
**A WYOMING
FINANCIAL
PERSPECTIVE**

*A REPORT TO THE CITIZENS
OF THE STATE OF WYOMING
FOR FISCAL YEAR 2009*

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

Principal State Officials

For the Fiscal Year Ending June 30, 2009

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 Hines

Speaker of the House Colin Simpson

Judicial Branch

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

Letter From the State Auditor

March 8, 2010

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

Fiscal Year 2009 marks the seventh 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>.

It is well known that Wyoming's economic well-being continues to depend primarily on the mineral industry. Wyoming's economy is the least diversified of the 50 states. Revenues to the State of Wyoming are generated by the production of oil, natural gas, coal, trona and coal bed methane gas and come from severance taxes, ad valorem tax on production, ad valorem tax on real and personal property and federal mineral royalties from production on federal lands in Wyoming.

The record-setting commodity prices the global economy encountered in 2008 dissipated by the end of fiscal year 2009. Comparing numbers from *Wyoming Insight*, a monthly publication issued by the Economic Analysis Division, from July 29, 2008 and July 28, 2009 editions, reveals the following about Wyoming's economy: Wyoming's inflation rate had fallen from 7.9% to 4.7%; unemployment had risen from 3.2% to 5.9%; spot prices for Wyoming commodities for this same period were natural gas \$8.30 to \$2.83; Wyoming sour \$126.72 to \$57.83; Wyoming sweet \$126.72 to \$56.77; NYMEX-sweet futures for Oct 08 \$125.58 to Oct 09 \$68.36. The decline in commodity prices directly translated to decreased revenues in severance taxes and federal mineral royalties. The increase in unemployment, primarily in the construction and mining sectors, directly affected the amount of sales and use tax collections, which came in

under forecast for fiscal year 2009. Overall, Wyoming lost 8,900 jobs between July 2008 and July 2009.

The Consensus Revenue Estimating Group (CREG), the source for state revenue forecasts for purposes of budget preparation and appropriation, have continued to adjust their forecasts down from their October 2008 forecast. Meeting in October 2008, CREG released its preliminary assessment for the balance of the 2009-2010 Biennium. CREG estimated there would be approximately \$1.5 billion surplus, with \$900 million for the General Fund/Budget Reserve and \$600 million for the foundation program. CREG met again in May 2009 and again adjusted their forecasts down for the balance of the 2009-2010 biennium and for the upcoming 2011-2012 biennium. This adjustment for the balance of the 2009-2010 biennium resulted in the Governor ordering a ten percent reduction in operating budgets for fiscal year 2010. This action resulted in reducing 2009-2010 General Fund Appropriations by approximately \$205 million.

The decline in revenues from this sector will have a wave-like effect rather than a slight ripple effect. From their October 2008 revenue forecast for the 2011-2012 biennium to their October 2009 revenue forecast for the same period—total projected revenues had fallen by \$1.2 billion.

The continued loss of jobs and the impact on sales and use tax collections contributed significantly to this reduction. The recession had come to Wyoming.

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 2009 (July 1, 2008-June 30, 2009), Wyoming experienced less than positive economic and financial gains. This report will summarize those results in two sections: Economic and Financial.

Economic factors which reflect the recession's impact on Wyoming include: a declining oil and gas labor market, an unemployment rate on the rise, and declining commodity prices. The State's unemployment rate rose to 5.2% for fiscal year 2009 compared to 3.2% for fiscal year 2008. The national average had risen to 9.5% as of December 2009 from 4.5% at June 30, 2008, a result of the current recession continuing to deepen.

Wyoming had added 10,000 new jobs in fiscal year 2007. For fiscal year 2008 Wyoming added 8,000 jobs. The recession hit Wyoming in fiscal year 2009. This was the first year in 21 years that Wyoming experienced a net job loss, and statewide payroll shrank from one year to the next. For fiscal year 2009 Wyoming lost 8,900 jobs.

The effects of the negative economic factors in 2009 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 for fiscal year 2008. For fiscal year 2009 these five major governmental funds experienced a decline of \$546.5 million in their fund balances, a change of \$1.5 billion year over year in change in fund balances. More detailed information on the financial statements follows on pages 13 through 19, and complete financial statements can be found in the Comprehensive Annual Financial Report for the year ended June 30, 2009 on the State Auditor's Website:

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

Wyoming by the Numbers

Wyoming Population

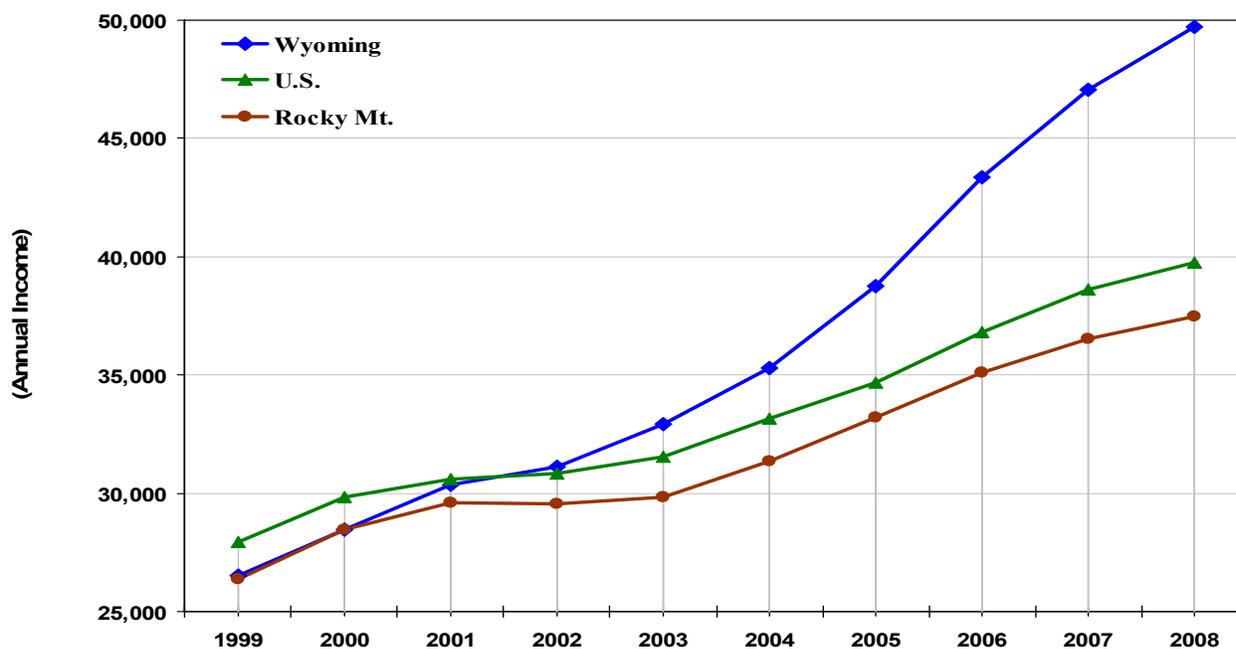
Wyoming's population growth for fiscal year 2009 was ranked the fastest in the nation. The increase from 2008 to 2009 was nearly 11,300 or 2.1 percent. The total as of July 2009 was 544,270 versus 532,668 as of July 2008. This growth rate was also the State's strongest, since 1982, the last year of the oil boom. With the recession coming to Wyoming, the State has experienced a rapid loss of jobs and a jump in the unemployment rate since the start of 2009. According to Dr. Wenlin Liu, Senior Economist with the Economic Analysis Division, State of Wyoming, "The State has been facing the worst economic recession since the late 1980s."

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 2008 of \$49,719 showed a 5.7% increase over 2007 (\$43,226). This compares to \$37,459 for the Rocky Mountain Region, and \$39,751 for the U.S. Wyoming's per capita ranking in the 50 states in 1996 was 35th, versus 3rd in 2008.

Per Capita Personal Income (1999-2008)



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,

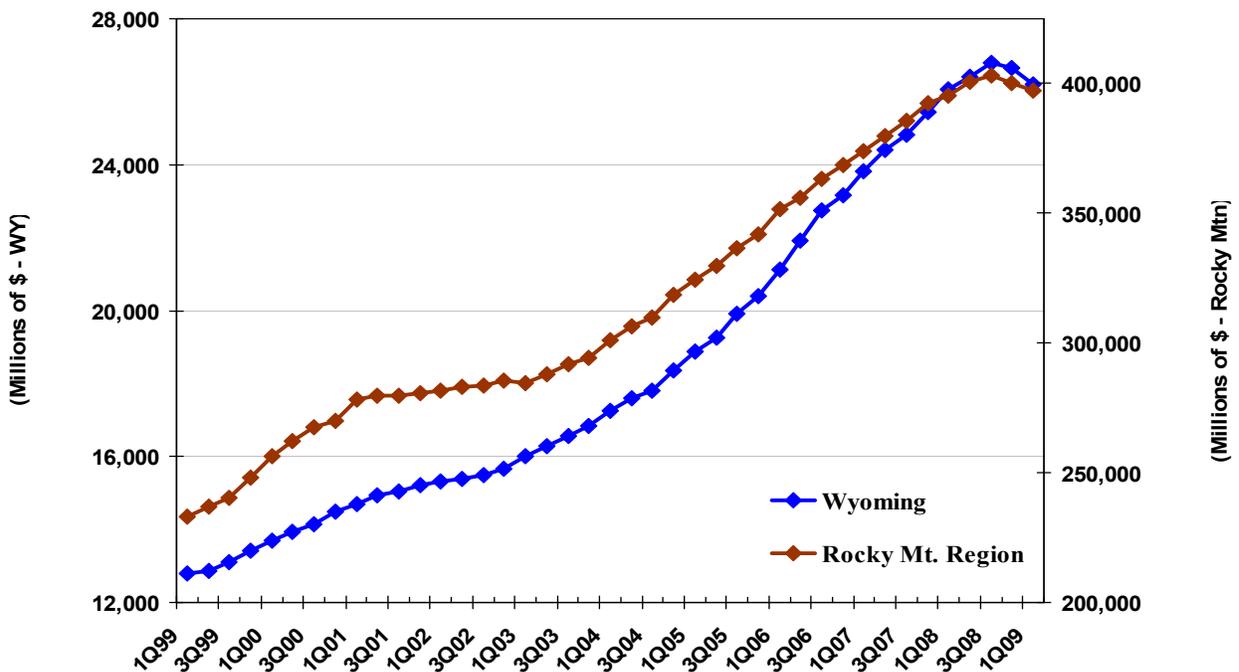
state and local government entitlement programs. These include social security and disability programs, medical payments, income maintenance, unemployment compensation and veteran's benefits. Changes in TPI are the result of changes in the size of the labor force, average earnings, and changes in local economic conditions.

