,136	6,983	(655)	17,768
- D.D. & B. Permanent Land Fund	39,145	64,911	63,512	(5,951)	161,618
- Carey Act Permanent Land Fund	19,102	31,676	54,728	(2,904)	102,602
- Omnibus Permanent Land Fund	378,271	627,258	602,658	(57,520)	1,550,667
- State Hospital Permanent Land Fund	41,230	68,368	65,512	(6,281)	168,829
- State Training School Permanent Land Fund	29,575	49,042	55,201	(4,489)	129,329
- Penitentiary Permanent Land Fund	111,528	184,938	189,663	(16,996)	469,132
- Agriculture College Permanent Land Fund	93,341	154,780	147,606	(14,189)	381,538
Hathaway Scholarship Endowment Fund	4,464,452	9,393,889	12,066,675	(821,048)	25,103,968
Higher Education Endowment Fund	991,095	2,082,487	2,743,231	(182,724)	5,634,089
Worker's Compensation Fund	8,028,982	33,051,461	21,331,171	(2,192,552)	60,219,062
Tobacco Settlement Fund	31,046	2,305,131	672,162	(114,241)	2,894,098
State Agency Pool	1,795,510	134,953,943	39,090,131	(7,643,950)	168,195,634
TOTAL	\$94,486,430	\$312,911,135	\$219,384,626	(\$23,178,743)	\$603,603,448

In May 2009, the State Treasurer adopted an interpretative policy effective July 1, 2008, for accounting purposes whereby earnings consisting of interest and dividends would be treated as ordinary income and disbursed accordingly. Capital gains and losses are reconciled for each fund at the end of the fiscal year. If capital gains and losses are net positive, the Treasurer distributes the net capital gain as income. If capital losses exceed capital gains at year end, the losses are carried forward through the next fiscal year.

Investment management fees are paid from investment income. FY 12 fees totaled \$39.7 million, which include the above \$23.2 million in accrued expenses to cover direct fees billed by managers; and \$784K in administrative expenses including salaries, benefits, travel, etc. for nine investment staff in the Wyoming State Treasurer's Office. In addition to these expenses, an additional \$16.5 million was withheld by managers who send their income to the State net of fees.

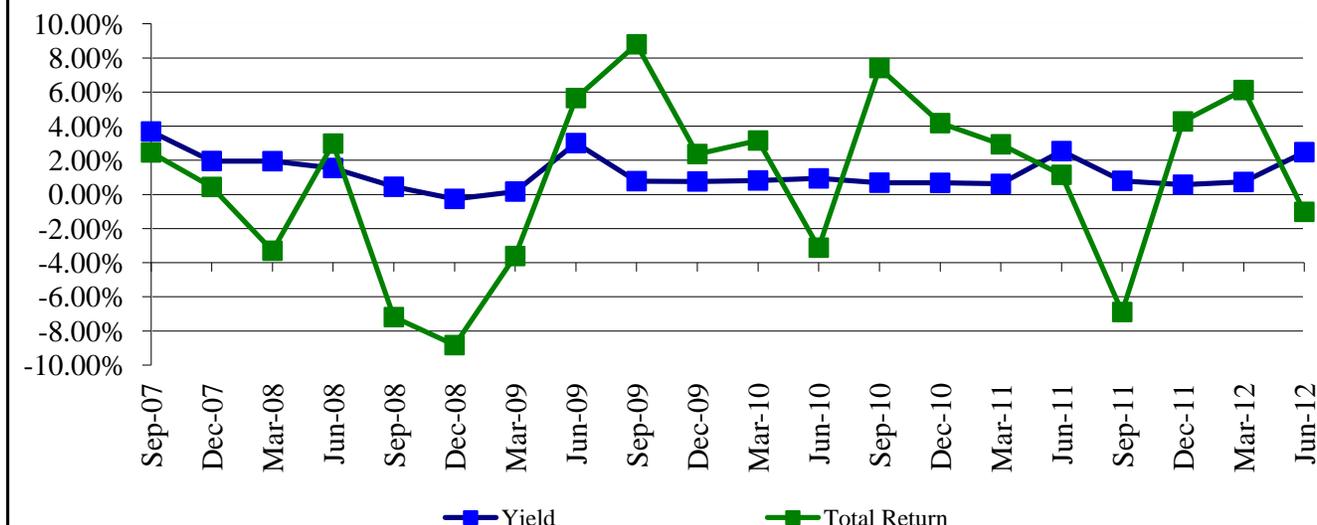
WYOMING STATE INVESTMENT PORTFOLIO
JUNE 30, 2012 FINAL STATUS

<u>Asset Class & Manager</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain/Loss</u>	<u>June 12 Interest & Dividends</u>	<u>FY12 YTD Interest & Dividends</u>	<u>June 12 Net Gain or (Loss)</u>	<u>FY12 YTD Net Gain or (Loss)</u>	<u>FY 12 TOTAL INCOME</u>
Large Cap Index								
State Street Global Advisors	\$1,516,243,430	\$1,651,737,443	\$135,494,014	\$1,644,058	\$35,669,180	\$469,614	\$76,551,760	\$112,220,940
UW Portfolio Management	<u>789,389</u>	<u>611,614</u>	<u>(177,775)</u>	<u>283</u>	<u>8,984</u>	<u>31</u>	<u>(48,478)</u>	<u>(39,495)</u>
Total	1,517,032,819	1,652,349,058	135,316,239	1,644,341	35,678,164	469,645	76,503,281	112,181,445
Small/Mid Cap US Equity								
GAMCO	291,867,603	307,652,675	15,785,071	232,417	4,736,033	164,963	19,609,771	24,345,804
International Equity								
Fisher Investments	366,635,154	350,694,111	(15,941,043)	2,477,318	8,888,474	5,339,957	(6,158,468)	2,730,007
Northern Trust	733,990,146	682,601,622	(51,388,525)	3,917,476	21,063,695	(4,260,606)	(7,409,423)	13,654,271
The Boston Company	145,546,597	121,322,951	(24,223,646)	865,989	4,102,322	(2,040,871)	(2,948,208)	1,154,114
Manning & Napier	<u>220,935,367</u>	<u>198,255,888</u>	<u>(22,679,479)</u>	<u>1,419,428</u>	<u>3,931,577</u>	<u>395,561</u>	<u>(1,394,212)</u>	<u>2,537,364</u>
Total	1,467,107,265	1,352,874,572	(114,232,693)	8,680,212	37,986,067	(565,959)	(17,910,311)	20,075,756
Private Equity								
Access Venture Partners	8,500,000	13,379,570	4,879,570	0	3	0	159,504	159,506
Cheyenne Capital Fund	<u>183,191,489</u>	<u>213,636,746</u>	<u>30,445,257</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,978,668</u>	<u>16,978,668</u>
Total	191,691,489	227,016,316	35,324,827	0	3	0	17,138,171	17,138,174
Real Estate								
Clarion	191,303,630	157,822,269	(33,481,361)	4	4,605,608	0	0	4,605,608
UBS Realty	141,303,630	126,740,727	(14,562,903)	4	3,703,622	0	0	3,703,622
Heitman	9,330,358	8,385,075	(945,283)	0	1	0	0	1
TA Realty	15,000,000	10,095,467	(4,904,533)	0	17,220	0	0	17,220
West River Realty	29,377,124	29,658,219	281,095	699,117	1,098,636	0	0	1,098,636
Cornerstone	<u>24,493,722</u>	<u>26,487,844</u>	<u>1,994,122</u>	<u>126,484</u>	<u>1,515,310</u>	<u>0</u>	<u>0</u>	<u>1,515,310</u>
Total	410,808,464	359,189,601	(51,618,863)	825,609	10,940,396	0	0	10,940,396
Absolute Return								
Aurora I	162,461,240	164,695,111	2,233,871	0	0	0	6,400,000	6,400,000
Aurora II	154,839,970	155,464,700	624,730	7	7	0	3,500,000	3,500,007
PAAMCO	315,848,210	324,208,684	8,360,474	0	0	0	12,143,628	12,143,628
Grosvenor	<u>83,967,464</u>	<u>103,975,720</u>	<u>20,008,256</u>	<u>21</u>	<u>425</u>	<u>91,360</u>	<u>10,732,706</u>	<u>10,733,132</u>
Total	717,116,884	748,344,215	31,227,331	27	432	91,360	32,776,334	32,776,766
Convertible Bonds								
AGI Capital	374,951,325	376,125,813	1,174,488	18	11,973,491	44,221	20,596,593	32,570,084
Fixed Income								
Neuberger Berman Core-Plus	1,789,921,371	1,882,790,104	92,868,733	2,319,450	42,657,506	5,787,304	37,483,098	80,140,604
PIMCO Core-Plus	1,790,273,451	1,891,073,827	100,800,376	4,822,012	40,580,556	590,369	4,997,476	45,578,033
WAMCO Core-Plus	1,789,308,610	1,878,129,607	88,820,997	5,990,047	52,795,305	54,551	4,269,467	57,064,771
Logan Circle Corporates	395,884,083	420,388,656	24,504,573	1,317,873	15,655,278	862,930	12,856,369	28,511,647
WAMCO Corporates	395,399,868	421,549,845	26,149,977	1,438,129	16,311,799	175,737	3,746,287	20,058,086
JPMorgan Mortgages	677,482,673	684,160,414	6,677,741	1,926,617	24,381,375	1,677,656	6,378,491	30,759,866
PIMCO Mortgages	677,124,315	685,264,861	8,140,546	1,172,045	20,961,238	816,301	16,294,840	37,256,078
PIMCO Global	<u>684,834,581</u>	<u>736,475,893</u>	<u>51,641,312</u>	<u>4,852,503</u>	<u>34,522,254</u>	<u>1,206,594</u>	<u>1,101,892</u>	<u>35,624,146</u>
Total	8,200,228,951	8,599,833,205	399,604,255	23,838,677	247,865,311	11,171,442	87,127,920	334,993,231
Fixed Income								
Internal Portfolio	542,293,357	560,073,528	17,780,170	1,384,710	36,277,553	153,491	2,155,025	38,432,578
Cash Equivalents								
JP Morgan	1,073,070,859	1,075,295,965	2,225,106	282,490	5,182,863	(14,194)	(187,041)	4,995,822
Wyoming Investments	334,313,904	334,344,187	30,283	1,308,242	10,061,424	0	0	10,061,424
Securities Lending				717,525	6,695,827	1,755	(18,425,117)	(11,729,290)
TOTALS	\$15,120,482,920	\$15,593,099,135	\$472,585,931	\$38,914,268	\$407,397,565	\$11,516,726	\$219,384,626	\$626,782,191

Notes: JP Morgan is Wyoming's current securities lending provider; the above losses were incurred in conjunction with a prior relationship with KeyBank.

Investment management fees are paid from investment income. FY 12 fees totaled \$39.7 million. Of the gross income shown above, \$23.2 million was deducted to pay fees billed by managers, and \$784K in administrative expenses including salaries, benefits, travel, etc. for nine investment staff in the Wyoming State Treasurer's Office. An additional \$16.5 million was withheld by managers who send their income to the State net of fees.

PERMANENT WYOMING MINERAL TRUST FUND YIELD AND TOTAL RETURN COMPARED



Note: "Yield" is spendable investment income including dividends, interest and realized capital gains. "Total Return" is comprised of dividends, interest, and realized and unrealized capital gains and losses. The chart above shows yield as more stable, while total return has varied over market cycles.

<u>Quarter Ending</u>	<u>Yield</u>		<u>Total Return</u>	
	<u>Quarter</u>	<u>Annual</u>	<u>Quarter</u>	<u>Annual</u>
September 30, 2007	3.69%		2.46%	
December 31, 2007	1.96%		0.44%	
March 31, 2008	1.95%		-3.30%	
June 30, 2008	1.55%	9.02%	2.98%	2.44%
September 30, 2008	0.45%		-7.19%	
December 31, 2008	-0.26%		-8.83%	
March 31, 2009	0.17%		-3.61%	
June 30, 2009	3.01%	3.48%	5.65%	-13.82%
September 30, 2009	0.78%		8.80%	
December 31, 2009	0.76%		2.37%	
March 31, 2010	0.82%		3.16%	
June 30, 2010	0.94%	3.30%	-3.12%	11.31%
September 30, 2010	0.69%		7.41%	
December 31, 2010	0.68%		4.18%	
March 31, 2011	0.62%		2.94%	
June 30, 2011	2.54%	4.63%	1.15%	16.52%
September 30, 2011	0.80%		-6.89%	
December 31, 2011	0.57%		4.28%	
March 31, 2012	0.73%		6.12%	
June 30, 2012	2.48%	4.65%	-1.02%	1.98%

Fund Allocation

The Permanent Mineral Trust Fund and Permanent Land Funds may hold up to 55 percent in equities under current law. The State's Investment Policy sets out a long-term target allocation of 50 percent equities and 50 percent fixed income and cash.

The Hathaway Scholarship Endowment and Higher Education Endowment Funds also have an allowed long-term target of 50 percent equities, but the Treasurer set their FY 12 target slightly lower at 45 percent, given their need for more stable income.

The Workers Compensation Fund may invest up to 45 percent in equities; the specific target is determined by the director of the Department of Employment. The Department set the equity target at 30 percent for FY 12.

The June 30, 2012 allocation mix of the portfolio is shown below; charts later in this report provide a detailed allocation for each fund.

