



STATE OF WYOMING
STATE AUDITOR'S OFFICE

Jack Sidi
State Auditor
Tom Jones
Deputy State Auditor

The Honorable Mike Sullivan
Governor of Wyoming
Capitol Building
Cheyenne, Wyoming 82002

Dear Governor Sullivan:

I am pleased to submit the Annual Financial Report of the State Auditor for Fiscal Year 1988.

Last year's report represented a marked departure from previous annual reports. This year's report is a continuation of our efforts to produce a document which can better be qualified as a Financial Report of the State of Wyoming.

Feel free to call on me or my staff if you have any questions about the contents of this report.

Sincerely,

A handwritten signature in cursive script that reads "Jack Sidi".

Jack Sidi
State Auditor

HIGHLIGHTS OF OFFICE OF STATE AUDITOR

By statute, the State Auditor is the chief accountant for the State of Wyoming and is responsible for all fiscal affairs of the state, unless delegated by law to another state office.

In addition to his duties as the chief accountant, since 1981 the State Auditor has conducted an auditing program to ensure prompt and proper collection of royalties relating to mineral production in the state.

The State Auditor maintains audit programs for both state and federal lands. The state land program covers leases on state property issued by the Department of Public Lands. The federal land program is conducted through the Minerals Management Service of the U.S. Department of the Interior under a contract delegating the audit authority to the state.

The federal government owns approximately two-thirds of all mineral rights in Wyoming and the state owns approximately eight percent. Wyoming receives fifty percent of all royalties collected on federal leases after deduction for Windfall Profit Tax. Because of the importance of federal leases and the income they provide to the state, special emphasis has been placed on oil and gas production from federal leases. However, in addition to that, audits have been performed on coal, trona, uranium, and sand and gravel.

As a result of the delegation agreement with the federal government, the State Auditor's Office is reimbursed 100 percent of its expenses for all audits of federal properties. During fiscal year 1988, this reimbursement amounted to \$411,037.23, which was 94 percent of the total program cost.

The following table outlines the results of the mineral auditing program for fiscal year 1988, and for the program since its inception:

<u>TYPE OF PROPERTY</u>	<u>NO. OF LEASES AUDITED</u>		<u>COLLECTIONS</u>	
	<u>FY 88</u>	<u>TO DATE</u>	<u>FY 88</u>	<u>FY 81 TO DATE</u>
Oil and Gas:				
Federal Lands	410	1,266	\$4,393,555.00	\$37,488,657.48
State Lands	19	145	164,259.51	6,327,364.84
Coal:				
Federal Lands	0	1		
State Lands	0	8		1,967,591.18
Other Minerals:				
State Lands	0	4		420,203.43
Windfall Profit Tax:				
Federal Lands				17,459,090.00
State Lands				418,141.23
	<u>429</u>	<u>1,420</u>	<u>\$4,557,814.51</u>	<u>\$64,081,048.16</u>
TOTAL DEPOSITED TO STATE TREASURY			\$2,352,308.28	\$44,135,759.16

OVERVIEW

This financial report includes the operations of all state agencies whose activities are accounted for through the state's centralized accounting system. It does not include all functions of the University of Wyoming or the state's community colleges as described in Note 1 of the Financial Statements. In these statements, we have attempted to provide an overview of the state's financial position and results of operations by providing Combined Financial Statements with individual funds grouped along the guidelines established by the National Council on Government Accounting in Statement 1 and endorsed by the Governmental Accounting Standards Board.

The State of Wyoming operates primarily on a cash receipts and disbursements basis at the current time and does not have centralized fixed asset records. Note 1 to the Combined Financial Statements describes the basis of accounting, scope of reporting and other accounting matters, including information on early retirement, and accrued vacation and sick leave for employees in more detail. Thus, the financial statements are not in conformity with Generally Accepted Accounting Principles (GAAP), applicable to governmental units. Significant departures from GAAP are reported in the notes to the Combined Financial Statements.

Certain disclosures provided in the notes to the Combined Financial Statement were obtained with the cooperation of the Retirement System, Treasurer's Office, Highway Department, and University of Wyoming.

Following the Combined Financial Statements are Combining Financial Statements and Supplementary Schedules arranged by fund type. These statements and schedules provide detail on current year and prior year revenue and expenditures of individual funds, appropriation control, and cash/investment balances of individual accounts within each fund type. Significant intra-fund transactions have been eliminated on the Combining Financial Statements so that receipts shown on the "Statement of Receipts and Disbursements" by fund type may include transfers eliminated from revenue or expenditures on the Combining and Combined Financial Statements.

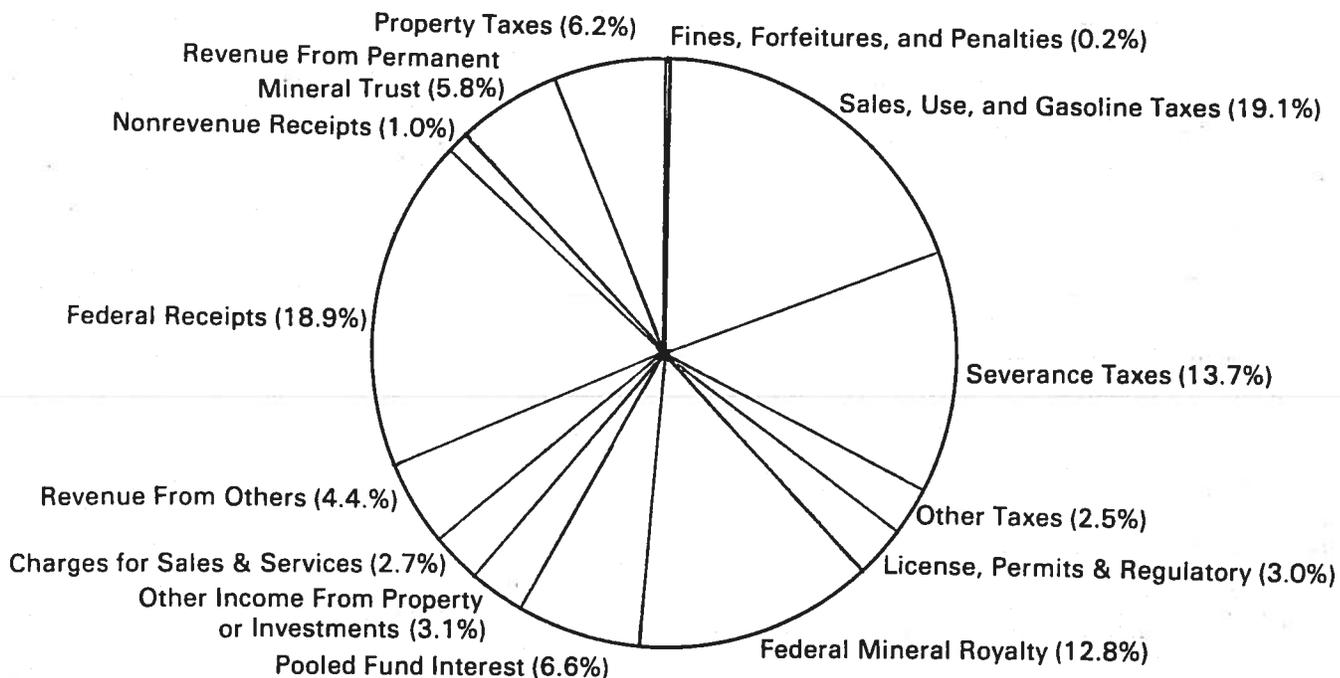
The final section, statistical data, includes historical information on selected receipts and expenditures for a five year period. It also contains a history of the budget reserve and legislative royalty impact accounts, including the amount of outstanding appropriations for each account. In addition, the history of the Wyoming Permanent Mineral Trust Fund from its creation in 1975 to present is summarized.

On the next six pages, a tabular and graphic summary of the current and prior year's revenue and expenditures by object and function is provided as an overview to the state's current financial operations. From this overview, it can be seen that revenue from general government functions (general fund, special revenue funds, and debt service fund) totaled \$1.25 billion in fiscal year 1988, a decrease of 5.6 percent from fiscal year 1987. This decrease was primarily a result of reduced property taxes, severance taxes, federal receipts (highway funds) and investment income; increased revenue from sales tax and federal mineral royalty partially offset this decline. This decline in revenues was stabilized by transfers of \$72.5 million from the state's Budget Reserve Account.

Expenditures for general government functions totaled \$1.39 billion in fiscal year 1988, a 1 percent decrease from fiscal year 1987. In the object area, this decrease was reflected in personal services (1.6 percent), restrictive costs (18.7 percent), debt service (56.7 percent) and contractual services (46.2 percent). During this period, the largest increases were reflected in grant and aid payments (7.7 percent) and capital expenditures (51 percent). In the functional area, the largest dollar decrease was reflected in transportation expenditures (15.3 percent). Other significant decreases were noted by general government (19.3 percent), regulation and licensing (11.6 percent) and local government (8.3 percent). The two areas with significantly increased expenditures were natural resources (58 percent) due to water development related payments and economic development loans and education (4.8 percent).

The State of Wyoming's proprietary funds (intragovernmental and enterprise) showed a decrease in both revenues and expenditures between fiscal years 1988 and 1987. Trust funds (pension and various permanent funds) showed a decline in revenue of \$32.3 million (8.5 percent). This was due primarily to reductions in investment income (12.9 percent) and severance taxes (6.2 percent). The only major expenditures from these funds include pension related costs which showed a \$7.2 million (16.5 percent) increase from the prior fiscal year.

STATE OF WYOMING
GRAPHIC PRESENTATION OF REVENUES BY SOURCE
ALL GOVERNMENTAL AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1988



Total Revenue = \$1,250,609,699

STATE OF WYOMING
ANALYSIS OF REVENUE - BY SOURCE
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988

Revenue/Source	Governmental & Expendable Trust ¹			Totals Memorandum only	
	Proprietary ²	Similar Trust ³	June 30, 1988	June 30, 1987	
Property Taxes	\$ 77,439,924	\$	\$ 77,439,924	\$ 99,676,129	
Sales, Use, and Gasoline Taxes	238,937,856 ⁴		238,937,856	235,170,163	
Severance Taxes	171,016,111		58,617,466	229,633,577	
Other Taxes	31,918,876	369	727,828	32,647,073	
Licenses, Permits & Regulatory	38,049,272		38,049,272	37,364,047	
Fines, Forfeitures, and Penalties	1,966,548		1,966,548	5,246,676	
Federal Mineral Royalty	160,262,661		160,262,661	131,819,081	
Pooled Fund Interest	82,144,650	521,343	12,657,216	95,323,209	
Other Income From Property or Investment	38,179,078	120	194,143,932	232,323,130	
Charges for Sales & Services	33,803,060 ⁴	52,129,329 ⁵	85,932,389	91,629,142	
Revenue From Others	55,541,936	28,766	52,708	55,623,410	
Revenue From Permanent Mineral Trust	72,274,883 ⁴		72,274,883	74,925,725	
Federal Receipts	236,673,066		4,397,334	241,070,400	
Nonrevenue Receipts	12,401,778		76,133,694	88,535,472	
	<u>\$1,250,609,699</u>	<u>\$ 52,679,927</u>	<u>\$ 346,730,178</u>	<u>\$1,650,019,804</u>	
				<u>\$1,762,862,256</u>	

¹Includes General, Special Revenue (Earmarked, Highway, Game & Fish, University & Permanent Land Income), Debt Service and Expendable Trust Funds.

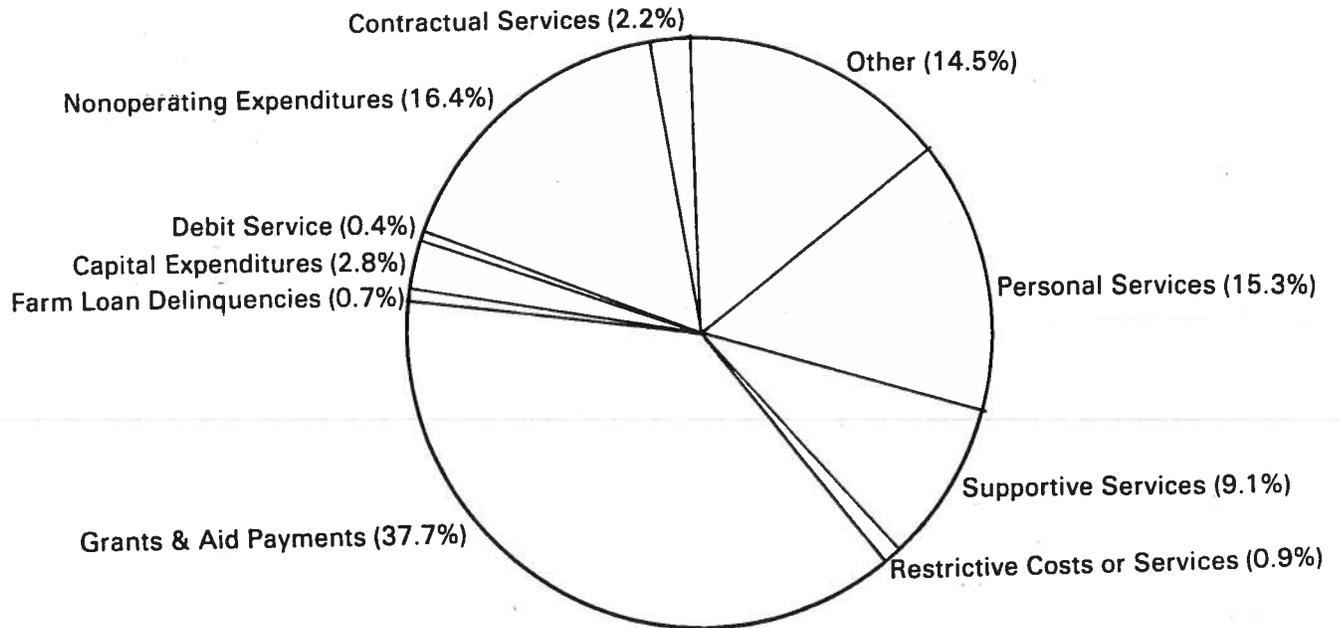
²Includes Enterprise and Intragovernmental Fund.

³Includes Nonexpendable Trust (Permanent Land, Permanent Mineral Trust and a portion of the Trust & Agency Fund) and Pension Trust Fund. It does not include receipts of the Agency Fund.

⁴Includes \$4.4 million (\$1.2 million for Taxes and \$3.2 million for Charges) from the Enterprise Fund - Liquor Commission, and \$72.3 million from the Permanent Mineral Trust Fund. These amounts are also shown as revenue in the Proprietary and Similar Trust Funds.

⁵Includes \$23 million shown in Other Funds as expenditures. This amount reflects charges made by agencies for central services provided to other state agencies, including Data Services, Motor Vehicles, Supply Warehouse, Duplicating, Telecommunications, State Airplane and Honor Farm.

STATE OF WYOMING
GRAPHIC PRESENTATION OF EXPENDITURES PAID BY OBJECT
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988



Total Expenditures = \$1,486,795,380

STATE OF WYOMING
ANALYSIS OF EXPENDITURES PAID - EXPENSES BY OBJECT
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988

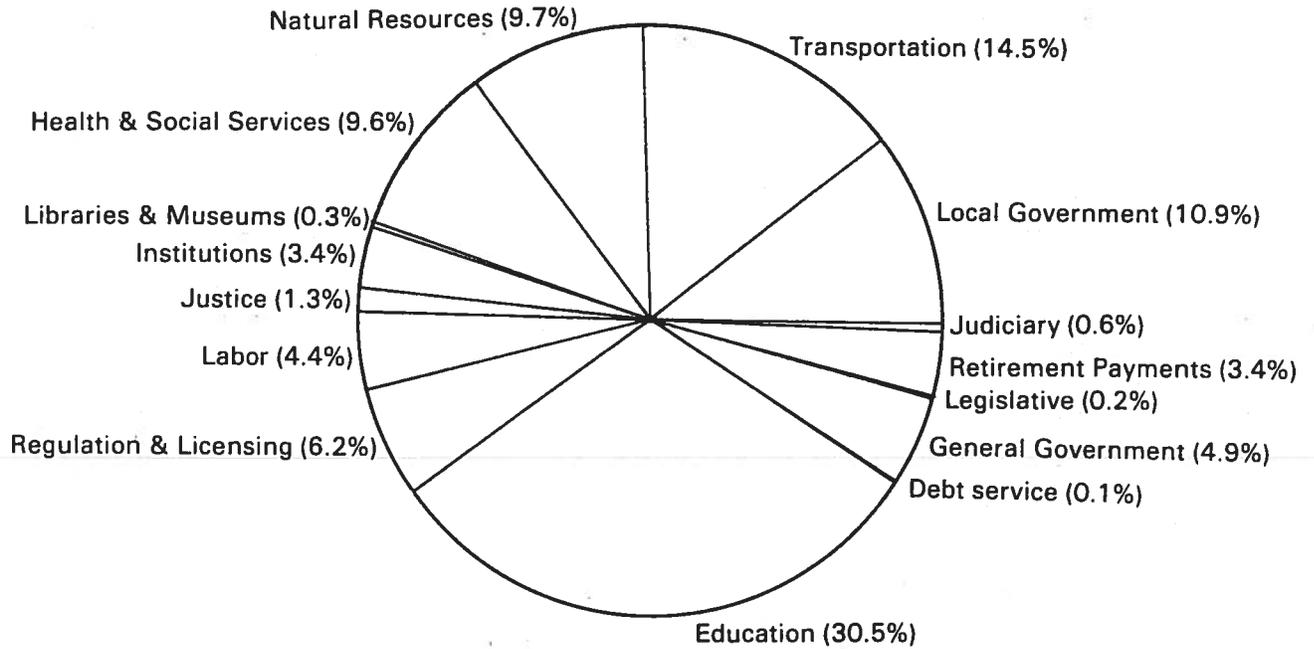
Expenditure / Object	Governmental & Expendable Trust ¹	Proprietary ²	Similar Trust ³	Totals (Memorandum only)	
				June 30, 1988	June 30, 1987
Personal Services	\$ 220,770,756	\$ 6,776,931	\$	\$ 227,547,687	\$ 231,561,630
Supportive Services	117,517,487	17,922,236	6,286	135,446,009	132,153,786
Restrictive Costs or Services	13,284,978	151,502		13,436,480	16,545,140
Grants & Aid Payments	560,986,518			560,986,518	520,461,256
Capital Expenditures	41,225,097		280	41,225,377	27,333,436
Debt Service	5,808,180			5,808,180	13,475,020
Nonoperating Expenditures	170,557,237	23,943,761	49,200,294	243,701,292	231,756,108
Farm Loan Delinquencies	10,323,380			10,323,380	
Contractual Services	30,451,504	473,963	1,636,853	32,562,320	58,925,154
Other	215,758,137			215,758,137	254,879,246
	<u>\$1,386,683,274</u>	<u>\$ 49,268,393</u>	<u>\$ 50,843,713</u>	<u>\$1,486,795,380</u>	<u>\$1,487,090,776</u>

¹Includes General, Special Revenue (Earmarked, Highway, Game & Fish, University & Permanent Land Income), Debt Service and Expendable Trust Funds. Information from Highway Fund by expenditure object code is unavailable; this amount is shown as "other."

²Includes Enterprise and Intragovernmental Fund.

³Includes Nonexpendable Trust (Permanent Land, Permanent Mineral Trust and a portion of the Trust & Agency Fund) and Pension Trust Fund. It does not include disbursements of the Agency Fund.

STATE OF WYOMING
GRAPHIC PRESENTATION OF EXPENDITURES PAID BY FUNCTION
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988



