
A WYOMING FINANCIAL PERSPECTIVE

*A REPORT TO THE CITIZENS
OF THE STATE OF WYOMING
FOR FISCAL YEAR 2008*

Prepared by the Office of the
State Auditor
Rita C. Meyer, State Auditor

Principal State Officials

For the Fiscal Year Ending June 30, 2008

Executive Branch

Governor Dave Freudenthal

Secretary of State Max Maxfield

State Auditor Rita C. Meyer

State Treasurer Joseph B. Meyer

*Superintendent of
Public Instruction* Jim McBride

Legislative Branch

President of the Senate John Schiffer

Speaker of the House Roy Cohee

Judicial Branch

*Chief Justice of the
Supreme Court* Barton R. Voight

Letter From the State Auditor

To: The Citizens of Wyoming.
Honorable Dave Freudenthal, Governor, and
Members of the Legislature

Fiscal Year 2008 marks the sixth year that the State Auditor's Office has produced an *Annual Report to the Citizens*. The purpose of this report is to communicate relevant financial, economic, and demographic information in an easy-to-understand format. The overview of state operations presented here has been summarized from our *Comprehensive Annual Financial Report (CAFR)*. The State's financial information is presented in accordance with Generally Accepted Accounting Principles accepted in the United States of America (GAAP), and independently audited by the accounting firm of McGee, Hearne & Paiz, LLP.

The citizens' report highlights the core finances of the State and contains only selected funds. Readers that have a need for more information regarding the financial status of the State should obtain a copy of the CAFR. The CAFR, which includes the independent auditor's report, can be obtained by request from the State Auditor's Office or by accessing the State Auditor's website at: <http://sao.state.wy.us>.

Fiscal year 2008 was again about commodity prices for energy. Continued high commodity prices for oil, coal and natural gas continued to produce significant revenues for the State. The State's Net Assets increased \$1 billion for fiscal year 2008 due in large measure to increased revenues from the energy sector. Wyoming's population reached an estimated 532,638 for 2008. Wyoming's unemployment rate (3.2%) was below the national level (5.5), while total personal income continued to increase.

Wyoming's economic well being, which centers around the price for Wyoming's commodities—oil, natural gas and coal became more problematic in October 2008. This marked the beginning of the unraveling of the financial and credit markets worldwide, as well as, plummeting commodity prices for oil and natural gas. The Consensus Revenue Estimating Group (CREG) meeting in October 2008 had projected an estimated \$1 billion in surplus for the 2009 legislative session convening on January 13, 2009. CREG, meeting on January 6, 2009 saw those same projections decline \$650 million in the projected surplus. Clearly, problems originating in the financial and credit markets coupled with plummeting prices for oil and natural gas are making themselves felt in Wyoming's commodity based economy. As of this writing commodity prices for oil and natural gas remain significantly depressed from their July 2008 highs.

Such events, if they continue, will materially affect the major sources of revenue to Wyoming which are mineral severance taxes, federal mineral royalties, and sales and use taxes. The national economy continues to spiral downward with significant layoffs occurring in all sectors of the economy as the current recession continues to deepen.

The production of this report, in conjunction with the *Comprehensive Annual Financial Report* (CAFR), will be my continued commitment to clarify and improve financial reporting to you, the citizens of Wyoming, in order that you may have an accurate picture of the financial condition of your government.

Rita C. Meyer
State Auditor

OVERVIEW

For the fiscal year 2008 (July 1, 2007-June 30, 2008), Wyoming experienced positive economic and financial gains. This report will summarize those results in two sections: Economic and Financial.

Economic factors showing positive changes were population, civilian labor force, unemployment rates, personal and per capita income. The State's unemployment rate was 3.2% compared to the national average of 5.5% as of July 2008. The national average had risen to 7.2% as of December 2008 as the current recession continued to deepen. Since June 2007, Wyoming's natural resources and mining (including oil & gas) ranked as the third fastest growing industry (700 jobs, or 2.5%). This sector experienced a less robust year due in large part to the declining commodity prices cited earlier. The construction sector led the way with 2,600 jobs or 9.3%, followed by government with 2,000 jobs, or 2.9%.

The effects of the positive economic gains in 2008 are reflected in the year-end financial condition of the state. The five major governmental funds experienced a growth of \$978 million in their fund balances, and the business type funds experienced a growth of \$87 million. More detailed information on the financial statements follows on pages 9 through 13, and complete financial statements can be found in the Comprehensive Annual Financial Report for the year ended June 30, 2008 on the State Auditor's Website:

<http://sao.state.wy.us>

Wyoming by the Numbers

Wyoming Population

Wyoming's population, buoyed by an increase in jobs, was the seventh fastest growing state in population based on estimates from the U.S. Census Bureau. The total as of July 2008 was 532,668 representing an increase of 9,400 or 1.8 percent. While this was a slightly slower growth rate than in 2007 (2.1 percent), it was still the State's second fastest growth since 1982.