	<u>Equities</u>	<u>Fixed</u>	<u>Wyo*</u>	<u>Cash</u>
Permanent Wyoming Mineral Trust Fund	50.0%	40.9%	2.0%	7.1%
Common School Permanent Land Fund	50.0	39.1	0.8	10.1
University Permanent Land Fund	50.9	41.8	0.0	7.3
Remaining Permanent Land Funds	47.8	40.2	0.0	12.0
Hathaway Scholarship Endowment Fund	40.2	49.8	0.0	10.0
Higher Education Endowment Fund	41.2	51.2	0.0	7.6
Workers Compensation Fund	28.4	64.6	0.0	7.0
Tobacco Settlement Fund	0.0	93.8	0.0	6.2
State Agency Pool	<u>0.0</u>	<u>91.2</u>	<u>3.5</u>	<u>5.3</u>
TOTAL	30.4%	60.3%	2.2%	7.1%

* Wyoming specific investments detailed later.

Almost 95 percent of the State's portfolio is managed by external investment firms, as shown on page 15. Total external fixed income and cash funding was \$9.648 billion on a cost basis on June 30, 2012, with a market value of \$10.051 billion. On June 30, 2011, total external fixed income and cash was \$7.742 at cost and \$7.999 market.

External equity manager funding at FY 12 year-end was \$4.595 billion on a cost basis, with a market value of \$4.647 billion. This compares to \$4.498 billion (cost) and \$4.894 billion (market) on June 30, 2011.

The Treasurer's internally managed bond portfolio was \$542.3 billion (cost) and \$560.1 (market) at the end of FY 12. University of Wyoming students manage a portion of the University Permanent Land Fund. The Treasurer's Office tracks this investment in-house. On June 30, 2012, the investment stood at \$789,389 on a costs basis with a market value of \$611,614.

WYOMING STATE INVESTMENT PORTFOLIO

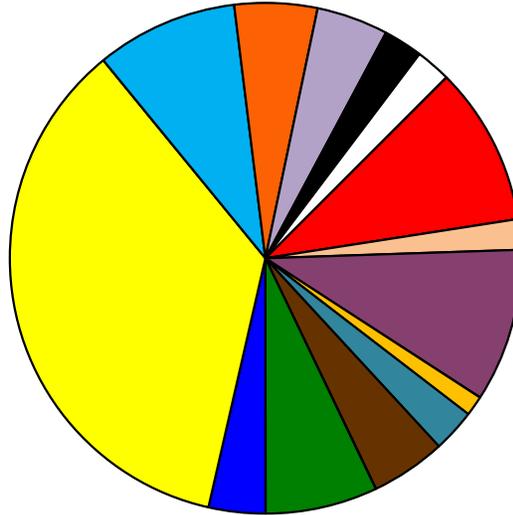
June 30, 2012

**\$15.120 Billion
Cost Basis**

FIXED INCOME

- Internal Bonds
\$542.3 M 3.6%
- Core-Plus
\$5,369.5 M 35.5%
- Mortgages
\$1,354.6 M 9.0%
- Corporates
\$791.3 M 5.2%
- Global
\$684.8 M 4.5%
- Convertibles
\$375.0 M 2.5%
- Wyoming Investments
\$334.3 M 2.2%

**TOTAL
\$9,451.8 M
62.5%**



CASH \$1,073.1 M 7.1%

EQUITIES

- Large Cap US
\$1,517.0 M 10.0%
- Small / Mid US
\$291.9 M 1.9%
- International
\$1,467.1 M 9.7%
- Private Equity
\$191.7 M 1.3%
- Real Estate
\$410.8 M 2.7%
- Absolute Return
\$717.1 M 4.7%

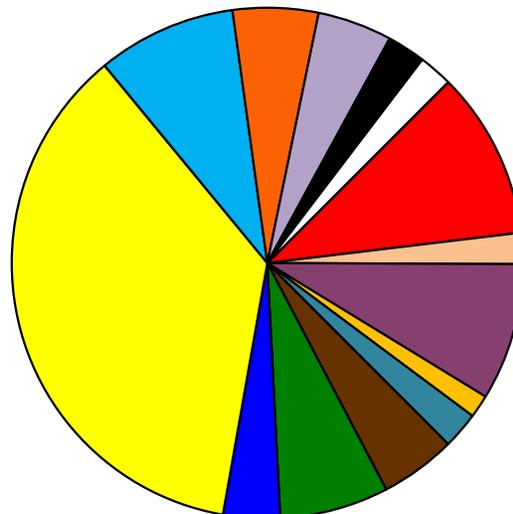
**TOTAL
\$4,595.6 M
30.4%**

**\$15.593 Billion
Market Value**

FIXED INCOME

- Internal Bonds
\$560.1 M 3.6%
- Core-Plus
\$5,652.0 M 36.2%
- Mortgages
\$1,369.4 M 8.8%
- Corporates
\$841.9 M 5.4%
- Global
\$736.5 M 4.7%
- Convertibles
\$376.1 M 2.4%
- Wyoming Investments
\$334.3 M 2.1%

**TOTAL
\$9,870.4 M
63.3%**



CASH \$1,075.3 M 6.9%

EQUITIES

- Large Cap US
\$1,652.3 M 10.6%
- Small / Mid US
\$307.7 M 2.0%
- International
\$1,352.9 M 8.7%
- Private Equity
\$227.0 M 1.5%
- Real Estate
\$359.2 M 2.3%
- Absolute Return
\$748.3 M 4.8%

**TOTAL
\$4,647.4 M
29.8%**

WYOMING STATE INVESTMENT PORTFOLIO
June 30, 2012

EXTERNAL EQUITIES		Cost Basis	Market Value
Large Cap Index	State Street Global Advisors	\$1,516,243,430	\$1,651,737,443
Small / Mid Cap	GAMCO	291,867,603	307,652,675
International	Fisher Investments	366,635,154	350,694,111
	Northern Trust	733,990,146	682,601,622
	The Boston Company	145,546,597	121,322,951
	Manning & Napier	220,935,367	198,255,888
Private Equity	Access Venture Partners <i>(\$10 M committed)</i>	8,500,000	13,379,570
	Cheyenne Capital Fund <i>(\$257.95 committed)</i>	183,191,489	213,636,746
Real Estate	ING Clarion	191,303,630	157,822,269
	UBS Realty	141,303,630	126,740,727
	Heitman <i>(\$10 M committed)</i>	9,330,358	8,385,075
	TA Realty <i>(\$15 M committed)</i>	15,000,000	10,095,467
	West River Realty <i>(\$75 M committed)</i>	29,377,124	29,658,219
	Cornerstone <i>(\$27.2 M committed)</i>	24,493,722	26,487,844
Absolute Return	Aurora I	162,461,240	164,695,111
	Aurora II	154,839,970	155,464,700
	PAAMCO	315,848,210	324,208,684
	Grosvenor <i>(\$150 M committed)</i>	83,967,464	103,975,720
Total External Equities		\$4,594,835,134	\$4,646,814,822
EXTERNAL FIXED INCOME, CONVERTIBLES AND CASH			
Convertibles	AGI Capital	\$374,951,325	\$376,125,813
Core-Plus	Neuberger Berman	1,789,921,371	1,882,790,104
	PIMCO	1,790,273,451	1,891,073,827
	WAMCO	1,789,308,610	1,878,129,607
Corporates	Logan Circle	395,884,083	420,388,656
	WAMCO	395,399,868	421,549,845
Mortgages	JPMorgan	677,482,673	684,160,414
	PIMCO	677,124,315	685,264,861
Global	PIMCO	684,834,581	736,475,893
Total External Fixed Income and Convertibles		\$8,575,180,277	\$8,975,959,020
Cash Manager	JPMorgan	1,073,070,859	1,075,295,965
Total External Cash		\$1,073,070,859	\$1,075,295,965
TOTAL EXTERNAL MANAGEMENT		\$14,243,086,270	\$14,698,069,807
INTERNALLY MANAGED FUNDS			
Fixed Income	Bonds	542,293,357	560,073,528
U. S. Equities	UW Portfolio Management Program	789,389	611,614
Total Internal Portfolio		\$543,082,746	\$560,685,142
Wyoming Investments		\$334,313,904	\$334,344,187
TOTAL INTERNAL MANAGEMENT		\$877,396,650	\$895,029,329
GRAND TOTAL ALL FUNDS		\$15,120,482,920	\$15,593,099,135

INVESTMENT MANAGER OVERSIGHT

The portfolio's investment managers are on an annual rotation for visits to Cheyenne. State Treasurer's staff also performs due diligence visits to managers' offices throughout the year.

PORTFOLIO RESTRUCTURING

The Treasurer's Office issued two RFPs during FY 12: for private equity and fixed income. The private equity search was for construction of a \$300-\$500 million diversified private equity fund to be built over a 3-5 year period. While responses were evaluated, no action has been taken.

In fixed income, the Treasurer's Office conducted an in-depth analysis of the fixed income portfolio put in place in 2006. After a year of study an RFP was issued in four areas: core, credit, emerging market debt and Treasury Inflation-Protected Securities (TIPS.) Responses were due after FY 12 fiscal year end. Transition will be completed during the first half of FY 13.

SELECT COMMITTEE ON CAPITAL FINANCING AND INVESTMENTS

The State Treasurer met with the Select Committee on Capital Financing and Investments on December 14, 2011. Items discussed included on-going review of the state investment portfolio, spending policies and accounting procedures.

STATE TREASURER'S WEBSITE

The Sovereign Wealth Fund Institute gives Wyoming one of its highest rankings in terms of public transparency. The State Treasurer's Office continually updates investment information on its website: <http://treasurer.state.wy.us/investmentbank.asp#invest>.

MORE INFORMATION

The charts on the following pages illustrate the diversification of the State's portfolio and detail funding levels of the asset classes and the managers who collaborate with the State Treasurer's Office in the management of the State's portfolio.

In addition, this report contains information about:

- Investment performance;
- Wyoming specific investments;
- WYO-STAR—Wyoming's local government investment pool;
- Spending policies/reserve accounts for permanent funds;
- Interfund borrowing for the School Foundation Program;
- Banking and TDOA (Time Deposit Open Account), a discretionary program that places state funds in Wyoming banks.

For more information on the state investment portfolio and process, please contact Michael Walden-Newman, Chief Investment Officer at 307-777-6704, or michael.walden-newman@wyo.gov.

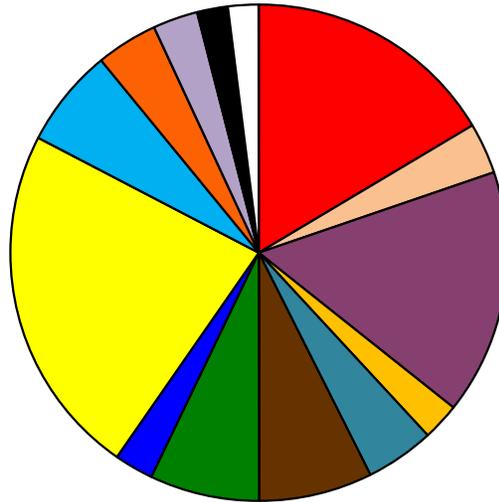
For more information on the distribution of investment income, including spending policies, please contact Sharon Garland, Deputy State Treasurer at 307-777-7475, or sharon.garland@wyo.gov.

WYOMING STATE INVESTMENT PORTFOLIO
Permanent Wyoming Mineral Trust Fund
June 30, 2012
\$5.441 Billion
Cost Basis

FIXED INCOME

- Internal Bonds \$138.7 M 2.5% ●
- Core-Plus \$1,251.2 M 23.0% ●
- Mortgages \$350.2 M 6.4% ●
- Corporates \$217.4 M 4.0% ●
- Global \$159.3 M 2.9% ●
- Convertibles \$108.8 M 2.0% ●
- Wyoming Investments \$108.3 M 2.0% ○

TOTAL
\$2,333.8 M
42.9%



CASH \$387.5 M 7.1%

EQUITIES

- Large Cap US \$894.1 M 16.4% ●
- Small / Mid US \$180.3 M 3.3% ●
- International \$868.2 M 16.0% ●
- Private Equity \$131.9 M 2.4% ●
- Real Estate \$242.8 M 4.5% ●
- Absolute Return \$402.4 M 7.4% ●

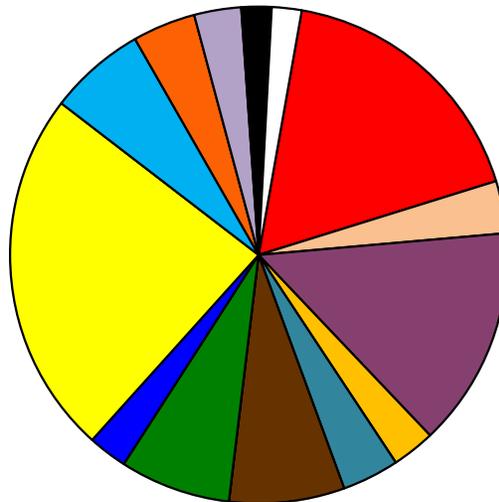
TOTAL
\$2,719.6 M
50.0%

\$5.595 Billion
Market Value

FIXED INCOME

- Internal Bonds \$142.0 M 2.5% ●
- Core-Plus \$1,330.9 M 23.8% ●
- Mortgages \$352.8 M 6.3% ●
- Corporates \$229.2 M 4.1% ●
- Global \$171.1 M 3.1% ●
- Convertibles \$109.0 M 1.9% ●
- Wyoming Investments \$108.3 M 1.9% ○

TOTAL
\$2,443.3 M
43.7%



CASH \$402.9 M 7.2%

EQUITIES

- Large Cap US \$974.1 M 17.4% ●
- Small / Mid US \$190.5 M 3.4% ●
- International \$801.4 M 14.3% ●
- Private Equity \$156.2 M 2.8% ●
- Real Estate \$207.5 M 3.7% ●
- Absolute Return \$419.7 M 7.5% ●

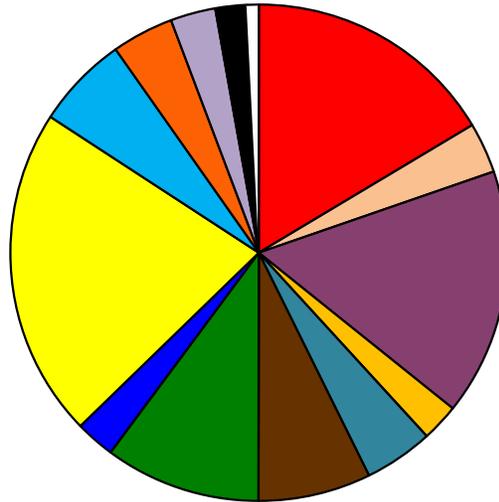
TOTAL
\$2,749.3 M
49.1%

WYOMING STATE INVESTMENT PORTFOLIO
Common School Permanent Land Fund
June 30, 2012
\$2.318 Billion
Cost Basis

FIXED INCOME

- Internal Bonds \$59.3 M 2.6% ●
- Core-Plus \$498.1 M 21.5% ●
- Mortgages \$140.1 M 6.0% ●
- Corporates \$93.0 M 4.0% ●
- Global \$68.2 M 2.9% ●
- Convertibles \$46.5 M 2.0% ●
- Wyoming Investments \$18.4 M 0.8% ○

TOTAL
\$923.5 M
39.8%



CASH \$235.0 M 10.1%

EQUITIES

- Large Cap US \$380.4 M 16.4% ●
- Small / Mid US \$76.5 M 3.3% ●
- International \$372.3 M 16.1% ●
- Private Equity \$56.3 M 2.4% ●
- Real Estate \$103.9 M 4.5% ●
- Absolute Return \$170.1 M 7.3% ●

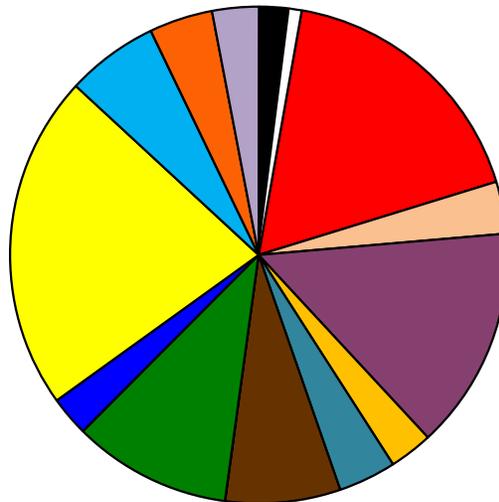
TOTAL
\$1,159.5 M
50.0%

\$2.371 Billion
Market Value

FIXED INCOME

- Internal Bonds \$61.6 M 2.6% ●
- Core-Plus \$517.3 M 21.8% ●
- Mortgages \$142.0 M 6.0% ●
- Corporates \$97.6 M 4.1% ●
- Global \$72.3 M 3.0% ●
- Convertibles \$46.6 M 2.0% ●
- Wyoming Investments \$18.4 M 0.8% ○

TOTAL
\$955.8 M
40.3%



CASH \$244.4 M 10.3%

EQUITIES

- Large Cap US \$414.3 M 17.5% ●
- Small / Mid US \$80.4 M 3.4% ●
- International \$343.2 M 14.5% ●
- Private Equity \$66.7 M 2.8% ●
- Real Estate \$89.0 M 3.8% ●
- Absolute Return \$177.5 M 7.5% ●

TOTAL
\$1,171.1 M
49.4%

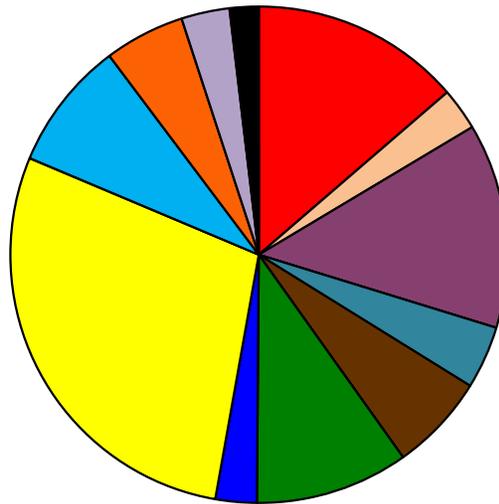
WYOMING STATE INVESTMENT PORTFOLIO
Hathaway Scholarship Endowment Fund
June 30, 2012
\$501.3 Million
Cost Basis

FIXED INCOME

- Internal Bonds \$13.5 M 2.7% ●
- Core-Plus \$143.1 M 28.5% ●
- Mortgages \$42.1 M 8.4% ●
- Corporates \$26.3 M 5.2% ●
- Global \$15.7 M 3.1% ●
- Convertibles \$9.5 M 1.9% ●
- TOTAL**
\$250.1 M
49.9%

EQUITIES

- Large Cap US \$68.5 M 13.7% ●
- Small / Mid US \$13.8 M 2.7% ●
- International \$66.9 M 13.3% ●
- Real Estate \$20.5 M 4.1% ●
- Absolute Return \$31.7 M 6.3% ●
- TOTAL**
\$201.3 M
40.2%



CASH \$49.9 M 10.0%

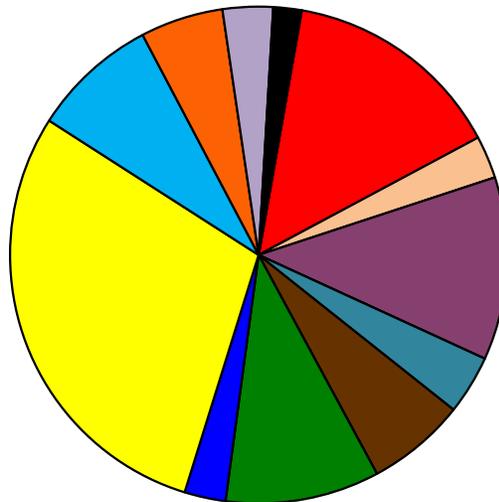
\$518.4 Million
Market Value

FIXED INCOME

- Internal Bonds \$14.0 M 2.7% ●
- Core-Plus \$151.7 M 29.3% ●
- Mortgages \$42.5 M 8.2% ●
- Corporates \$27.9 M 5.4% ●
- Global \$17.0 M 3.3% ●
- Convertibles \$9.5 M 1.8% ●
- TOTAL**
\$262.6 M
50.7%

EQUITIES

- Large Cap US \$74.7 M 14.4% ●
- Small / Mid US \$14.4 M 2.8% ●
- International \$61.6 M 11.9% ●
- Real Estate \$19.9 M 3.8% ●
- Absolute Return \$33.3 M 6.4% ●
- TOTAL**
\$203.9 M
39.3%

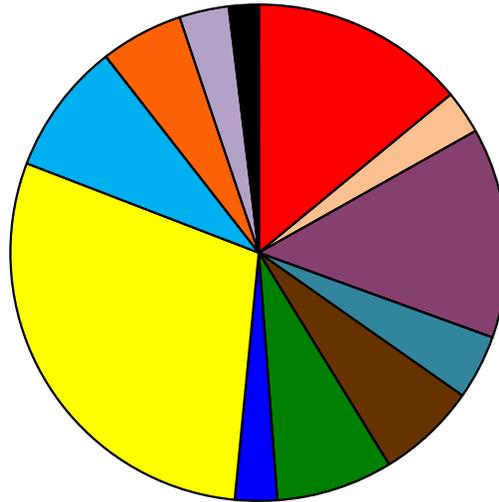


CASH \$51.9 M 10.0%

WYOMING STATE INVESTMENT PORTFOLIO
Higher Education Endowment Fund
June 30, 2012
\$108.4 Million
Cost Basis

FIXED INCOME

- Internal Bonds \$3.0 M 2.8% ●
- Core-Plus \$31.8 M 29.3% ●
- Mortgages \$9.3 M 8.6% ●
- Corporates \$5.8 M 5.4% ●
- Global \$3.5 M 3.2% ●
- Convertibles \$2.1 M 1.9% ●
- TOTAL**
\$55.5 M
51.2%



CASH \$8.2 M 7.6%

\$111.8 Million
Market Value

FIXED INCOME

- Internal Bonds \$3.1 M 2.8% ●
- Core-Plus \$33.8 M 30.2% ●
- Mortgages \$9.4 M 8.4% ●
- Corporates \$6.1 M 5.4% ●
- Global \$3.7 M 3.3% ●
- Convertibles \$2.1 M 1.9% ●
- TOTAL**
\$58.3 M
52.1%