Total Expenditures = \$1,486,795,380

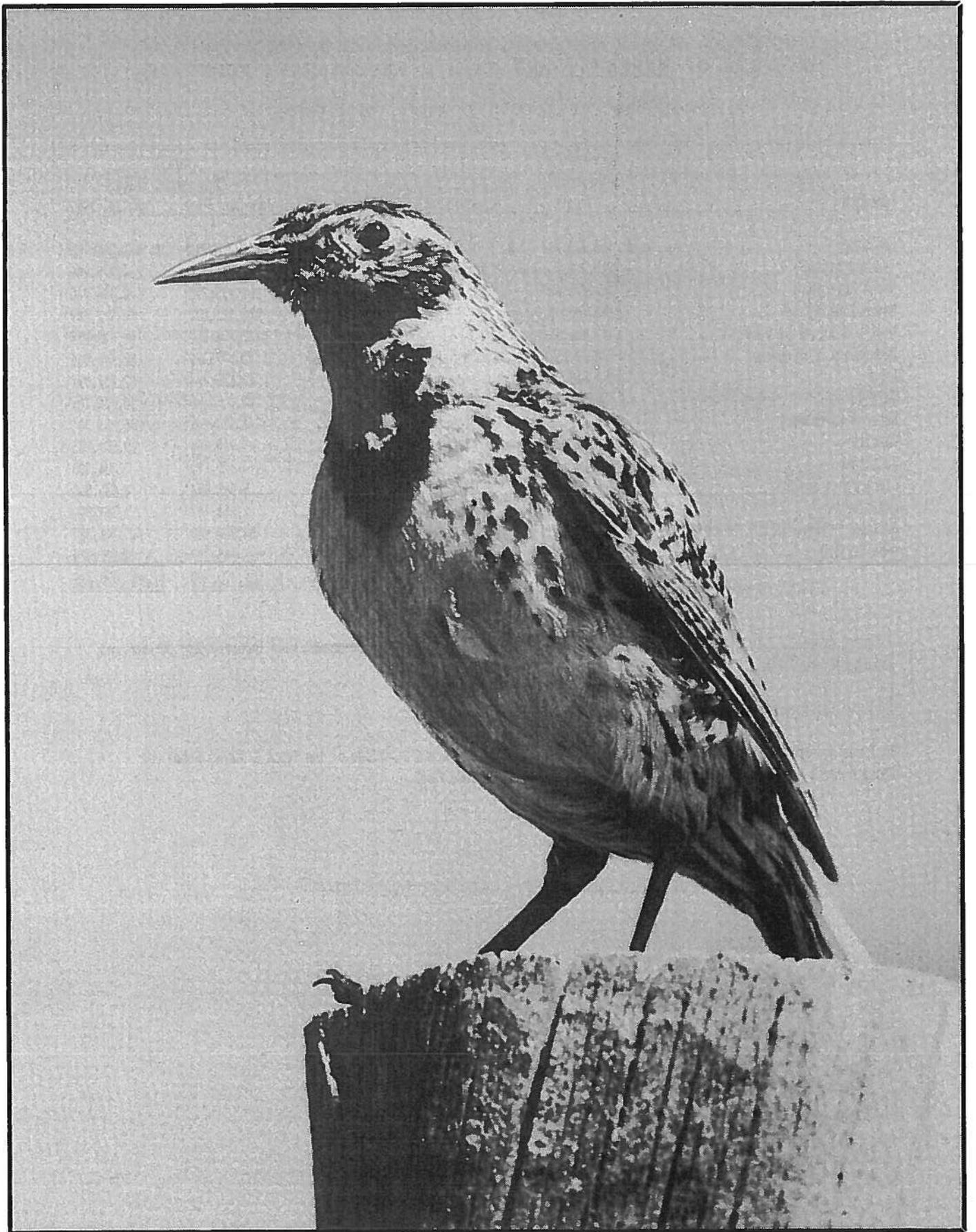
STATE OF WYOMING
ANALYSIS OF EXPENDITURES PAID - EXPENSES BY FUNCTION
ALL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1988

Function	Governmental & Expendable Trust ¹	Proprietary ²	Similar Trust ³	Totals (Memorandum only)	
				June 30, 1988	June 30, 1987
Education	\$ 453,713,712	\$	\$	\$ 453,713,712	\$ 432,888,703
Transportation	215,758,137			215,758,137	254,879,246
Local Government	161,775,625			161,775,625	176,400,040
Natural Resources	143,745,031			143,745,031	90,972,649
Health & Social Services	142,456,652			142,456,652	141,646,924
Regulation & Licensing	68,797,521	23,595,308	5,063	92,397,892	102,146,866
Labor	64,830,744			64,830,744	62,237,997
Institutions	50,384,286	531,362		50,915,648	52,816,489
General Government	48,151,719	25,141,723		73,293,442	84,283,344
Justice	19,969,084			19,969,084	20,591,835
Judiciary	8,120,229			8,120,229	7,804,908
Libraries & Museums	5,085,074			5,085,074	4,635,563
Legislative	2,254,147			2,254,147	2,742,906
Retirement Payments			50,838,650	50,838,650	43,541,327
Debt Service	1,641,313			1,641,313	9,501,979
	<u>\$1,386,683,274</u>	<u>\$ 49,268,393</u>	<u>\$ 50,843,713</u>	<u>\$1,486,795,380</u>	<u>\$1,487,090,776</u>

¹Includes General, Special Revenue (Earmarked, Highway, Game & Fish, University & Permanent Land Income), Debt Service and Expendable Trust Funds.

²Includes Enterprise and Intragovernmental Fund.

³Includes Nonexpendable Trust (Permanent Land, Permanent Mineral Trust and a portion of the Trust & Agency Fund) and Pension Trust Fund. It does not include disbursements of the Agency Fund.



"Meadowlark (State Bird)"