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January 7, 2000

Dear Governor Owens:

Attached for your review is the Department of Treasury's Annual Report representing the Department's financial condition for the fiscal year ending June 30, 1999.

The Department of Treasury continues 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, in a low interest rate environment, an overall rate of return on pooled investments of 6.0% in FY 99.

The Unclaimed Property program continues to benefit the citizens of Colorado. Since its inception, a total of \$147.7 million has been collected. \$41.0 million has been returned to owners and \$52.1 million has been transferred to the General Fund for investment and appropriation. Additionally, \$23.4 million has been transferred to help finance Colorado's Uninsurable Health Insurance Plan.

In FY 99, the Unclaimed Property division responded to more than 32,000 mail, phone, walk-in, and Internet inquiries. Claims totaling more than \$5.3 million were paid, nearly double the amount from any previous year. Internet access to the Great Colorado Payback has allowed the program to be more responsive to the public and provide better customer service. The division's new E-mail service allows companies to submit reports electronically, thereby streamlining the reporting process.

As the State's cash manager, Treasury continues to act as a resource for implementation and improvement of cash management procedures and practices statewide. Treasury's automated investment monitoring system allows us to manage the State's cash with greater precision.

The Department of Treasury's FY 99 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,

Mike Coffman

Enclosure

# COLORADO STATE TREASURY ANNUAL REPORT

For Fiscal Year ending June 30, 1999

## 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 \$11,528,831 and the bank balance was \$10,983,568. 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 \$50,600,000. The amounts not covered by federal insurance are always fully collateralized.

### INVESTMENTS

The State Treasurer is allowed by statute to invest state funds in certain low risk investment instruments. These investments are either 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	\$1,539,674	\$1,543,557
Bankers' Acceptances	41,351	41,310
Commercial Paper	484,885	484,840
Corporate Bonds	435,868	433,528
Mortgages	191,562	191,579
Asset-Backed Securities	780,829	779,133
Money Market	5,000	5,000
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<b>Total Investments</b>	<b>\$3,479,169</b>	<b>\$3,478,947</b>

Total investments include these of the Public School Income Fund:

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$103,710	\$105,104
Corporate Bonds	18,000	18,102
Mortgages	69,420	69,057
Asset-Backed Securities	90,042	89,972
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<b>PSPF Investments</b>	<b>\$281,172</b>	<b>\$282,235</b>

Total investments also include these of the Controlled Maintenance Trust Fund:

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$127,897	\$130,170
Corporate Bonds	4,815	4,535
Mortgages	47,586	47,969
Asset-Backed Securities	40,029	40,359
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<b>CMTF Investments</b>	<b>\$220,327</b>	<b>\$223,033</b>

***INTEREST EARNED AND DISTRIBUTED***

The total interest earned on the state investment pool was **\$177.8 million**.

Distribution of investment pool earnings was as follows:

General Fund	\$ 46,072,000
State agency accounts per statute	126,295,000
Payment of Note Interest	5,396,000
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Total interest earnings	\$177,763,000

The Public School Fund earned interest of **\$19.7 million**.

The Controlled Maintenance Trust Fund earned interest of **\$17.9 million**.

Treasury also maintains the Severance Tax Trust Fund. On June 30, 1999, the balance in the fund was **\$48.7 million**. The fund earned **\$2,087,000** in interest for the General Fund.

## NOTE ISSUANCE

During FY 99, Treasury issued \$150 million in short-term tax anticipation notes with a blended interest rate of 4.00%. Proceeds of the sales were deposited in the General Fund to be used to meet ordinary disbursements of the State. Earnings totaling \$2.9 million were recorded for the General Fund from these transactions.

## SAFEKEEPING

Surety bonds, performance bonds and other surety agreements totaling \$752 million are held in the Treasury for various state agencies and are not included in these financial statements.

## OTHER DISTRIBUTIONS

In FY 99, Treasury paid property taxes amounting to \$324,565 for 251 citizens through the Elderly Property Tax program.

Highway Users Tax Fund distributions for the year were:



Federal Mineral Lease distributions were as follows: