

TR 1.1 / 1988

COLORADO STATE PUBLICATIONS LIBRARY



3 1799 00136 5972

COLORADO
TREASURER'S
ANNUAL REPORT
FISCAL YEAR
1988

GAIL SCHOETTLER
State Treasurer

STATE OF COLORADO
DEPARTMENT OF THE TREASURY

GAIL S. SCHOETTLE
STATE TREASURER



NANCY COLEMAN
DEPUTY TREASURER

January 10, 1989

Dear Governor Romer:

I respectfully submit to you my Annual Report representing the financial condition of the Colorado State Treasury for the fiscal year ending June 30, 1988.

Highlights of the fiscal year reflect the intent of the Department of Treasury to help meet the economic needs of Colorado's citizens and businesses through prudent investment practices and wise cash management strategies. We are pleased to announce an increase in overall rate of return on investments from 6.6% in FY 87 to 7.1% in FY 88.

During FY 88 the Treasury worked with the Colorado State Legislature to establish the Unclaimed Property Program. The processing of over 64,000 inquiries resulted in the return of \$11.5 million to Colorado citizens. Nearly \$7 million was made available for general fund purposes. Through legislative action, eligibility to participate in the Treasury's Deferred Property Tax Program was extended to industrial bank depositors and mobile home owners.

While the dollar volume of the tax and revenue anticipation notes series was considerably reduced by the Tax Reform Act of 1986, a significant reduction in the cost of issuance was realized by using the competitive bid process for the 1988 TRANS. In another competitive bid process, the state's 3-year contract for banking services was awarded to the United Bank of Denver at an estimated annual savings of \$250,000.

Other Department initiatives included analyzing the creditworthiness of financial institutions, thereby reducing the risk of exposure of public funds, and providing local governments with public finance information through seminars.

The Department of Treasury's FY 88 accomplishments as highlighted reflect not only the intent of the office but also the talents of a professional staff fully committed to public service to Colorado and its citizens.

Sincerely,

A handwritten signature in cursive script that reads "Gail S. Schoettler".

Gail Schoettler

POOLED ACCOUNTS AND INVESTMENTS

The Treasury maintains a cash and investment pool that is available for use by all funds and agencies within the state.

Deposits:

At year end, the book balance of the Treasury Operating account was \$14,516,000 and the bank balance was \$4,807,000. The full balance is collateralized in compliance with the Public Deposit Protection Act.

Certificates of deposit at banks and savings and loans throughout the state totaled \$138,700,000. The amounts not covered by federal insurance were fully collateralized.

Investments:

The State Treasurer is allowed by statute to invest state funds in certain low risk investment instruments. These investments are all insured or registered or the securities are held by the Treasury or its agent in the state's name.

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$208,493	\$209,105
Federal Agency Obligations	229,652	228,551
Bankers' Acceptances	69,106	69,716
Repurchase Agreements	10,045	10,045
Commercial Paper	84,502	84,844
Corporate Bonds	655	628
SBA Notes	17,007	16,397
Mortgages	5,824	5,263
	<hr/>	<hr/>
Total Investments	\$625,284	\$624,523

The total interest earned on the state investment pool was \$42.6 million.

Distribution of interest earnings was as follows:

General Fund	\$ 2,800,000
State agency accounts per statute	31,900,000
Note holder interest payments	4,700,000
General fund earnings from note sale	\$ 3,200,000
	<hr/>
Total interest earnings	\$42,600,000

NOTE ISSUANCE

On July 7, 1987, the state issued \$110 million in General Fund Tax and Revenue Anticipation Notes, with an interest rates of 4.4% for \$90 million and 4.5% for \$20 million. The proceeds of the sale were deposited in the General Fund to be used to meet ordinary disbursements of the state. Earnings totaling \$3.2 million were recorded for the general fund from these transactions.

PUBLIC SCHOOL PERMANENT FUND

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$ 82,765	\$ 83,426
Federal Agency Obligations	12,750	12,332
Corporate Bonds	655	629
SBA Notes	17,007	16,397
Mortgages	5,824	5,263
	<hr/>	<hr/>
Total Investments	\$119,001	\$118,047

Total interest earned on the Public School Permanent Fund was \$7.2 million.

SAFEKEEPING

Surety bonds, performance bonds and other surety agreements totaling \$354 million are held at the Treasury for various state agencies and are not included in these financial statements.

OTHER DISTRIBUTIONS

During fiscal year 1988 the Treasury paid property taxes for 430 senior citizens. The amount paid was \$459,000. Collections from citizens totaled \$93,800.

Highway Users Tax Fund distributions for the year were:

o State Highway Department	\$219,290,000
o Other State Agencies	68,692,000
o Colorado Cities and Towns	43,630,000
o Colorado Counties	68,039,000

Federal Mineral Lease distributions were as follows:

o Colorado Department of Education	\$ 20,430,000
o Colorado Water Conservation	3,263,000
o Colorado Mineral Impact Fund	5,616,000
o Colorado Counties	3,331,000
o Colorado School Districts	1,345,000
o Colorado Cities and Towns	724,000