
APPENDIX H

Research Methodology

Summary of Methodologies

This evaluation was conducted according to statutory requirements and professional standards and methods for governmental audits. The research was conducted from December 2006 through August 2007.

General Methodology

To compile basic information about the Wyoming Retirement System (Wyoming Retirement Act W.S. 9-3-401 through 9-3-432, and related statutes), we reviewed relevant statutes, rules, professional literature, legislative history, agency literature, agency budget requests, previous studies and reports and other information. To gain further understanding, we interviewed members of the WRS Board, agency staff and other officials knowledgeable about the system. We also attended various WRS Board and subcommittee meetings in February, April, and June 2007 during the information gathering portion of the project. Since LSO performed an evaluation of WRS COLAs in 1996 (and other retirement-related issues since), we concentrated on information and events from 1996 to the present.

Wyoming Retirement System: documents

We requested and obtained WRS agency documents to gather cost and operational information for the different pension plans as well as the Deferred Compensation (or 457) plan. We obtained copies of the most recent actuarial valuations for each pension plan and actuarial valuations (including experience studies) back to 1997 for the big plan. We also obtained copies of the year-end investment performance summaries for the WRS portfolio for CY '99 – '06. Further, we reviewed various policy documents, staff and board training materials, information system-related documents, and the compiled WRS Board and subcommittee meeting minutes CY '95 – '06. We also obtained various national and professional literature documents and material located on the WRS website.

Wyoming Retirement System: data

One of the biggest parts of the WRS responsibilities is to maintain consistent and accurate data on all plan members because the information is the basis for retirement benefit determinations. We requested and obtained data records for active, retired and inactive members to include

various data fields on employee and employer contributions, salaries, years of service and retirement history for the pension plans for CY '00 – '06. We also obtained records of participating employers in order to define the type and number of employers currently participating in the various pension plans. In addition, we obtained and reviewed a similar set of membership records for the Deferred Compensation plan with which to summarize and compare to the pension plan membership. Pension data originated with WRS, but the final records we obtained were the files used by WRS' consulting actuary to perform the pension plans' valuations. For both pension and Deferred Compensation plans, some fields we requested were unavailable.

Limitations of Data Analysis

In analyzing the data, we only minimally cleaned and checked the accuracy of the pension-related data as it had already been used by WRS' actuary to produce the annual valuations for the pension plans. We assumed the data was the best and most accurate available from WRS. Data analyzed for the participating employers of the pension plans was only available for the most current year (CY '06). All references in the report to participating employers should only be interpreted to represent CY '06 of the plans, not previous years.

For the Deferred Compensation plan data, the data was generally well populated and left few questions about its accuracy. Deferred Compensation data is not currently managed by WRS and it originated with the WRS' third-party record-keeper for the plan. WRS did inform us that original dates members opened Deferred Compensation accounts may not be completely accurate prior to 2001, since members may have had accounts with the plan's record-keeper prior to their joining the state's 457 plan.

Other States' Information

For various comparisons of plans and management practices, we reviewed documents and interviewed managers of other states' retirement agencies. Documents we reviewed included actuarial valuations, comprehensive annual financial reports, descriptive plan manuals for member, plan policy and governing documents, websites, plan histories, and other available state-specific documents. We attempted to get the most recent documents available from the states and generally all other states' information was labeled as of CY '06 (states had valuations and other reports dated from January 1, 2006 through December 31, 2006); this is comparable to the most recent information presented for Wyoming's plans.

We also conducted telephone interviews and e-mail correspondence with various managers and knowledgeable staff of other states' retirement agencies concerning issues covered in our report. We got original and confirming information on plan benefits, contributions, board or agency governance and investment policies, staff sizes, specialized staff positions and other related issues.