The reason Wyoming has had such strong population growth these last couple of years is because of job growth. The State's 2008 job growth of about 2.9 percent still is the fastest in the nation, generating about 8,800 jobs.

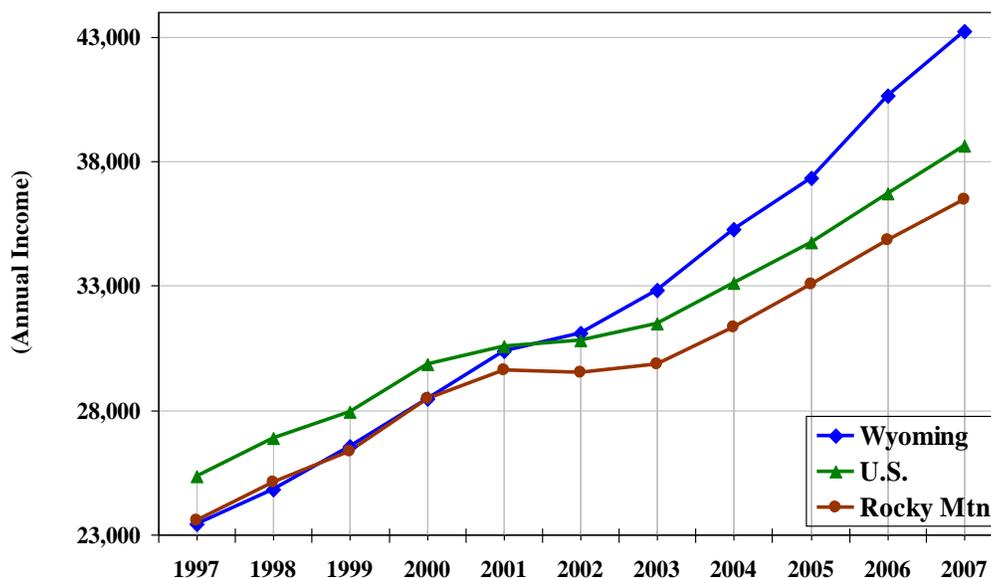
This population/job growth increase as noted occurred in the construction sector, but the mineral extraction sector saw an employment spike occur in the months of July 2008 through December 2008 even though commodity prices for minerals and natural gas had dropped significantly from their highs in July 2008. It is expected the state will see a fall off in this sector from 19.4 thousand jobs back to the plateau level of around eighteen thousand.

Per Capita Income

Per Capita Income estimates are a useful measure of an average person's economic status. Per capita income is estimated by dividing total personal income from all sources by total population. In the long run, per capita income levels of a region are affected by changing demographic composition and changing local economic conditions.

Wyoming's per capita income for 2007 of \$43,226 showed a 6.3% increase over 2006 (\$40,655). This compares to \$36,474 for the Rocky Mountain Region, and \$38,611 for the U.S. Wyoming's per capita ranking in the 50 states in 1996 was 35th, versus 6th in 2006 and again in 2007.

Per Capita Personal Income (1997-2007)



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Note: Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming



Personal Income

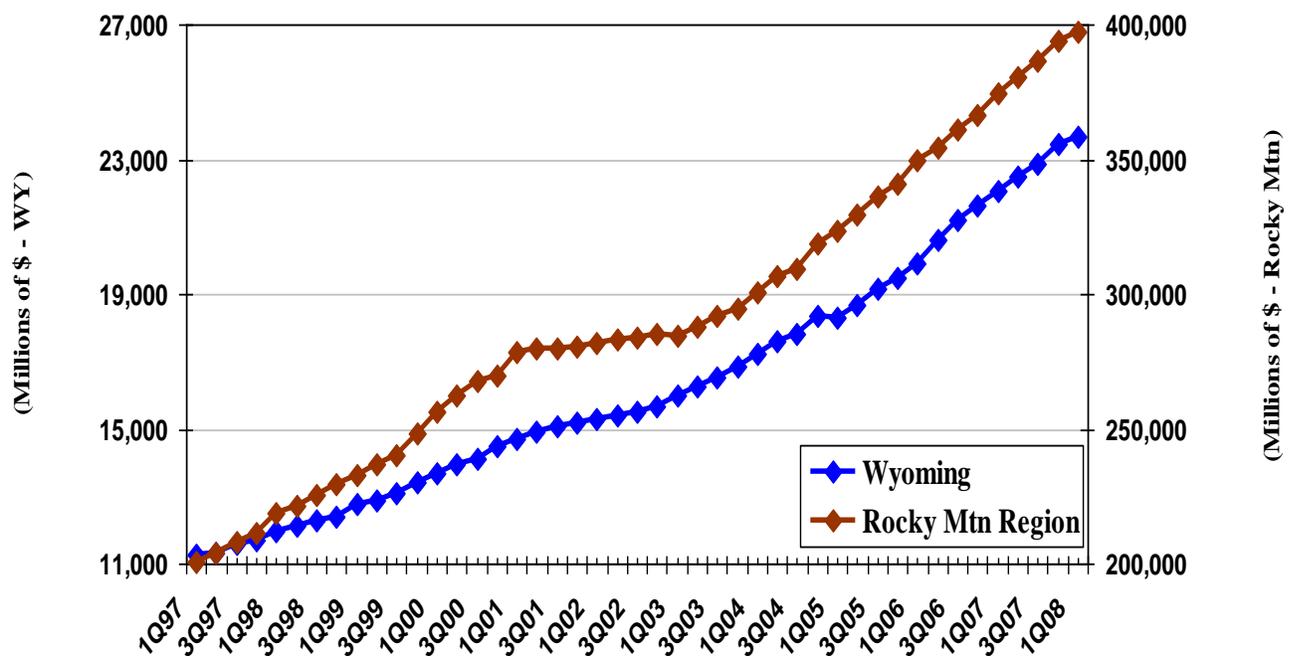
Total Personal Income (TPI) is a measure of the total income received by all the residents of a geographical area. Total personal income is calculated by adding (1) Active Income (Earnings), (2) Passive Income and (3) Government Transfers. Earned income includes money earned by individuals such as wages, salaries and profits of individual businesses. Passive income includes investment income, interest income, income from retirement plans and annuities and rental income. Government transfers include payments to individual residents from various federal, state and local government entitlement programs. These include social security and disability programs, medical payments, income maintenance, unemployment compensation and

veteran's benefits. Changes in TPI are the result of changes in the size of the labor force, average earnings, and changes in local economic conditions.

According to the Wyoming Business Council's *Quarterly Economic Report for the State of Wyoming*, the first quarter of 2008, Wyoming's total personal income rose 0.8 percent from the previous quarter and increased 7.2 percent over the year. The Rocky Mountain Region posted gains of 0.9 percent and 6.2 percent respectively for the same period.

Personal Income

Seasonally Adjusted Annual Rates (1Q97-1Q08)



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Note: Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming



Labor and Job Growth

The Wyoming Business Council in their *Quarterly Economic Report for the State of Wyoming for the period ending June 30, 2008* provided the following commentary on labor and job growth. Since June 2007, total employment in Wyoming increased by 7,700 jobs a 2.6 percent increase. As of June 2008, Wyoming was ranked #1 in the U.S. for year over year employment growth (data through June 2008).

The only other state to post growth above 2.0 percent was Texas (2.3%). The state with the greatest percentage decline in annual employment was Rhode Island (-2.6%).

In the West, Wyoming ranks #1 in job growth over the past year. The changes in employment for states in the West since June 2007 are:

Western States with Growing Employment		Western States with Declining Employment	
Wyoming	2.6%	Hawaii	- 0.1%
Texas	2.3%	California	- 0.4%
Montana	2.0%	Idaho	- 0.4%
Colorado	1.3%	Nevada	- 0.9%
Washington	1.1%	Arizona	- 1.2%
South Dakota	1.1%		
New Mexico	1.0%		
Nebraska	0.9%		
Utah	0.9%		
North Dakota	0.6%		
Alaska	0.5%		
Oregon	0.1%		

Source: U.S. Department of Labor, Bureau of Labor Statistic, CES, September 2007 preliminary estimates.

Employment Growth by Industry

Industry	Jobs	% Increase	Average Weekly Wage (Q4_07)
Construction	+2,600	9.3%	\$986
Government	+2,000	2.9%	\$797
Natural Resources & Mining	+700	2.5%	\$1,453
Leisure & Hospitality	+700	1.9%	\$339
Education & Health Services	+600	2.6%	\$733
Transportation & Utilities	+500	3.4%	\$992
Professional & Business Services	+300	1.5%	\$927
Financial Activities	+300	2.6%	\$908
Retail Trade	+300	0.9%	\$497
Wholesale Trade	+200	2.2%	\$1,037

Unemployment in Wyoming

According to the *Quarterly Economic Report for the State of Wyoming for the period ending June 30, 2008* prepared by the Wyoming Business Council, unemployment rates fluctuated

between 2.7 and 3.2 percent through the first half of 2008. Wyoming's unemployment rate remains below that of the U.S. and the Mountain Region. Wyoming's unemployment rate is currently 3.2 percent, while the Mountain Region's rate is 4.7 and the U.S. rate is at 5.5. Of all the geographic divisions, the East North Central Division* posted the highest jobless rate in September at 6.7 percent.

*East North Central Division includes Illinois, Indiana, Michigan, Ohio, and Wisconsin

SA* Unemployment Rates for the U.S., Mountain Region and Wyoming

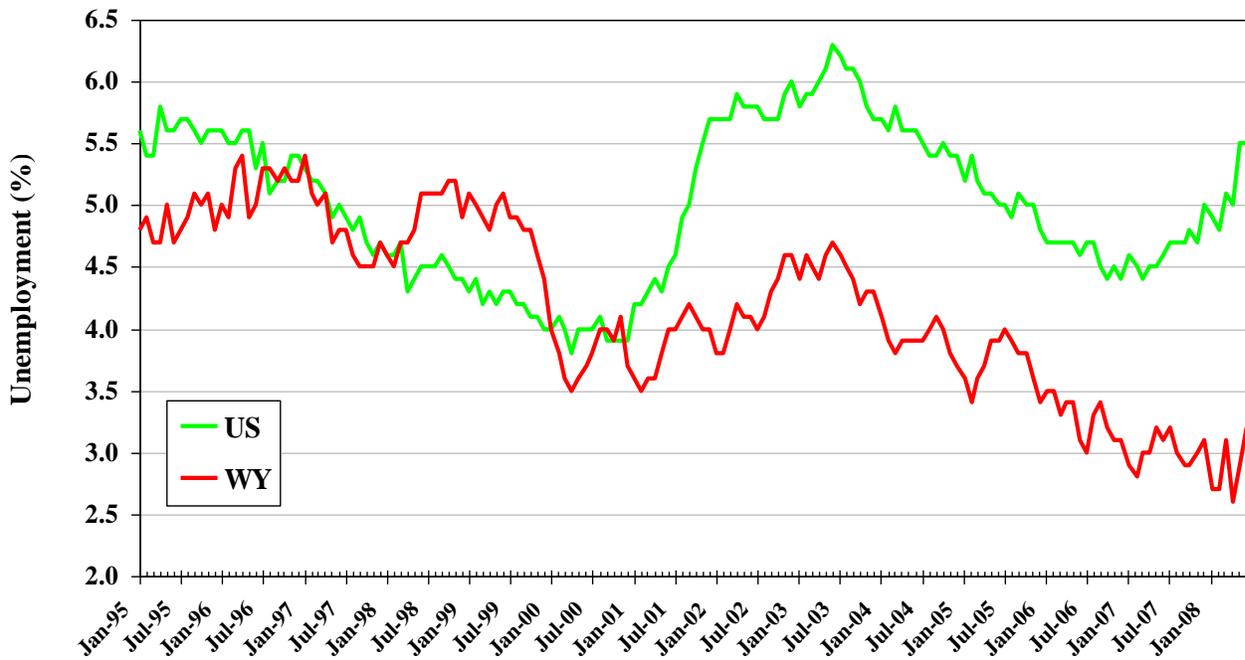
	Jul-07	Aug	Sep	Oct	Nov	Dec	Jan-08	Feb	Mar	Apr	May	Jun
U.S.	4.7	4.7	4.7	4.8	4.7	5.0	4.9	4.8	5.1	5.0	5.5	5.5
Mtn. Region	3.6	3.7	3.7	3.8	3.9	4.0	4.0	4.0	4.1	4.0	4.4	4.7
WY	3.2	3.0	2.9	2.9	3.0	3.1	2.7	2.7	3.1	2.6	2.9	3.2

Source: Wyoming Department of Employment, Research & Planning, and the U.S. Department of Labor, Bureau of Labor Statistics

Note: Mountain Region includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming

*SA = Seasonally Adjusted

Seasonally Adjusted Unemployment Rates for WY and the U.S. (January 1995 – June 2008)



Source: Wyoming Department of Employment, Research & Planning, CES Series.



Economic Outlook

The following is provided from the State's Economic Analysis Division for the 3rd quarter of 2008.

As the global economy is contracting, the U.S. economy is probably suffering its worst setback since the Great Depression. Job losses are accelerating, and real GDP is contracting sharply. As a result of declining house and stock prices, household wealth is rapidly falling. With extremely low confidence, plus having trouble borrowing, consumers continue to cut back on spending, particularly on motor vehicles. They are reluctant to take the savings from lower gasoline and automobile prices to purchase other retail goods. The current downturn in the U.S. economy could be longer, more severe, and broader than any recession since the 1930s.

As the recession is hurting most regions in the country, the Cowboy State's job market growth continued to hold well for the third quarter of 2008. Compared to third quarter 2007, employment in the State increased by 8,800 jobs or 3.0 percent, still the fastest in the nation. The unemployment rate climbed up to 3.6% in the quarter, while it jumped to 6.0 percent in the U.S. for the same period. Wyoming's employment growth was spread out across many industries.

Natural resources and the mining sector demonstrated the fastest increase with 6.4 percent, or 1,770 jobs, while government added 2,070 jobs, or 3.2 percent over the year. All, but the manufacturing and information industrial super sectors, recorded annual job growth during the third quarter 2008. Construction, wholesale trade, educational & health services industries also experienced a growth rate of over 3.0 percent respectively. Despite the slowdown in residential building, commercial construction and public projects in the State have been continuing at a strong pace.

Wyoming's employment growth continues, and labor demand is still robust. This will prevent a sizeable downturn in consumer spending. The jobless rate is still low by historical standards, and employers remain willing to absorb job seekers. However, as oil and gas prices fall sharply, drilling activity in many areas of the nation is slowing more than expected. If the current depressed energy prices continue to fall, this could put pressure on jobless claims with weaker growth in the construction and mining industries, and may therefore deteriorate wage growth in the State.

Although the State's economy is currently being dominated by strong gains in the energy and construction industries, the limitations of Wyoming's poor industrial diversity may become apparent over the long run. The industrial structure is well suited

for an environment of rising energy prices, but the State possesses few other growth drivers. The large share of government employment helps cushion fallout from layoffs in private industries. However, Wyoming's low concentration of manufacturing, financial, and business services may cause the State to fail in catching the tailwinds of the national economy's eventual rebound Wyoming continues to be inextricably linked to the mining industry which includes oil and gas extraction. This industry's impact is felt throughout Wyoming's economy, in the high paying jobs it provides, the taxes it pays and the revenues it provides both at the local level and the state level.

How important is the minerals industry to Wyoming's economy?

A further indicator as to the reliance of a sector in an overall view of an economy is called the Industrial Diversification Index (IDI). This is a measure of state employment by major industry relative to the national economy industry mix. The higher the index value the closer the industry mix is to the U.S. industry mix.

Wyoming had an Industrial Diversification Index for 2006 (the latest available) of 34.9, which is an indication of a not very diverse economy.

Financial Reporting Information

This Popular Report contains information from only selected funds and does not include any of the State's component units.

Wyoming accounts for its revenues and expenditures within various funds and fund types. In general, there are three types of funds: governmental, proprietary (business-type) and fiduciary. Fiduciary funds' assets are held in a trustee or agency capacity for others and cannot be used to support the State's own programs. Therefore fiduciary funds are not included within this report. Within Governmental Funds, there are five fund types: general, special revenue, debt, capital improvement, and permanent. Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs.

Component units are governmental entities legally separate from the State but with significant operational or financial relationships with the State. The discretely presented component units of the State are the University of Wyoming, Department of Transportation, Wyoming Pipeline Authority, Wyoming Infra-Structure Authority, Wyoming Community Development Authority, and the Wyoming Business Council. All of these entities issue their own financial statements. Contact information can be found at the end of this report.

The proprietary (business-type) funds include Enterprise Funds and the Internal Service Funds. The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governmental units, on a cost-reimbursement basis. The Internal Service Funds are reported with the Governmental Funds in the Statement of Net Assets and Statement of Activities but are shown as a proprietary (business-type) fund under the modified accrual accounting method.

Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private enterprise-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the State has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenue and expenses are classified as operating and non-operating. Operating revenues and expenses generally result from providing goods and services. All other revenues and expenses are reported as non-operating.

The State reports its governmental and business-type funds on the same full accrual basis of accounting in its Statement of Net Assets and Statement of Activities.

Financial Highlights

Government-Wide:

- The assets of the State of Wyoming exceeded its liabilities as of June 30, 2008 by \$11.3 billion (reported as net assets). Of this amount, \$3.8 billion is unrestricted net assets that may be used to meet the government's ongoing obligations. Component units reported net assets of \$6.5 billion.

Fund Level:

- As of June 30, 2008, the State of Wyoming's governmental funds reported combined ending fund balances of \$10.4 billion, an increase of \$1 billion.
- At the end of the fiscal year, unreserved fund balance for the general fund was \$10 million. This was after the transfer of \$642 million to the Budget Reserve Fund, per legislative directive.
- The enterprise funds reported net assets at year-end of \$462 million.

Government-wide Financial Analysis

	State of Wyoming's Net Assets for Fiscal Year Ended June 30, 2008					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2008	2007	2008	2007	2008
Current and other non-current assets	\$ 14,370,787,909	\$ 15,263,823,788	\$ 1,936,298,567	\$ 2,024,546,873	\$ 16,307,086,476	\$ 17,288,370,661
Capital assets, net of accumulated depreciation	424,839,576	514,786,521	4,333,676	2,893,256	429,173,252	517,679,777
Total assets	14,795,627,485	15,778,610,309	1,940,632,243	2,027,440,129	16,736,259,728	17,806,050,438
Current liabilities	4,931,385,555	4,839,086,685	800,343,873	768,794,114	5,731,729,428	5,607,880,799
Long-term liabilities	96,245,433	89,522,108	771,990,481	796,356,041	868,235,914	885,878,149
Total liabilities	5,027,630,988	4,928,608,793	1,572,334,354	1,565,150,155	6,599,965,342	6,493,758,948
Net assets:						
Invested in capital assets, net of related debt	377,054,638	469,809,103	4,023,040	2,730,936	381,077,678	472,540,039
Restricted	6,095,047,829	6,582,594,145	342,939,117	438,386,465	6,437,986,946	7,020,980,610
Unrestricted (deficit)	3,295,894,030	3,797,598,268	21,335,732	21,172,573	3,317,229,762	3,818,770,841
Total net assets	\$ 9,767,996,497	\$ 10,850,001,516	\$ 368,297,889	\$ 462,289,974	\$ 10,136,294,386	\$ 11,312,291,490

State of Wyoming's Changes in Net Assets for Fiscal Year Ended June 30, 2008 Statement of Activities						
	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program revenues:						
Charges for services	\$ 165,042,682	\$ 256,924,154	\$ 414,786,895	\$ 422,386,614	\$ 579,829,577	\$ 679,310,768
Operating grants	908,570,771	933,935,477	3,898,062	3,386,536	912,468,833	937,322,013
Capital grants and contributions	6,138,458	5,997,717	0	0	6,138,458	5,997,717
General revenues:						
Taxes	2,619,722,171	3,149,557,383	0	0	2,619,722,171	3,149,557,383
Investment income	1,099,108,962	403,719,161	649,10,931	47,523,826	1,164,019,893	451,242,987
Total revenues	4,798,583,044	4,750,133,892	483,595,888	473,296,976	5,282,178,932	5,223,430,868
Expenses:						
General government	514,362,797	496,018,747	0	0	514,362,797	496,018,747
Business regulations	24,590,452	30,756,984	0	0	24,590,452	30,756,984
Education	1,210,355,791	1,363,669,891	0	0	1,210,355,791	1,363,669,891
Health services	670,919,762	803,030,483	0	0	670,919,762	803,030,483
Law, justice and safety	208,398,562	225,666,408	0	0	208,398,562	225,666,408
Employment	35,688,098	54,599,502	0	0	35,688,098	54,599,502
Recreation and resource development	415,584,990	415,003,026	0	0	415,584,990	415,003,026
Social services	120,899,768	141,294,358	0	0	120,899,768	141,294,358
Transportation	55,912,419	166,731,502	0	0	55,912,419	166,731,502
Interest	2,398,324	2,651,584	0	0	2,398,324	2,651,584
Workers' Compensation Insurance			175,109,179	230,492,115	175,109,179	230,492,115
Liquor Commission			65,002,709	70,170,582	65,002,709	70,170,582
Canteen Fund			1,099,997	1,322,405	1,099,997	1,322,405
Subsidence Insurance			26,638	28,527,9	26,638	28,527,9
Honor Farm Ag. sales			363,706	408,463	363,706	408,463
WY Health Insurance			8,886,860	16,816,636	8,886,860	16,816,636
Unemployment Compensation			37,444,434	49,055,382	37,444,434	49,055,382
Total expenses	3,259,110,963	3,699,422,485	287,933,523	368,550,862	3,547,044,486	4,067,973,347
Increase (decrease) in net assets before transfers	1,539,472,081	1,050,711,407	195,662,365	104,746,114	1,735,134,446	1,155,457,521
Transfers	8,556,196	10,754,029	(8,556,196)	(10,754,029)	0	0
Increase (decrease) in net assets	1,548,028,277	1,061,465,436	187,106,169	93,992,085	1,735,134,446	1,155,457,521
Net assets beginning	8,228,650,356	9,767,996,497	18,119,720	368,297,889	8,409,842,076	10,136,294,386
Prior Period Adjustment (Footnote 1(D))	(8,682,136)	20,539,583	0	0	(8,682,136)	20,539,583
Net assets beginning restated	8,219,968,220	9,788,536,080	18,119,720	368,297,889	8,401,159,940	10,156,833,969
Net assets ending	\$ 9,767,996,497	\$ 10,850,001,516	\$ 368,297,889	\$ 462,289,974	\$ 10,136,294,386	\$ 11,312,291,490