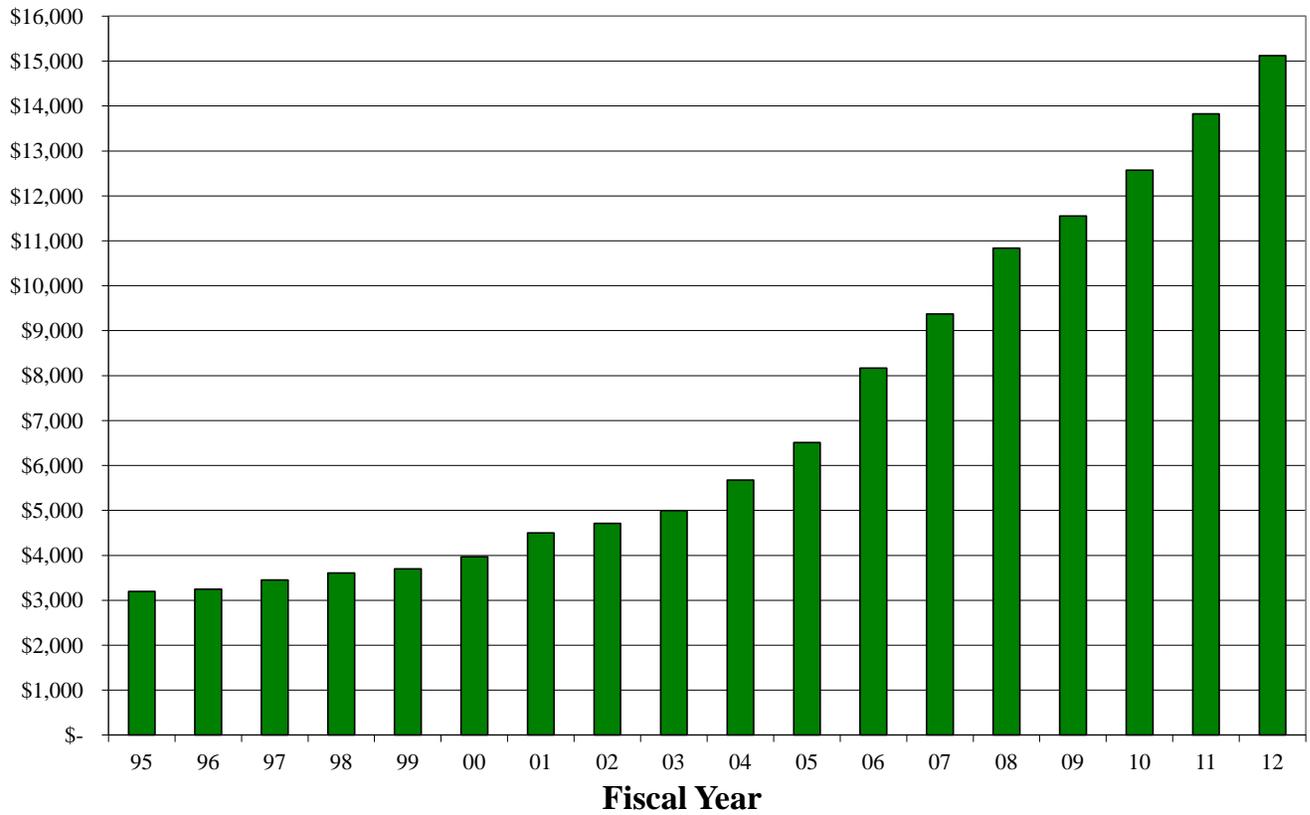


CASH \$8.5 M 7.6%

WYOMING STATE TREASURER'S OFFICE

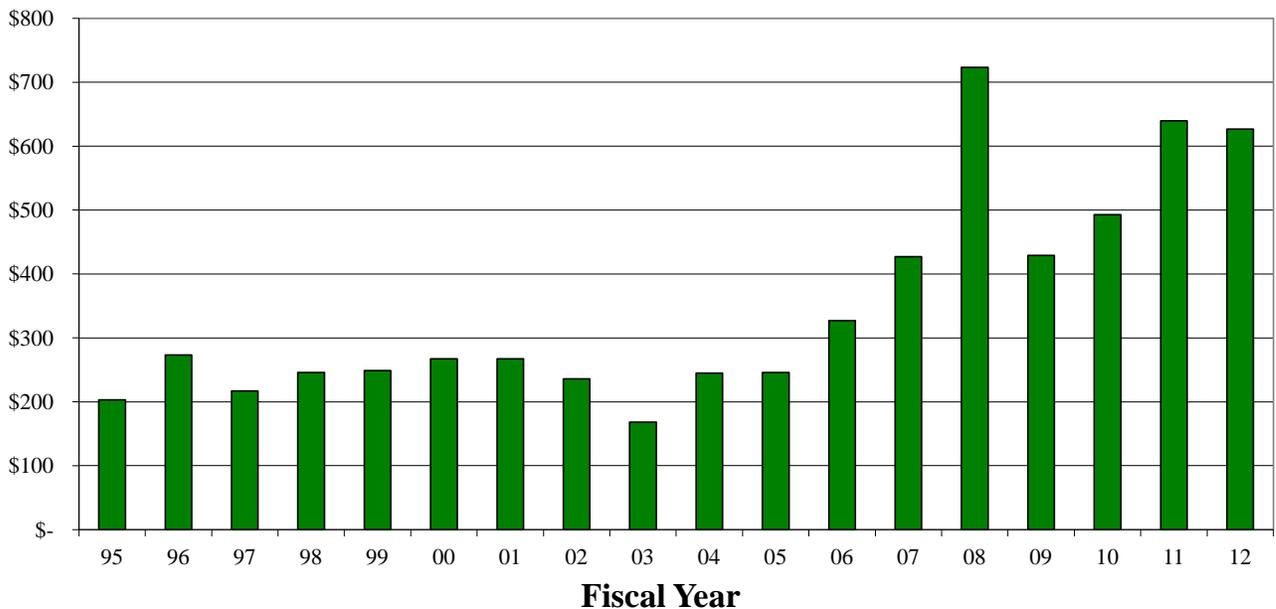
TOTAL STATE PORTFOLIO VALUE

(\$ Millions)



INVESTMENT INCOME

(\$ Millions)



MARKET PERFORMANCE SUMMARY ANALYSIS - ALL INVESTMENTS

	FY 12			Market Return		
	Total Investment Value	Current Market Value	% of MV	FY12 Return	3 Year Return	5 Year Return
<u>INVESTMENTS BY FUND</u>						
Permanent Wyoming Mineral Trust Fund	\$5,440,883,650	\$5,595,493,940	35.9%	1.98%	9.77%	3.15%
Permanent Land Fund	131,838,754	135,206,833	0.9%	2.15%	9.73%	3.03%
Common School Permanent Land Fund	2,318,017,076	2,371,333,538	15.2%	1.98%	10.22%	3.50%
University Permanent Land Fund	17,998,303	18,250,347	0.1%	1.46%	9.26%	2.69%
Hathaway Scholarship Endowment Fund	501,340,390	518,418,148	3.3%	2.61%	9.32%	n/a
Higher Education Endowment Fund	108,407,594	111,829,141	0.7%	2.61%	9.33%	n/a
Workers Compensation Fund	1,403,130,016	1,436,849,381	9.2%	3.81%	9.06%	6.42%
Tobacco Settlement Fund	67,885,067	69,855,405	0.4%	6.60%	8.05%	7.00%
State Agency Pool	<u>5,130,982,071</u>	<u>5,335,862,401</u>	34.2%	5.51%	6.72%	6.02%
Wyoming State Total Fund	<u>\$15,120,482,920</u>	<u>\$15,593,099,135</u>	100.0%	3.50%	8.83%	4.63%
Wyoming State Actual Allocation Index				4.03%	7.69%	4.02%
<u>INVESTMENTS BY ASSET CLASS AND MANAGER</u>						
<u>US Equity</u>						
State Street Global Advisors (Index)	\$1,516,243,430	\$1,651,737,443		5.45%	16.41%	0.40%
UW Portfolio Management Program	789,389	611,614		3.25%	7.22%	-2.77%
S&P 500				5.45%	16.40%	0.22%
US Large Cap Equity	<u>1,517,032,819</u>	<u>1,652,349,058</u>	10.6%			
Gabelli (Sm-Mid Cap Value)	\$291,867,603	\$307,652,675		-3.56%	18.51%	4.13%
Russell 2500 Value				-1.49%	18.78%	-0.20%
US SMID Cap Equity	<u>291,867,603</u>	<u>307,652,675</u>	2.0%			
Total US Equity	<u>\$1,808,900,422</u>	<u>\$1,960,001,732</u>	12.6%			
<u>International Equity</u>						
The Boston Company Int'l Value Eq	145,546,597	\$121,322,951		-18.66%	n/a	n/a
MSCI AWC ex-U.S. Value				-15.13%	6.04%	-5.39%
Northern Trust Int'l Eq	733,990,146	682,601,622		-14.13%	n/a	n/a
Manning & Napier Int'l Eq	220,935,367	198,255,888		-16.50%	n/a	n/a
MSCI AWC ex-U.S.				-14.56%	6.97%	-4.62%
Fisher Int'l Eq	366,635,154	350,694,111		-15.06%	10.35%	-2.61%
Fisher Custom Benchmark				-14.56%	5.79%	-5.99%
Total International Equity	<u>\$1,467,107,265</u>	<u>\$1,352,874,572</u>	8.7%			
<u>US Fixed Income</u>						
WAMCO Core Plus	\$1,789,308,610	\$1,878,129,607		8.59%	8.94%	7.33%
Neuberger Berman Core Plus	1,789,921,371	1,882,790,104		6.72%	9.79%	8.19%
PIMCO Core Plus	1,790,273,451	1,891,073,827		7.54%	7.98%	8.46%
BC Aggregate				7.47%	6.93%	6.79%
PIMCO Mortgages	677,124,315	685,264,861		5.60%	6.72%	7.38%
JP Morgan Mortgages	677,482,673	684,160,414		5.88%	7.60%	5.11%
BC Mortgages				4.97%	5.40%	6.67%
WAMCO Corporates	395,399,868	421,549,845		9.64%	11.23%	6.65%
Logan Circle Corporates	395,884,083	420,388,656		10.73%	12.30%	7.60%
BC Credit				9.54%	10.09%	7.59%
PIMCO Global/Emerging Markets	684,834,581	736,475,893		6.67%	10.80%	n/a
Global/EM Custom Index				7.05%	9.78%	n/a
Wyoming State Treasurer's Office	542,293,357	560,073,528		4.33%	3.70%	4.85%
BC Gov't/Credit				8.78%	7.34%	6.90%
Total US Fixed Income	<u>\$8,742,522,308</u>	<u>\$9,159,906,733</u>	58.7%			

Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.

Note[2]: Returns are stated in traditional total return terms and do not specify realized income.

Note[3]: The Global/EM Custom Index consists of 32.5% Barclays Aggregate ex-US Hedged, 5% Barclays Aggregate ex-US Unhedged, 47.5% JP Morgan EMBI, and 15% JP Morgan GBI-EM Global Diversified Unhedged.

Note[4]: Performance for Private Equity and Value-Added Real Estate investments is calculated on an IRR basis. For further analysis, please refer to the supplementary alternatives report.

Note[5]: Fisher Custom Benchmark consists of MSCI EAFE (Gross) through July 2010 and the MSCI ACW Ex US (Net) thereafter.

MARKET PERFORMANCE (continued)
SUMMARY ANALYSIS - ALL INVESTMENTS

	FY 12			Market Return		
	Total Investment Value	Current Market Value	% of MV	FY11 Return	3 Year Return	5 Year Return
<u>Convertible Bonds</u>						
Allianz Global Investors Convertibles	\$374,951,325	\$376,125,813	2.4%	-2.66%	14.46%	4.98%
BofA ML All Quality Convertible				-3.21%	13.30%	2.03%
<u>Cash & Cash Equivalents</u>						
JP Morgan Cash Composite	1,073,070,859	\$1,075,295,965		0.44%	0.69%	1.71%
JP Morgan Cash Custom Index				0.49%	0.70%	1.70%
Total Cash & Cash Equivalents	<u>\$1,073,070,859</u>	<u>\$1,075,295,965</u>	6.9%			
<u>Private Equity</u>						
Cheyenne Capital Fund, LP	\$183,191,489	\$213,636,746			see note [4]	
Access Venture Partners II	8,500,000	13,379,570			see note [4]	
S&P 500 + 5%				10.72%	22.22%	5.23%
Total Private Equity	<u>\$191,691,489</u>	<u>\$227,016,316</u>	1.5%			
<u>Real Estate</u>						
Clarion Lion Properties	\$191,303,630	\$157,822,269		13.16%	7.94%	-2.99%
UBS Trumbull Property	141,303,630	126,740,727		11.17%	8.84%	0.90%
NCREIF ODCE				12.42%	8.39%	-0.90%
TA Realty Value-Added	15,000,000	10,095,467			see note [4]	
Heitman Value-Added	9,330,358	8,385,075			see note [4]	
WestRiver Value-Added	29,377,124	29,658,219			see note [4]	
Cornerstone Value-Added	24,493,722	26,487,844			see note [4]	
NCREIF Property				12.04%	8.82%	2.51%
Total Real Estate	<u>\$410,808,464</u>	<u>\$359,189,601</u>	2.3%			
<u>Absolute Return</u>						
PAAMCO	\$315,848,210	\$324,208,684		-3.28%	4.65%	n/a
Aurora L.P.	162,461,240	164,695,111		-4.11%	3.78%	n/a
Aurora L.P. II	154,839,970	155,464,700		-4.23%	2.87	n/a
HFN FoF Multi-Strat				-3.79%	1.75%	-2.23%
Grosvenor Global Recovery Fund	83,967,464	103,975,720		4.59%	n/a	n/a
Global Recovery Custom Index				2.44%	14.59%	-0.91%
Total Absolute Return	<u>\$717,116,884</u>	<u>\$748,344,215</u>	4.8%			
<u>Wyoming Investments</u>	<u>\$334,313,904</u>	<u>\$334,344,187</u>	2.1%	n/a	n/a	n/a

Note[1]: Performance shown is gross of fees with the exception of convertible bonds and absolute return, which are shown net of fees.

Note[2]: Returns are stated in traditional total return terms and do not specify realized income.

Note[3]: Market values for non-core real estate and private equity are as of the most recent valuation, adjusted for subsequent cash flows. Investment (Cost) Values are not lagged.

Note[4]: Performance for Private Equity and Value-Added Real Estate investments is calculated on an IRR basis. For further analysis, please refer to the supplementary alternatives report.

Note[5]: The Global Recovery Custom Index consists of 50% Credit Suisse Distressed Index, 20% Credit Suisse High Yield Index, and 30% ABX Index.

Note[6]: Market values shown for Wyoming Investments reflect cost value of the investments, except at fiscal year end.

PERMANENT WYOMING MINERAL TRUST FUND
Fiscal Years 08 through 12 Analyzed and Compared

(\$ Millions)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
Beginning Book Value	\$3,329.5	\$3,896.6	\$4,262.2	\$4,555.4	\$5,050.0
Beginning Market Value	3,728.1	4,135.4	3,893.8	4,414.1	5,325.8
- Difference	398.6	238.9	(368.3)	(141.3)	275.8
- Percent	12.0%	6.1%	-8.6%	-3.1%	5.5%
Additions to Corpus					
- Constitutional Severance Tax 1.5% Deposit	\$213.6	\$290.7	\$217.6	\$252.3	\$232.7
- Add'l Severance Tax	142.4	193.8	72.5	168.2	155.1
- Additional Legislative Deposits/Diversions	40.0	0.0	(56.5)	(17.8)	0.0
- Spending Policy Reversions	171.1	0.0	0.0	32.4	0.0
- Spending Policy for Prior Year Adjustment					3.1
Reduction of Corpus					
- Deferred Realized Capital Gain (Loss)	0.0	(118.9)	59.5	59.4	0.0
Total Increase to Corpus	\$567.1	\$365.6	\$293.2	\$494.6	\$390.9
Ending Book Value	\$3,896.6	\$4,262.2	\$4,555.4	\$5,050.0	\$5,440.9
Ending Market Value	4,135.4	3,893.8	4,414.1	5,325.8	5,595.5
- Difference	238.9	(368.3)	(141.3)	275.8	154.5
- Percent	6.1%	-8.6%	-3.1%	5.5%	2.8%
Total Distributed Income (gross of fees)	\$329.3	\$142.8	\$145.8	\$222.4	\$244.4
- Interest	101.5	101.4	100.1	84.8	90.3
- Dividend	38.4	38.8	38.0	44.4	54.4
- Realized Net Capital Gain	189.4	2.5	7.7	93.1	99.8
Change in Book Value	\$567.1	\$365.6	\$293.2	\$494.7	\$390.9
Change in Market Value	407.3	(241.6)	520.2	911.7	269.7
Cash Yield	9.02%	3.42%	3.30%	4.63%	4.65%
Total Return	2.44%	-13.82%	11.31%	16.52%	1.98%

1. Note: "Total Income" is spendable investment income including dividends, interest and realized capital gains. "Total Return" is comprised of dividends, interest and realized and unrealized capital gains. The Treasurer's Office calculates the "Cash Yield" return above based on average book value. RV Kuhns calculates total return based on the time-weighted rate of return - essentially compounded growth.

2. In May 2009, the State Treasurer adopted an interpretative policy effective July 1, 2008, for accounting purposes whereby earnings consisting of interest and dividends would be treated as ordinary income and disbursed accordingly. Capital gains and losses are reconciled for each fund at the end of the fiscal year. If capital gains and losses are net positive, the Treasurer distributes the net capital gain as income. If capital losses exceed capital gains at year end, the losses are carried forward through the next fiscal year.

3. The 2009 Session Laws Section 350 diverted 50% of 2/3 of the tax collected to the PWMTF Reserve Account.

PERMANENT WYOMING MINERAL TRUST FUND: CORPUS
Revenue Receipts Fiscal Year 2012

	<u>JUNE 30, 2011</u> <u>CORPUS BALANCE</u>	<u>REVENUE</u>	<u>JUNE 30, 2012</u> <u>CORPUS BALANCE</u>
Beginning Balance	\$5,049,967,702		
Severance Tax			
Coal		\$112,763,459	
Stripper Oil		25,539,731	
Other Valuable Products		(210,818)	
Oil		68,408,535	
Natural Gas		164,818,020	
Condensate-Gas		16,522,722	
Spending Policy for Prior Year Adjustment W.S. 9-4-719		3,074,299	
		TOTAL REVENUE	
		\$390,915,948	\$5,440,883,650

COMMON SCHOOL PERMANENT LAND FUND
Fiscal Years 08 through 12 Analyzed and Compared

(\$ Millions)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
Beginning Book Value	\$1,466.2	\$1,682.7	\$1,794.4	\$1,967.6	\$2,129.9
Beginning Market Value	1,676.7	1,766.0	1,622.5	1,901.5	2,236.5
- Difference	210.5	83.3	(172.0)	(66.1)	106.6
- Percent	14.4%	5.0%	-9.6%	-3.4%	5.0%
Additions to Corpus					
- Sales, Royalties, etc.	\$161.3	\$163.8	\$140.9	\$142.4	\$188.1
- Additional Legislative Deposits	0.0	0.0	0.0	0.0	0.0
- Spending Policy Reversions	55.1	0.0	0.0	0.0	0.0
- Income Accrued	0.0	0.0	7.6	0.0	0.0
Reduction of Corpus					
- Deferred Realized Capital Gain (Loss)	0.0	(52.1)	24.6	27.5	0.0
- Reverse Income Accrued				(7.6)	(0.0)
Total Increase to Corpus	\$216.5	\$111.7	\$173.1	\$162.3	\$188.1
Ending Book Value					
Ending Book Value	\$1,682.7	\$1,794.4	\$1,967.6	\$2,129.9	\$2,318.0
Ending Market Value	1,766.0	1,622.5	1,901.5	2,236.5	2,371.3
- Difference	83.3	(172.0)	(66.1)	106.6	53.3
- Percent	5.0%	-9.6%	-3.4%	5.0%	2.3%
Total Distributed Income (gross of fees)					
- Interest	\$137.1	\$60.1	\$57.1	\$101.0	\$103.2
- Dividend	37.7	40.5	36.8	38.3	38.5
- Realized Net Capital Gain	16.5	17.8	16.4	19.2	23.4
	82.9	1.8	3.9	43.5	41.4
Change in Book Value	\$216.5	\$111.7	\$173.1	\$162.3	\$188.1
Change in Market Value	89.3	(143.6)	279.0	335.0	134.8
Cash Yield	9.51%	3.37%	3.20%	4.94%	4.62%
Total Return	2.27%	-13.25%	11.77%	17.48%	1.98%

1. Note: "Total Income" is spendable investment income including dividends, interest and realized capital gains. "Total Return" is comprised of dividends, interest and realized and unrealized capital gains. The Treasurer's Office calculates the "Cash Yield" return above based on average book value. RV Kuhns calculates total return based on the time-weighted rate of return - essentially compounded growth.

2. In May 2009, the State Treasurer adopted an interpretative policy effective July 1, 2008, for accounting purposes whereby earnings consisting of interest and dividends would be treated as ordinary income and disbursed accordingly. Capital gains and losses are reconciled for each fund at the end of the fiscal year. If capital gains and losses are net positive, the Treasurer distributes the net capital gain as income. If capital losses exceed capital gains at year end, the losses are carried forward through the next fiscal year.

3. "Income Accrued" represents income held in Common School Pool on June 30.

4. Includes Common School Permanent Land Fund II.

PERMANENT LAND FUND: CORPUS
Revenue Receipts Fiscal Year 2012

<u>FUND/ACCOUNT NAME</u>	<u>JUNE 30, 2011 CORPUS BALANCE</u>	<u>REVENUE</u>	<u>JUNE 30, 2012 CORPUS BALANCE</u>
<u>L01 MINER'S HOSPITAL</u>			
Beginning Balance	\$45,713,862		
Oil & Gas Lease Royalties		\$116,650	
Sodium & Trona Lease Royalties		1,884,674	
Right-of-Way Easements		21,754	
Surface Damage		1,437	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>1,158,955</u>	
		\$3,183,469	48,897,331
 <u>L02 PUBLIC BUILDINGS AT CAPITOL</u>			
Beginning Balance	\$6,425,938		
Oil & Gas Lease Royalties		\$155,928	
Sand & Gravel Royalties		806	
Right-of-Way Easements		2,510	
Surface Damage		107,333	
Real Estate-Sales		9,126	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>163,285</u>	
		\$438,988	6,864,926
 <u>L03 FISH HATCHERY</u>			
Beginning Balance	\$413,197		
Right-of-Way Easements		\$7,633	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>10,475</u>	
		\$18,107	431,304
 <u>L04 COMMON SCHOOL (1)(2)</u>			
Beginning Balance	\$2,124,924,901		
Bentonite Lease Royalties		\$729,679	
Coal Lease Royalties		62,609,914	
Miscellaneous Mineral Lease Royalties		45,567	
Oil & Gas Lease Royalties		117,785,945	
Sand & Gravel Royalties		216,956	
Sodium & Trona Lease Royalties		812,610	
Right-of-Way Easements		956,049	
Right-of-Way Easements		2,808	
Uranium Lease Royalties		4,195	
Surface Damage		3,208,381	
Real Estate Sales		20,633	
Real Estate Sales		563,796	
1993 Series Bond Maturity W.S. 9-4-605		676,074	
Spending Policy Reserve to Corpus W.S. 9-4-719		462,133	
Reverse Income held in CS Pool on June 30, 2011		<u>(2,566)</u>	
		\$188,092,175	2,313,017,076

L14 COMMON SCHOOL II (1)(2)

Beginning Balance	\$5,000,000		
		\$0	5,000,000

L05 DEAF, DUMB & BLIND

Beginning Balance	\$3,798,853		
Oil & Gas Lease Royalties		\$33,275	
Right-of-Way Easements		151	
Surface Damage		1,953	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>96,408</u>	
		\$131,786	3,930,639

L06 CAREY ACT

Beginning Balance	\$1,832,781		
Bentonite Lease Royalties		\$2,180	
Oil & Gas Lease Royalties		55,654	
Surface Damage		795	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>46,685</u>	
		\$105,313	1,938,094

L07 OMNIBUS

Beginning Balance	\$34,754,112		
Oil & Gas Lease Royalties		\$4,179,629	
Sand & Gravel Royalties		35,567	
Sodium & Trona Lease Royalties		5,827	
Right-of-Way Easements		(13,236)	
Surface Damage		102,207	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>886,887</u>	
		\$5,196,881	39,950,992

L08 WYOMING STATE HOSPITAL

Beginning Balance	\$4,107,721		
Oil & Gas Lease Royalties		\$90,474	
Surface Damage		2,106	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		103,899	
Per Session Laws 2010 Ch 39, Sec2, Sec 048		<u>(450,965.61)</u>	
		(\$254,485.83)	3,853,235

L09 WYOMING STATE TRAINING SCHOOL

Beginning Balance	\$2,701,348		
Oil & Gas Lease Royalties		\$486,619	
Right-of-Way Easements		1,645	
Surface Damage		14,101	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		69,258	
Per Session Laws 2010 Ch 39, Sec2, Sec 048		<u>(89,188)</u>	
		\$482,435	3,183,782

L10 WYOMING STATE PENITENTIARY

Beginning Balance	\$8,513,523		
Oil & Gas Lease Royalties		\$4,488,103	
Right-of-Way Easements		1,940	
Surface Damage		24,249	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>230,160</u>	
		\$4,744,452	13,257,975

L11 WYOMING STATE AGRICULTURAL COLLEGE (1)

Beginning Balance	\$8,891,091		
Oil & Gas Lease Royalties		\$423,810	
Right-of-Way Easements		(19,673)	
Surface Damage		8,811	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>226,436</u>	
		\$639,384	9,530,475

L12 WYOMING STATE UNIVERSITY (1)

Beginning Balance	\$17,415,542		
Oil & Gas Lease Royalties		\$112,810	
Temporary Leases		1,964	
Right-of-Way Easements		12,117	
Surface Damage		14,305	
Inflation Proofing Income Diversion W.S. 9-4-305(b)		<u>441,566</u>	
		\$582,761	17,998,303

TOTAL REVENUE \$203,361,266

1. These funds are not available for appropriation.
2. In Fiscal Year 2009 Common School Permanent Land Fund II was added to the Common School Pool along with Common School Permanent Land Fund and is being invested there. Income is diverted to the Education Trust Fund per Special Session Laws 1997 Ch. 3 Section 504.
3. Revenue from above "sales" is the principal payment from the sale of state lands and from right-of-ways granted on state lands. "Royalties" are derived from oil and mineral leases on state lands.
4. "Income held in Common School Pool on June 30" represents income accrued.

WYOMING INVESTMENTS

As of June 30, 2012

<u>Program</u>	<u>See Notes</u>	<u>Statutory Allotment</u>	<u>Outstanding Investments</u>	<u>Amount Available</u>
<u>Investments for Public Purposes</u>				
Farm Loans	A	\$275,000,000	\$25,866,796	\$249,133,204
Irrigation Loans	B	20,000,000	1,062,160	18,937,840
Joint Powers Loans	C	60,000,000	9,836,640	50,163,360
Hot Springs State Park	D	2,000,000	53,652	1,946,348
Small Business Assistance & FmHA Ag Loans	E	0	99,501	0
Shoshone Municipal Pipeline Treatment Plant	F	16,500,000	13,062,146	0
Sheridan Area Water Treatment Project	G	6,750,000	1,197,334	0
Laramie Territorial Park Loan	H	10,000,000	10,000,000	0
Reimbursement to Counties for Deferred Taxes	I	2,000,000	0	2,000,000
Industrial Development Bonds	J	600,000,000	0	100,000,000
Airport Loans-Aeronautics Commission	K	10,000,000	5,291,519	4,708,481
Gillette Madison Pipeline Project	L	13,612,500	5,527,500	8,085,000
UW Athletic Facilities Bridge Ln	M	2,609,744	0	0
Wyoming Real Estate-State Land Purchases	N	25,585,493	18,335,738	14,993,267
		<u>\$1,044,057,737</u>	<u>\$90,332,984</u>	<u>\$449,967,502</u>

*The list of investments shown above are investments of state funds for a specific public purpose, other than permissible investments made in compliance with state investment policy under W.S. 9-4-715 through 9-4-719 and 9-4-831, which are authorized or directed by the legislature in law. As stipulated in W.S. 9-4-715(n), total investments of permanent funds for a specific public purpose authorized or directed by the legislature are limited to one billion dollars excluding investments made pursuant to W.S. 37-5-406. 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 public purpose investments to ensure the statutory limitation is not exceeded. Most of these investments are made from the Permanent Wyoming Mineral Trust Fund.

In addition to the specific public purpose investments listed above, the following statutory commitments have been made:

		<u>Commitment Amount</u>	<u>Outstanding Amount</u>	<u>Commitment Amount Available</u>
WCDA Mortgage Bonds	O	\$25,000,000	\$0.00	\$0.00
		<u>\$25,000,000</u>	<u>\$0</u>	<u>\$0</u>

		<u>Commitment Amount</u>	<u>Outstanding Investments</u>	<u>Amount Available</u>
<u>Other Wyoming Investments</u>				
Basin Electric Power Bond			\$32,048,000	
Cheyenne Stage II GIC			4,208,918	
Drainage District Bonds			24,000	
Time Deposit Open Account Banking Program	P	150,000,000	207,700,000	0
		<u>\$150,000,000</u>	<u>\$243,980,918</u>	<u>\$0</u>

Total Wyoming Investments **\$334,313,904**

WYOMING INVESTMENTS NOTES & STATUTORY REFERENCES

Investments for Public Purposes:

- (A) Farm loans under W.S. 11-34-129; \$275 million authorized of which \$27.5 million is for beginning agriculture producer loans and \$55 M is for a livestock enhancement program;
- (B) Irrigation district loans under W.S. 11-34-301;
- (C) Joint Powers loans under W.S. 16-1-109;
- (D) Hot Springs State Park loans under W.S. 36-8-318;
- (E) Guaranteed portion of certain Small Business Assistance Act loans and guaranteed portion of certain Farmers Home Administration. Up to \$55 million was previously authorized and no new loans were to be made after December 31, 2006. W.S. 9-4-701(e) was repealed when investment statutes were amended in the 2008 legislative session;
- (F) Shoshone municipal water treatment project, under 1987 Wyoming Session Laws, Chapter 117, as amended;
- (G) Sheridan area water treatment project, under 1989 Wyoming Session Laws, Chapter 230, as amended;
- (H) Laramie Territorial Park, under 1989 Wyoming Session Laws, Chapter 285, as amended;
- (I) W.S. 9-4-715(j), deferred property taxes;
- (J) W.S. 9-4-715(m), industrial development bonds, no investment in excess of one hundred million dollars (\$100,000,000) is to be made for any one project without specific legislative authority; expires 06/30/17 unless extended;
- (K) Airport construction, development and improvement loans under W.S. 10-3-403;
- (L) Gillette Madison pipeline project, 2009 WY Session Laws, Ch 103 and 2010 WY Session Laws, Ch 115;
- (M) UW Athletic Bridge Loan; 2008 Wyoming Session Laws, Ch 48, Sec. 324. Loan was paid off during FY12;
- (N) W.S. 9-4-715(k) authorizes the investment of funds received from sale of state trust lands plus up to \$2,000,000 one-time seed money contained in the Common School Permanent Land Fund (CSPLF) by purchasing land and improvements within Wyoming as assets of the Trust. Funds were also appropriated to the State Loan and Investment Board from the CSPLF in 2005 and 2006 for this purpose as well.