Financial Analysis of the State of Wyoming's Funds

As noted earlier, the State of Wyoming uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the State of Wyoming's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources, as stated earlier. Such information is useful in assessing the State of Wyoming's financing requirements.

In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the State of Wyoming's governmental funds reported combined ending fund balances of \$10.4 billion, an increase of \$1 billion, in comparison with the prior year. Of this total fund balance, \$6.4 billion, is reserved within the permanent funds as nonexpendable. In addition, a portion of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, \$515 million, 2) for loans and advance receivables, \$370 million or 3) for inventory and prepaid expenses \$3 million.

General Fund. The general fund is the chief operating fund of the State of Wyoming. At the end of the current fiscal year, unreserved fund balance of the general fund was \$10 million, while total fund balance was \$212 million. The net change in fund balance for 2008 in the general fund was a \$582 million decrease. A major element which factors in the change in fund balance, as to whether the change is a decrease as it is this year or an increase which it was last year, is primarily a result of a legislative directive that requires the undesignated general fund balance to be capped at an amount not to exceed \$10 million at the end of a biennium. Because Fiscal Year 2008 is the end of the biennium, this cap applies, and the amount in excess of \$10 million is transferred out to the Budget Reserve Fund. For this reporting period this transfer totaled \$642 million. This legislative requirement will continue to cause significant swings in the General Fund's undesignated fund balance from year to year until appropriately corrected.

Foundation Program Fund. Fund balance at June 30, 2008 totaled \$450 million, a net increase in fund balance of \$347.5 million. This fund had carried a legislative restriction on its undesignated fund balance which stated it shall not exceed \$100 million. This restriction is no longer in effect due to the Excellence in Higher Education Endowment Fund (Hathaway Scholarship and Excellence in Higher Education funds being fully funded during fiscal year 2008). For the biennium ending June 30, 2010, the undesignated fund balance in excess of \$100 million is to be transferred to the Permanent Common School Land Fund.

Legislative Reserve Fund. Fund balance at June 30, 2008 totaled \$1.4 billion, a net increase in fund balance \$729 million for the year. A major portion of this increase was the \$642 million being transferred from the General Fund to this fund.

Common School Land Fund. As of June 30, 2008, this fund balance totaled \$1.9 billion, a net increase in fund balance of \$107 million for the year. This increase due to those school trust lands managed for the benefit of schools producing \$35 million more in revenues over 2007, and investment income \$65 million greater in 2008 than in 2007.

Permanent Mineral Trust Fund. Fund balance at June 30, 2008, totaled \$4.2 billion, a net increase in fund balance of \$377 million for the year. These changes between years is primarily due to a \$105 million increase in mineral severance taxes, and a return of

interest income from the General Fund, resulting in \$171 million in investment earnings being returned to this corpus per legislatively directed caps.

Proprietary funds. The State of Wyoming's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds as of June 30, 2008, totaled \$21.2 million. The major enterprise fund, the Worker's Compensation Fund, had net assets of \$142 million as of June 30, 2008, which is a \$73.1 million improvement over the prior year. This increase due to revenues primarily from charges for sales and service and investment income being sufficient to pay operating expenses including claims and benefits and produce this net increase.

General Fund Revenues:

General Fund Revenue and Other Financing Sources for Fiscal Year Ended June 30, 2008				
	FY07	FY08	Increase (Decrease)	Percent Change
Taxes:				
Sales & Use	\$ 507,799,309	\$ 530,924,672	\$ 23,125,363	5%
Mineral Severance	214,195,441	253,634,701	39,439,260	18%
Other Taxes	30,844,715	27,131,325	(3,713,390)	-12%
Licenses and Permits	7,121,315	7,733,900	612,585	9%
Fines & Forfeitures	2,218,064	4,558,858	2,340,794	106%
Use of Property	6,376,143	3,948,472	(2,427,671)	-38%
Investment Income	469,182,014	387,252,587	(81,929,427)	-17%
Charges for Sales & Services	41,672,823	24,400,200	(17,272,623)	-41%
Revenue from Others	25,316,779	23,687,620	(1,629,159)	-6%
Federal	585,697,295	568,599,536	(17,097,759)	-3%
Miscellaneous Receipts	65,831	1,338,632	1,272,801	1933%
Federal Mineral Royalties	2,000,000	2,000,000	0	0%
Total Revenues	1,892,489,729	1,835,210,503	(57,279,226)	-3%
Other Financing Sources:				
Capital Leases	865,423	387,801	(477,622)	-55%
Transfers-In	1,146,564,237	720,622,368	(425,941,869)	-37%
Total Other Financing Sources	1,147,429,660	721,010,169	(426,419,491)	-37%
Total Revenue & Other Financing Sources	\$ 3,039,919,389	\$ 2,556,220,672	\$ (483,698,717)	-16%

General Fund Expenditures:

General Fund Expenditures and Other Financing Sources for Fiscal Year Ended June 30, 2008				
	FY07	FY08	Increase (Decrease)	Percent Change
General Government	\$ 332,147,341	\$ 239,241,876	\$ (92,905,465)	-28%
Business Regulation	7,581,622	9,413,446	1,831,824	24%
Education	373,334,406	431,565,472	58,231,066	16%
Health Services	664,911,556	766,635,001	101,723,445	15%
Law, Justice and Safety	193,736,842	207,832,337	14,095,495	7%
Employment	36,350,569	48,258,831	11,908,262	33%
Recreation & Resource Development	213,061,441	258,640,028	45,578,587	21%
Social Services	122,013,645	136,671,161	14,657,516	12%
Transportation	55,912,419	166,731,502	110,819,083	198%
Total Expenditures	1,999,049,841	2,264,989,654	265,939,813	13%
Other Financing Uses				
Transfers-Out	337,568,552	873,244,090	535,675,538	159%
Total Expenditures & Other Financing Uses	\$ 2,336,618,393	\$ 3,138,233,744	\$ 801,615,351	34%

Further explanation is provided in the MD&A of the 2008 CAFR at pages 11-15 with respect to those revenues and expenditures experiencing significant percentage changes from Fiscal Year 2007 to Fiscal Year 2008.

Revenue Capacity—Major Own Source Revenue

Mineral severance taxes have in recent years been the State's largest own source of revenue. Own source revenues are a measure of the State's ability to generate its most significant own-source revenues or revenue capacity. Sales and use taxes are also a significant source of the State's own-source revenue.

Another major source of revenue to the State is federal mineral royalties. These revenues are distributed from the federal government and thus are not considered an own-source revenue.

The table which follows shows by mineral source the amount of severance taxes coming into the State for the last 10 years.

Major Own Source Revenue - Mineral Severance Taxes

Fiscal Year Distribution by Mineral

Last Ten Fiscal Years

Fiscal Year	Crude Oil	Natural Gas	Coal	Trona	Other	Total
1999	\$ 29,660,885	\$ 73,928,406	\$ 85,333,688	\$ 6,547,419	\$ 988,806	\$ 196,459,204
2000	57,322,887	120,540,411	85,163,673	10,959,901	1,156,732	275,143,604
2001	74,664,462	266,647,882	97,478,127	8,332,546	850,262	447,973,279
2002	54,598,527	128,073,614	109,711,373	6,012,061	1,038,386	299,433,961
2003	68,127,067	229,972,369	122,317,716	7,529,180	1,169,890	429,116,222
2004	71,557,596	349,664,757	133,353,154	7,758,262	1,233,159	563,566,928
2005	101,130,974	465,857,637	148,945,690	9,095,299	1,627,254	726,656,854
2006	133,837,369	673,431,324 ¹	180,844,372	9,776,115	3,187,738	1,001,076,918
2007	137,514,018	498,622,081 ¹	212,470,401	12,767,389	2,425,031	863,798,920
2008	214,996,247	625,637,562	235,891,670	14,773,518	2,653,014	1,093,952,011

Source: Dept. of Administration & Information, Economic Analysis Division; Wyoming State Government Revenue Forecast Fiscal Year 2009-2014

Notes:

Taxes do not directly coincide with the entity wide statements due to the amounts including cities, towns, counties and component units' portions.

¹ Fiscal Year 2006 and 2007 natural gas revenues include \$19.5 million and \$13.3 million respectively in previously protested severance taxes from prior production years.

Sources:

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June 30, 2008

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