Statutory Commitments:

- (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. The balance of these bonds were paid in full during FY 12.

Other Wyoming Investments:

- (P) W.S. 9-4-803 authorizes the State Treasurer to deposit state funds in approved Wyoming banks and Wyoming savings and loans. Currently, the amount the State Treasurer has made available to banks each year amounts to five percent (5%) of the State Agency Pool assets.

WYOMING INVESTMENTS BY FUND
June 30, 2012

Interest Paid			Yield		Loan Balance		
Fund	Investment	Amount	By Investment		Fund	Investment	Amount
<u>State Agency Pool</u>					<u>State Agency Pool</u>		
	TDOAs	429,421	0.18%			TDOAs	\$207,700,000
	Subtotal	429,421				Subtotal	\$207,700,000
	Total	429,421				Total	\$207,700,000
<u>Common School Perm. Land Fund</u>					<u>Common School Perm. Land Fund</u>		
	Lovell Drainage District	0	4.00%			Lovell Drainage District	\$24,000
	WCDA	13,563	6.70%			WCDA	\$0
	School Foundation Borrowing	3,947,500	6.00%			School Foundation Borrowing	\$0
	Wyoming Real Estate	0	0.00%			Wyoming Real Estate	\$18,335,738
	Subtotal	3,961,063				Subtotal	\$18,359,738
<u>University Permanent Land Fund</u>					<u>University Permanent Land Fund</u>		
	UW Athletic Facilities Bridge Ln	18,816	4.50%			UW Athletic Facilities Bridge Ln	\$0
	Subtotal	18,816				Subtotal	\$0
<u>Permanent Mineral Trust Fund</u>					<u>Permanent Mineral Trust Fund</u>		
	Aeronautics Loans	354,853	5.00%			Aeronautics Loans	\$5,291,519
	Farm Loans	1,796,155	7.75%			Farm Loans	\$25,866,796
	Hot Springs St Park	5,085	6.25%			Hot Springs St Park	\$53,652
	Irrigation Loans	173,826	5.00%			Irrigation Loans	\$1,062,160
	JPA Loans	568,396	6.90%			JPA Loans	\$9,836,640
	Local Government Loans	150,000	1.50%			Local Government Loans	\$10,000,000
	SBAA	7,343	3.45%			SBAA	\$99,501
	Water Develop Loans- Gillette	0	4.00%			Water Develop Loans	\$5,527,500
	Water Develop Loans	580,032	4.00%			Water Develop Loans	\$14,259,480
	GIC AIG Financial	438,406	6.50%			GIC AIG Financial	\$4,208,918
	GIC Metropolitan Life	16,563	7.45%			GIC Metropolitan Life	\$0
	WIA Basin Electric	1,561,465	4.69%			WIA Basin Electric	\$32,048,000
	Subtotal	5,652,125				Subtotal	\$108,254,166
	TOTAL	\$10,061,424				TOTAL	\$334,313,904

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 WYO-STAR 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 governmental entity.

The primary goal of the WYO-STAR portfolio is to pursue a short-term and extended-term fixed income investment strategy. The WYO-STAR portfolio maintains an exceptionally strong credit profile. This rigorous risk management approach has been tailored to meet the State's investment guidelines and position the WYO-STAR portfolio defensively.

Liquidity being the second objective, WYO-STAR continues to guarantee the return of funds on a 24-hour notice.

J. P. Morgan Asset Management manages the WYO-STAR portfolio.

All WYO-STAR investments conform to the statute covering the State Treasurer's other investments (W.S. 9-4-831). WYO-STAR investments, conformance to state statutes, and manager performance are reviewed quarterly by the State Loan and Investment Board's consultant R.V. Kuhns.

General information about the WYO-STAR program, daily rate information and forms are available on the Treasurer's website.

Participants can access their accounts via the internet. This service is called Internet Participant Access System (IPAS).

As of June 30, 2012, there were 160 active WYO-STAR participants, some with multiple accounts.

The WYO-STAR pool balance on June 30, 2012, was \$712,452,017.

Participants earned \$2,815,162 in the FY 12.

WYO-STAR yields realized in FY 12 are as follows:

07/11	0.484%	01/12	0.356%
08/11	0.742%	02/12	0.337%
09/11	0.713%	03/12	0.334%
10/11	0.510%	04/12	0.335%
11/11	0.395%	05/12	0.372%
12/11	0.271%	06/12	0.324%

The annualized yield for FY 12 was 0.431%.

SPENDING POLICY RESERVE ACCOUNTS

PERMANENT WYOMING MINERAL TRUST FUND COMMON SCHOOL PERMANENT LAND FUND EXCELLENCE IN HIGHER EDUCATION FUND

The Wyoming State Legislature established investment earnings spending policy reserve accounts for three of the state's permanent funds; the Permanent Wyoming Mineral Trust Fund (PWMTF), the Common School Account within the Permanent Land Fund (CSPLF) and the Excellence in Higher Education Fund (Higher Ed Fund).

In the 2000 Session, the Legislature established annual spending policy amounts for earnings from PWMTF and the CSPLF. To the extent earnings exceed the amount set in statute for the PWMTF, the excess flows to the PWMTF reserve account. For the CSPLF, earnings in excess of the spending policy amount still flow to the Common School land income account and School Foundation Program account; however, an automatic appropriation is made from "over the \$200 million cap" in federal mineral royalties which would otherwise be deposited into the School Foundation Program account in an amount equal to the excess earnings to the CSPLF reserve account. Monies in the reserve accounts are available to supplement earnings for those years in which earnings fail to reach the spending policy amounts. If the reserve accounts reach more than 75 percent of the spending policy amount, the excess reserves are placed in the appropriate corpus. The purpose of these spending policies is to make the earnings flow consistent and to protect the corpus from inflation.

During the 2007 Session, an annual spending policy amount and a spending policy reserve account was established for the Higher Ed Fund. Like the PWMTF spending policy and reserve account, to the extent earnings from the Higher Ed Fund exceed the spending policy amount, excess earnings flow to the Higher Ed reserve account. Once the reserve account reaches more than 75 percent of the spending policy amount, the excess reserves are placed in the Higher Ed Fund corpus. The 2007 legislation also provided for a continuous appropriation from the Higher Ed reserve account to supplement the spending from the earnings of the Higher Ed Fund in those years earnings fail to meet the spending policy amount. (This automatic appropriation of funds from the PWMTF and CSPLF reserve accounts was repealed in 2004.)

The spending policy amount for FY 12 for each of these permanent funds is based on the statutory percentage rate of 5 percent of the five-year rolling average market value. During the 2010 Session, a footnote to the appropriations bill was approved (Chapter 39, Section 301) which stipulates that no funds are to flow from these spending policy reserve accounts to the corpus of their respective accounts until June 30, 2012. However, during the 2011 session, Chapter 88, Section 301, repealed this provision for the PWMTF. At the end of FY 12, no funds flowed into the corpus of the PWMTF corpus, but \$462,132 flowed into the CSPLF corpus and \$3,408,126 flowed into the Higher Ed Fund corpus.

The following three pages illustrate how the spending policy reserve accounts for the PWMTF, the CSPLF and the Higher Ed Fund work.

**SPENDING POLICY: PERMANENT WYOMING MINERAL TRUST FUND (PWMTF)
2012 FISCAL YEAR END (06-30-12)**

last update 07/20/12

W.S. 9-4-719 established annual spending policy amounts from the PWMTF (currently five percent (5%) of the average five (5) year rolling average market value) and created the PWMTF reserve account. To the extent earnings from the PWMTF exceed the five percent (5%) spending policy amount, the excess earnings flow to the PWMTF reserve account. If the balance in the reserve account reaches more than 75% of the spending policy amount, the excess in the reserve account is transferred to the corpus of the PWMTF.

The spending policy amount for fiscal year 2012 was \$214,972,698. Total PWMTF investment income for fiscal year 2012 was \$235,847,144, however, \$30 million was excluded in the calculation of the FY 12 investment earnings applicable to the PWMTF reserve account in compliance with legislation passed during the 2012 budget session (Chapter 2, Section 300 (c) resulting in net earnings of \$205,847,144 for FY 12. As this amount was less than the spending policy amount, no funds flowed into the reserve account and no funds spilled over to corpus at the end of fiscal year 2012. The ending balance remains at \$144,315,485 which is less than 75% of the spending policy amount (\$161,229,523) so nothing spilled over to Corpus at the end of FY 12.

As of	Total Market Value (a)	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Investment Income over Spending Policy to Reserve Acct.	Legislative Appropriation	Year End Reserve Bal. Before Reversion	75% of Spending Policy	Over 75% spills over to Corpus	Ending Reserve Balance	
7/1/97	1,396,009,173	1998											
7/1/98	1,507,006,444	1999											
7/1/99	1,540,767,270	2000											
7/1/00	1,539,636,928	2001											
7/1/01	1,755,553,508	2002	1,547,794,665	8.000%	123,823,573	90,510,496	0			92,867,680	0		
7/1/02	1,864,380,749	2003	1,641,468,980	7.625%	125,162,010	58,647,855	0			93,871,507	0		
7/1/03	2,050,845,569	2004	1,750,236,805	5.000%	87,511,840	98,110,315	10,598,475 (f)		10,598,475	65,633,881	0	10,598,475	
7/1/04	2,218,179,475	2005	1,885,719,246	5.000%	94,285,962	87,789,397	0	44,500,000 (b)	56,747,488 (c)	70,714,472	0	55,098,475 (d)	
7/1/05	2,557,758,285	2006	2,089,343,517	5.000%	104,467,176	123,952,616	19,485,440 (f)			74,583,915	0	74,583,915	
7/1/06	3,070,623,840	2007	2,352,357,584	5.000%	117,617,879	150,487,083	32,869,204 (f)			88,213,409	19,239,709 (e)	88,213,409	
7/1/07	3,728,082,077	2008	2,725,097,849	5.000%	136,254,892	321,357,789	185,102,897			102,191,169	171,125,137	102,191,169	
7/1/08	4,135,435,366	2009	3,142,015,809	5.000%	157,100,790	135,264,226	0			117,825,593	0	102,191,169	
7/1/09	3,893,843,313	2010	3,477,148,576	5.000%	173,857,429	139,450,800	0	54,264,775 (g)	156,455,944	130,393,072	0 (h)	156,455,944	
7/1/10	4,414,080,035	2011	3,848,412,926	5.000%	192,420,646	215,755,659	23,335,013			179,790,957	144,315,485	35,475,472 (i)	144,315,485
7/1/11	5,325,828,961	2012	4,299,453,950	5.000%	214,972,698	205,847,144 (j)				144,315,485	161,229,523	0	144,315,485

Source: W.S. 9-4-719

Notes:

- (a) Total Market Value for FY09 & Prior are Actual Market Values
- (b) Appropriation from General Fund to this reserve account-2004 budget session
- (c) Reflects addition of \$1,649,014 realized earned income on reserve account.
- (d) Reflects balance following correction of \$1,649,014 realized earned income-transfer out to general fund.
- (e) Reflects \$12,109,656 reduction of reversion to corpus following correction of market values
- (f) Reflects reduction in amount to reserve following correction of market values--\$9,599,515 transferred back to general fund
- (g) Reflects the net of the special appropriation of severance tax into the reserve account which amounted to \$74,264,775 (2009 session laws, Ch 159, Sec. 350) and the appropriation of \$20,000,000 from this reserve account to the office of state lands and investments to be allocated to cities, towns and counties (2010 Session laws, Ch 39, Sec 335)
- (h) 2010 Session laws, Ch 39, Sec 301(a) - no funds are to spill over to corpus until June 30, 2012
- (i) 2011 Session laws, Ch 88, Sec 301 repeals the provision of Ch 39, Sec 301(a) of the 2010 session laws such that funds are to once again spill over to corpus if the balance in reserve exceeds the spending policy amount.
- (j) 2012 Session laws, Ch 26, Sec 300 (c) - excludes \$30 million from earnings calculation for general fund appropriation to AML fund balancing account

**SPENDING POLICY: COMMON SCHOOL PERMANENT LAND FUND (CSPLF)
2012 FISCAL YEAR END (06-30-12)**

last update 07/20/12

W.S. 9-4-719 established annual spending policy amounts from the CSPLF (currently five percent (5%) of the average five (5) year rolling average market value) and created the CSPLF reserve account. To the extent earnings from the CSPLF exceed the five percent (5%) spending policy amount, the excess earnings flow to the CSPLF reserve account. If the balance in the reserve account reaches more than 75% of the spending policy amount, the excess in the reserve account is transferred to the corpus of the CSPLF.

The spending policy amount for fiscal year 2012 was \$92,048,598. Total CSPLF investment income for FY12 was \$99,567,151. As investment earnings exceeded the five percent (5%) spending policy amount, \$7,518,553 flowed to the spending policy reserve account at the end of fiscal year 2012, leaving a fiscal year end balance in the reserve account of \$69,498,581. This amount exceeded 75% of the spending policy amount by \$462,132 which spilled over to Corpus and left an ending balance in the reserve account of \$69,036,448 at the end of fiscal year 2012.

As of	Total Market Value (a)	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income *	Investment Income over Spending Policy to Reserve Acct.	Legislative Appropriation	Year End Reserve Bal. Before Reversion	75% of Spending Policy	Over 75% spills over to Corpus	Ending Reserve Balance
7/1/97	782,431,215	1998										
7/1/98	838,949,498	1999										
7/1/99	857,362,587	2000										
7/1/00	839,611,767	2001										
7/1/01	899,161,216	2002	843,503,257	8.200%	69,167,267	37,700,000	0			51,875,450	0	
7/1/02	930,348,643	2003	873,086,742	7.825%	68,319,038	36,070,760	0			51,239,278	0	
7/1/03	1,013,895,764	2004	908,075,995	5.000%	45,403,800	48,190,294	2,786,494 (h)		2,786,494	34,052,850	0	2,786,494
7/1/04	1,014,318,667	2005	939,467,211	5.000%	46,973,361	51,092,246	4,118,885 (h)	30,000,000 (b)	37,852,862 (e)	35,230,020	2,622,841 (g)	34,282,538 (f)
7/1/05	1,165,218,792	2006	1,004,588,616	5.000%	50,229,431	53,845,180	3,615,749 (h)	(13,500,000) (c)	37,898,288	37,672,073	226,214 (g)	37,672,073
7/1/06	1,371,627,543	2007	1,099,081,882	5.000%	54,954,094	65,520,931	10,566,837 (h)	(4,200,000) (d)	30,538,910	41,215,571	0	30,538,910
7/1/07	1,678,302,393	2008	1,248,672,632	5.000%	62,433,632	133,866,782	71,433,150		101,972,060	46,825,224	55,146,837	46,825,224
7/1/08	1,766,046,029	2009	1,399,102,685	5.000%	69,955,134	56,969,255	0	167,274 (i)	46,992,498	52,466,351	0	46,992,498
7/1/09	1,622,477,081	2010	1,520,734,368	5.000%	76,036,718	54,643,154	0		46,992,498	57,027,539	0 (j)	46,992,498
7/1/10	1,901,503,362	2011	1,667,991,282	5.000%	83,399,564	98,387,094	14,987,530		61,980,028	62,549,673	0 (j)	61,980,028
7/1/11	2,236,530,927	2012	1,840,971,958	5.000%	92,048,598	99,567,151	7,518,553		69,498,581	69,036,448	462,132	69,036,448

Source: W.S. 9-4-719

* Does not include investment income on CSPLF II (\$5 million set aside from Express Pipeline Partnership of 1996) per 1997 session laws, ch 3, Sec 504

- (a) Total Market Value for FY09 & Prior are Actual Market Values
- (b) \$30,000,000 was appropriated from the school foundation account into this reserve account-2004 budget session
- (c) \$13,500,000 was appropriated from this reserve account into the Hathaway scholarship expenditure account-2006 budget session
- (d) \$4,200,000 was appropriated from this reserve account for distribution to the community colleges and the University of Wyoming to begin to implement the plan for excellence in the higher education endowment--\$2.8 million to UW and \$1.4 million equally split among the seven (7) community colleges.
- (e) Reflects addition of \$947,482 realized earned income on reserve account
- (f) Reflects balance following correction of \$947,482 realized earned income-transfer out to CSPLF income fund
- (g) Reflects reduction in amount to revert to corpus following correction of market values--\$1,099,854 transferred back to reserve
- (h) Reflects reduction in amount to reserve following correction of market values--\$1,076,494 transferred back to general fund
- (i) UW returned \$167,274 of the \$2.8 million distributed from the \$4,200,000 appropriation to begin to implement the plan for the excellence in higher education endowment
- (j) 2010 Session Laws, Ch 39 Sec 301(b) - no funds are to spill over to corpus until June 30, 2012

SPENDING POLICY: EXCELLENCE IN HIGHER EDUCATION ENDOWMENT (Higher Ed)
2012 FISCAL YEAR END (06-30-12)

last update 07/20/12

W.S. 9-4-719 established annual spending policy amounts from the Excellence in Higher Education (Higher Ed) Endowment fund (currently five percent (5%) of the average five (5) year rolling average market value) and created the Excellence in Higher Education Endowment (Higher Ed) reserve account. To the extent investment earnings from the Higher Ed Endowment fund exceed the five percent (5%) spending policy amount, the excess earnings flow to the Higher Ed reserve account. If the investment earnings from the Higher Education Endowment fund are less than the five percent (5%) spending policy amount, an amount equal to the difference is taken from the Higher Ed reserve account and distributed to the University of Wyoming and seven community college foundations in accordance with W.S. 21-16-1201. Distributions of the annual spending policy amount is to be distributed on a quarterly basis, 2/3 to UW and 1/3 equally to the community colleges. If there are insufficient funds in the income account at the time the quarterly payments are to be made, then funds are to be taken from the reserve account.

The spending policy amount for fiscal year 2012 was \$4,939,140. Total investment income from the Higher Education Endowment fund for FY12 was \$5,634,089 which exceeded the the five percent (5%) spending policy amount by \$694,949. This amount flowed into the spending policy reserve account at the end of fiscal year 2012. However, a total of 2,301,930 was transferred from the reserve account to the Higher Ed income account during FY12 as there were insufficient funds in the income account to make the quarterly payments to the colleges due to timing of the investment income distributions. A balance of \$3,026,904 in unexpended, unobligated funds was remaining in the income account at fiscal year end which was transferred to the reserve account. The balance in the reserve account at the end of fiscal year 2012 exceeded 75% of the spending policy amount by \$3,408,126, which spilled over to Corpus at the end of fiscal year 2012. The balance in the Higher Ed reserve account at the end of FY12 is \$3,704,355.

As of	Total Market Value	For FY	Rolling 5-year Average	Spending Policy Level	Spending Policy Amount	Investment Income	Earnings over 5% of spending policy amount to Reserve Acct *	Earnings less than 5% of spending policy from Reserve Acct to be distributed	Legislative Appropriations	Transfers to (from) Reserve Account	Year End Reserve Balance Before Reversion to Corpus or to cover shortfall	75% of Spending Policy	Over 75% spills over to Corpus	Ending Reserve Balance
7/1/05	929,697 (a)	2006		5.000%	0.00	0	0				0	0	0	0
7/1/06	48,379,952 (a)	2007	48,379,952	5.000%	2,418,998	726,921	0				0	1,814,248	0	0
7/1/07	78,867,967 (a)	2008	63,623,960	5.000%	3,181,198	4,474,394	1,293,196	0			1,293,196	2,385,898	0	1,293,196
7/1/08	104,820,958	2009	77,356,292	5.000%	3,867,815	3,926,014	151,616 (c)	(608,929)			1,444,812 (c)	2,900,861	0	1,444,812
7/1/09	96,094,847	2010	82,040,931	5.000%	4,102,047	3,493,118	0	0	3,852,480 (b)		4,688,364 (c)	3,076,535	0 (d)	4,688,364
7/1/10	102,674,540	2011	86,167,653	5.000%	4,308,383	6,086,019	1,777,636			(79,026)	6,386,974 (c)	3,231,287	0	6,386,974
7/1/11	111,455,707	2012	98,782,804	5.000%	4,939,140	5,634,089	694,949			30,558	7,112,481	3,704,355	3,408,126	3,704,355

Source: W.S. 9-4-719

Notes:

- (a) Total Market Value for FY06 - FY08 are based on Higher Ed portion of SAP market value
- (b) Appropriation - federal mineral royalty diversion - 2009 session, Ch 159, Sec 342
- (c) Reflects balance following correction of \$93,417, realized earned income-transfer out of Higher Ed income fund
- (d) 2010 Session Laws, Ch 39 Sec 301(b) - no funds are to spill over to corpus until June 30, 2012

HATHAWAY STUDENT SCHOLARSHIP RESERVE ACCOUNT

Wyoming State Statute 21-16-1302 created the Hathaway Student Scholarship reserve account (Hathaway reserve account). Unlike the permanent fund spending policy reserve accounts which are funded by excess investment income over a specific spending policy amount, the Hathaway reserve account is comprised of funds that are unencumbered and/or unobligated which remain in the Hathaway expenditure account at the end of each fiscal year. In addition, funds in the Hathaway reserve account are available specifically for use whenever the balance in the Hathaway expenditure account is insufficient to cover requests from the University of Wyoming and the seven community colleges for scholarships awarded.

State statutes allow the reserve account to hold \$12 million or the amount equal to 3.75 percent of the previous five-year rolling average market value of the Hathaway Student Scholarship Endowment Fund (corpus). If the balance in the Hathaway reserve account exceeds either of these amounts at the end of the fiscal year, the excess is transferred to corpus after July 1 each year. However, legislation passed during the 2010 Session (Chapter 39, Section 301) stipulates that no funds are to revert to the corpus of the Hathaway Fund until June 30, 2012. At the end of FY 12, \$28,295,326 spilled over to the Hathaway Fund corpus.

The following page provides a summary of the flows of funds into and out of the Hathaway reserve account since its creation.

**RESERVE ACCOUNT: HATHAWAY STUDENT SCHOLARSHIP ENDOWMENT
2012 FISCAL YEAR END (06-30-12)**

last update 07/20/12

W.S. 21-16-1302 established the Hathaway student scholarship reserve account. All unexpended and unencumbered monies within the Hathaway scholarship expenditure account at the end of each fiscal year are deposited into the Hathaway student scholarship reserve account. To the extent funds within the Hathaway scholarship expenditure account are not sufficient in any fiscal year to fully fund scholarships awarded pursuant to 21-16-1304 through 21-16-1306, monies are transferred from the reserve account to the expenditure account for distribution to eligible institutions to fund scholarships. At the end of each fiscal year, if funds in the reserve account are more than the greater of \$12 million or the amount equal to 3.75% of the previous five-year average market value of the Hathaway student

During fiscal year 2012, \$6,512,127 was transferred out of the Hathaway reserve to the Hathaway expenditure account to fully fund scholarships awarded during the fiscal year due to timing of receipt of investment income into the expenditure account. A total of \$16,251,777 remained in the Hathaway scholarship expenditure account at the end of FY 12 and was transferred to the to the Hathaway scholarship reserve account. A total of \$28,295,326 was transferred from the Hathaway reserve account to the Hathaway Student Scholarship Endowment corpus leaving a balance of \$15,879,481 in the reserve account at the end of fiscal year 2012.

HATH as of 7/1	For FY	Total HATH Investments at MARKET	Rolling 5 Year Average	Percentage in Statute	3.75% of 5 Yr Avg	Statutory Amount	X Greater of the 3.75% or Stat Amt	Transfers to (from) Reserve Account	Cash Balance of Reserve (after transfers)	Amount Spilling over to Corpus	Ending Cash Balance of Reserve s/be
							<i>Comparison of statutory amt and</i>				
2005	FY06	3,397,432 (a)	3,397,432								
2006	FY07	210,027,477 (a)	106,712,454					23,418,453	23,418,453	0	23,418,453
2007	FY08	298,312,993 (a)	170,579,301	3.75%	6,396,724	12,000,000	12,000,000	7,833,997	31,252,450	(19,252,450)	12,000,000
2008	FY09	417,997,280 (b)	232,433,795	3.75%	8,716,267	12,000,000	12,000,000	3,792,613 (c)	15,792,613	(3,792,613)	12,000,000
2009	FY10	431,076,939	272,162,424	3.75%	10,206,091	12,000,000	12,000,000	8,482,672	20,482,672	0 (d)	20,482,672
2010	FY11	467,033,391	364,889,616	3.75%	13,683,361	12,000,000	13,683,361	13,906,507 (e)	34,389,179	0	34,389,179
2011	FY12	502,843,583	423,452,837	3.75%	15,879,481	12,000,000	15,879,481	9,785,628	44,174,807	(28,295,326)	15,879,481

Source: W.S. 21-16-1302(b)

- (a) Total Market Value for FY06 - FY08 are based on Hathaway portion of SAP market value
- (b) Total Market Value for FY09 & forward are actual market value as of fiscal year end
- (c) Reflects net transfer-two colleges requested payment for full fall enrollment estimate rather than 75 percent of estimate
- (d) 2010 Session Laws, Ch 39, Sec 301(d) - no funds are to revert to corpus until June 30, 2012
- (e) Reflects transfer of realized earned income on reserve account to general fund

INTERFUND BORROWING SCHOOL FOUNDATION PROGRAM

For several years the state issued tax and revenue anticipation notes (TRANS), as authorized by W.S. 9-4-1101 through 9-4-1105, to fund temporary cash flow shortfalls in the School Foundation Fund in order to make school foundation program payments to Wyoming school districts as required by Wyoming Statutes. However, since fiscal year 2007, the State of Wyoming has not issued any tax and revenue anticipation notes. Instead, school foundation program payments are made by temporary interfund borrowing from the corpus of the Common School Permanent Land Fund (CSPLF) at 6% interest as allowed by W.S. 21-13-316.

A cash flow analysis spreadsheet is included on the following page that shows the schedule of actual revenue receipts during FY 12, the schedule of statutory School Foundation payments and the incorporation of interfund borrowing from and repayment to the CSPLF for fiscal year 2012.

Interest payments from the school foundation program for this interfund borrowing totaled \$3,947,500 for FY 12. The amount of interest paid to the Common School Permanent Land Fund account was reported as income to the account to be distributed among all school districts during FY 12 as provided by Wyoming Statute.

The primary reason for the lack of liquidity to make scheduled school foundation program payments is due to the timing of receipt of revenues mainly from federal mineral royalties and ad valorem taxes.

The State Treasurer could also use the provisions of W.S. 9-1-417, which allows utilization of loans from the general fund or budget reserve account, up to \$60 million, to assist in meeting the cash flow needs for obligations of the school foundation program which come due prior to the receipt of program revenues. Loans from the general fund must be repaid as soon as anticipated revenue is received.

Liquidity needs were built into the state's investment asset allocation plan for the CSPLF for fiscal year 2012. To ensure liquidity needs are met.

Interfund borrowing will again be used to fund the cash flow for the school foundation program during FY 13.

State of Wyoming
School Foundation Account - with CSPLF Borrowing
FISCAL YEAR 2012

	Actual July 2011	Actual Aug 2011	Actual Sept 2011	Actual Oct 2011	Actual Nov 2011	Actual Dec 2011	Actual Jan 2012	Actual Feb 2012	Actual Mar 2012	Actual Apr 2012	Actual May 2012	Actual Jun 2012	FY 2012 Totals	LSO & CREG FY 12 Estimates Jan 2012
Beginning Balance	340,290,823	345,105,100	179,594,254	162,082,120	15,141,025	86,294,014	55,053,214	140,633,195	80,274,830	18,791,446	28,327,955	42,774,155	340,290,823	8,377,899
Revenues and Transfers														
Auto Tax	692,497	302,051	6,976,407	3,467,760	3,102,204	955,238	2,425,396	1,102,560	482,840	449,381	461,230	458,322	20,875,885	20,000,000
Car Company Tax	252,104		30,715		54,227							1,558	338,604	400,000
Property Tax	1,712,326	857,465	924,907	5,860,899	55,843,654	80,117,575	19,196,272	4,394,614	1,126,792	2,206,997	46,359,182	74,377,983	292,978,666	292,076,403
Penalty-Delinq taxes							0	0	0	0	0	0	0	0
Federal Mineral Royalty (under 200mm)	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	7,392,000	88,704,000	
FMR (over 200mm)			50,291,885				36,625,766			69,908,868		61,293,463	218,119,981	281,200,000
Interest - WY Municipalities	141,692	94,120	73,930	34,761	21,850	26,963	211,612	105,522	60,956	46,339	78,196	209,050	1,104,992	1,000,000
Interest - Investments		1,186,139	708,783	558,982	167,986	15,004	177,153	251,978	259,380	106,958	109,969	1,418,727	4,961,060	4,000,000
Recapture	218				240,321		98,634,788					122,919,318	221,794,645	221,000,000
Comm School Income Fund (Tisfr from)	2,560						38,600,213					95,999,877	134,602,651	61,700,000
Net Capital Gain(Loss)		168,854	109,441	158,142	110,950	3,054	131,473	196,696	112,642	51,618	(10,183)	(1,032,688)	0	0
CSPLF Borrowing					155,000,000		(50,000,000)					(105,000,000)	0	0
Total Revenues and Transfers	10,193,397	10,000,629	66,508,067	17,472,544	221,933,192	88,509,836	153,394,673	13,443,370	9,434,610	80,162,161	54,390,394	258,037,609	983,480,483	889,754,302
Expenditures														
Entitlements - School Districts	5,324	(100,257,772)	(71,984,556)	(68,633,083)	(68,745,183)	(69,301,480)	(68,981,347)	(69,154,756)	(68,936,278)	(68,936,207)	(34,483,362)	0	(689,408,700)	(754,457,265)
ECA Entitlements													0	0
Entitlement/Audit Adjustments	22,098		302,177		(687,000)	191,427	824,411	50,000	(113,233)	773,957	0	0	1,363,837	(2,500,000)
Combined Incentive Payments				(100,406)									(100,406)	(100,990)
Tax Shortfall Grants				(577,202)	(275,028)		(4,821)						(857,052)	(10,000,000)
Recapture Loan		(43,570,821)				41,694,457	1,000,000		894,625		0		18,261	
Vocational Education Grants								(8,114)	(46,851)	0	(1,163)	(29,289)	(353,106)	(250,000)
SF01 & SF70 Summer School		(4,061,010)		(25,381)		(8,545,912)	585,486		(6,697)	(107,883)	(4,255)	(65,000)	(12,230,653)	(10,000,000)
2010 Budg Bill School Age Blind Summer				(10,000)									(10,000)	(7,500)
SF70 At-Risk													(6,804)	
SF70 Distance Education									0	(2,409)	(3,852)	(6,689)	(165,685)	(250,000)
SF70 Distance Education Grant	(7,781)	(15,857)	(48,014)	(13,852)	(5,345)	(16,461)	(22,583)	(22,841)	0	(2,409)	(3,852)	(6,689)	(165,685)	(250,000)
COP Payments	(717,521)	(868,036)	(643,936)	(723,443)	(726,226)	(767,500)	(674,107)	(814,075)	(778,171)	(797,691)	(779,002)	(769,759)	(9,059,467)	(11,193,903)
Employer Insurance Contribution	(1,627,105)	(1,730,163)	(286,659)										(3,643,927)	(9,574,167)
SF01 & SF70 Instructional Facilitators	79,437	(20,192,209)		64,587	17,557			138,841					78,228	(20,500,000)
National Bd Certification Payment Reimb								(1,280,000)					(1,280,000)	(1,344,000)
School Finance Technology HB12		(5,673)	(7,006)	(24,891)	(165,788)	(14,659)	(116)		(6,562)	(44,720)	(13,155)	(3,923)	(286,493)	(340,000)
Education Reform	(48,577)	(1,012,466)	(1,369,430)	(610,337)	(548,501)	(550,899)	(513,131)	(850,304)	(704,752)	(708,821)	(3,616,316)	(3,773,613)	(14,307,148)	(15,852,504)
Student Performance Data System	(296,811)	(39,946)	(41,547)	(49,642)	(40,456)	(210,527)	(40,000)	(39,092)	(27,964)	(928)	113,424	(38,002)	(711,489)	(1,068,568)
WDE Budget	(190,410)	(393,098)	(229,460)	(173,215)	(250,919)	(538,884)	(154,843)	(164,168)	(151,496)	(158,677)	(302,264)	(227,574)	(2,935,009)	(3,733,130)
WDE - Recalibration	(14,513)	(14,404)	(14,630)	(14,374)	(14,466)	(14,191)	(14,032)	40,679	(10,093)	(7,233)	(7,210)	3,449	(81,016)	
* Capital Facilities Bond Debt Service (FMR)	232,586		(6,955,496)	1,729,500	1,167,000		3,729,500	0	0	0	0	(7,518,553)	(7,615,463)	
+ C.S. Spending Policy transfer to C.S. Reserve								0	0	0	0	0	0	0
National Guard Youth Challenge	(23,621)	(173,880)	(60,418)	55,473	(29,378)	(36,643)	103,073	(135,008)	(21,615)	117,989	(59,071)	(29,064)	(292,164)	(525,153)
School Funding Equity Litigation	(77,458)	(67,212)	(139,712)	(67,587)	(47,462)	(57,210)	(33,474)	(33,197)	(35,674)	(89,537)	(33,882)	(36,443)	(718,848)	(1,122,745)
Capital Construction	(2,694,540)	(3,037,505)	(2,453,091)	(3,521,797)	(867,348)	(1,275,452)	(2,776,356)	(900,801)	(435,233)	(867,348)	(1,117,091)	(207,408)	(19,798,302)	(230,000,000)
Teacher Shortage Loan Repayment	4,167	(3,710)	(71,489)	(366)	588	(436)	998	(98,398)	434	478	1,016	(7,647)	(174,365)	(300,000)
Trust Land Preservation - OSLI	(40,019)		(1,981)	(14,465)	(16,048)	(13,475)	0	0	(2,946)	(21,050)	(1,215)	(497)	(111,696)	(586,115)
Retirement System Audit								0	0	0	0	0	0	(11,747,500)
LSO	(18,531)	(27,694)	(14,953)	(42,765)	(31,437)	(3,025)	(68,350)	(5,500)	(10,488)	(828)	(20,842)	(55,117)	(299,531)	(1,550,000)
ETS													(962,524)	
Vouchers	(5,865)											(636)	(181)	(6,682)
09 SF 124 Sec 2 (WS 21-13-306) Foundation				(91,660,394)	(79,514,764)	(79,514,764)	(775,000)	(525,000)	(525,000)	(525,000)	(525,000)	(297,500)	(250,689,922)	(6,500,000)
Interfund Borrowing Interest Expense					0		(775,000)	(525,000)	(525,000)	(525,000)	(525,000)	(297,500)	(3,947,500)	
Total Education Expenditures	(5,379,120)	(175,511,476)	(84,020,201)	(164,413,639)	(150,780,203)	(119,750,636)	(67,814,692)	(73,801,735)	(70,917,995)	(70,625,651)	(39,944,194)	(14,304,970)	(1,037,529,182)	(1,093,503,540)
Ending Balance	345,105,100	179,594,254	162,082,120	15,141,025	86,294,014	55,053,214	140,633,195	80,274,830	18,791,446	28,327,955	42,774,155	286,506,794	286,242,123	(195,371,339)
CSPLF Loan Balance	0	0	0	0	155,000,000	155,000,000	105,000,000	105,000,000	105,000,000	105,000,000	105,000,000	0	0	0

* W.S. 9-4-605
FMR Divert/Repay Cap Fac Bond Debt Service

+ W.S. 9-4-719 Spending Policy

BANKING AND TDOA

APPROVED DEPOSITORIES

The State Board of Deposits, consisting of the five elected officials, met on April 7, 2011 to consider the applications from Wyoming financial institutions to be designated as State Depositories under the provisions of the State Depository Law. The Board approved 46 financial institutions.

All deposits in excess of the federally insured amount are protected by a pledge of securities, mortgage loans or Certificate of Deposit Account Registry (CDARS), in lieu of a pledge of assets, to the State Treasurer as prescribed by statute.

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

TDOA – TIME DEPOSIT OPEN ACCOUNT

The TDOA program is a discretionary State Treasurer program by which public funds are placed in banks approved as eligible state depositories. This program assists banks that lack an asset base sufficient to meet their lending needs. The amount of TDOA funds available July 1 each year is the greater of 5% of the balance in the State Agency Pool on the prior December 31, or \$150 million. For FY 12 the amount was \$242.5 million.

Banks utilizing this program must fully collateralize the deposits and pay interest to the State Treasurer at rates set quarterly by the State Loan and Investment Board. The Board meets quarterly, in advance of each calendar quarter, to set the interest rate for the ensuing quarter.

The TDOA rate for the four quarters of FY 12 was set at 0.27%, 0.20%, 0.13% and 0.11%. Therefore, the annualized TDOA rate for FY 12 was actually 0.18%. TDOA income for FY 12 was \$429,421.

Only 26 of the 46 approved depositories had TDOA funds as of June 30, 2012.

TDOA Deposits in Wyoming Banks as of June 30, 2012 Totaled \$207,700,000

1 st National Bank	35,000,000	FirsTier Bank	3,000,000
ANB (American National Bank)	63,055,000	Johan Bank of Wyoming	1,000,000
Bank of Bridger	1,000,000	Lusk State Bank	1,000,000
Bank of Jackson Hole	17,000,000	Oregon Trail Bank	2,000,000
Buffalo Federal Savings Bank	2,400,000	Pinnacle Bank	9,200,000
Central Bank and Trust	6,000,000	Platte Valley Bank	2,600,000
Cheyenne State Bank	1,300,000	Points West Community Bank	5,000,000
Commerce Bank of Wyoming	12,000,000	Security First Bank	1,000,000
First Bank of Wyoming	10,000,000	Summit National Bank	400,000
First Federal Savings	10,000,000	Tri-County Bank	245,000
First National Bank of Gillette	3,900,000	Uinta Bank	11,000,000
First National Bank of Wyoming	2,400,000	Wyoming Bank and Trust	2,200,000
First State Bank	3,000,000	Wyoming National Bank	2,000,000