According to the Wyoming Business Council's *Quarterly Economic Report for the State of Wyoming*, during the first quarter of 2009, Wyoming's total personal income fell -1.6 percent from the previous quarter, but increased 0.6 percent over the year. The Rocky Mountain region posted a -0.7 percent loss over the previous quarter and a 0.5 percent increase over the year

Personal Income

Seasonally Adjusted Annual Rates

(1Q99-1Q09)



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 2008, total employment in Wyoming decreased by 7,900 jobs (-2.6%). As of June 2009, Wyoming was ranked #12 in the U.S. for year over

year employment growth/decline (data through June 2009). The only state to post growth above zero percent is North Dakota (1.5%). The state with the greatest percentage decline in annual employment was Michigan (-8.0%).

In the West, Wyoming ranks #5 in job growth/decline over the past year. The changes in employment for states in the West since June 2008 are:

Western States with Growing Employment		Western States with Declining Employment	
North Dakota	1.5%	Alaska	- 0.3%
		Montana	- 1.0%
		South Dakota	- 1.5%
		Nebraska	- 1.7%
		Wyoming	- 2.6%
		Texas	- 2.6%
		New Mexico	- 3.1%
		Hawaii	- 3.4%
		Washington	- 3.5%
		Utah	- 3.7%
		Colorado	- 4.4%
		Idaho	- 4.9%
		California	- 5.2%
		Oregon	- 5.6%
		Nevada	- 6.5%
		Arizona	- 7.6%

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

Employment Growth by Industry

Wyoming's job growth since June 2008 (2,100 jobs) has occurred in the following industries:

Industry	Jobs	% Increase	AWW (Q4 08)
Government	+1,400	2.0%	\$837
Education & Health Services	+500	2.0%	\$782
Wholesale Trade	+100	1.1%	\$1,165
Information	+100	2.5%	\$729

Sources: Wyoming Department of Employment, Research & Planning, CES, June 2009 (number of jobs) and QCEW, 4th Quarter 2008 (average weekly wages).

Wyoming's job decline since June 2008 (-10,000 jobs) has occurred in the following industries:

Industry	Jobs	% Decrease	AWW (Q4_08)
Natural Resources & Mining	- 3,500	- 11.9%	\$1,511
Construction	- 3,500	- 11.9%	\$1,014
Professional & Business Services	- 1,100	- 5.6%	\$940
Leisure & Hospitality	- 1,000	- 2.6%	\$332
Retail Trade	- 400	- 1.2%	\$500
Manufacturing	- 200	- 2.0%	\$990
Transportation & Utilities	- 100	- 0.7%	\$1,056
Financial Activities	- 100	- 0.8%	\$893
Other Services	- 100	- 0.8%	\$643

Sources: Wyoming Department of Employment, Research & Planning, CES, June 2009 (number of jobs) and QCEW, 4th Quarter 2008 (average weekly wages).

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, while unemployment rates fluctuated between 3.1 and 5.9 during the first half of 2009, Wyoming's unemployment rate remains below that of the U.S. and the Mountain region. Wyoming's unemployment rate is currently 5.9 percent, while the Mountain region's rate is 8.1 and the U.S. rate is at 9.5. Of all the geographic divisions, the East North Central division* posted the highest jobless rate in June at 11.4 percent.

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

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

	Jul-08	Aug	Sep	Oct	Nov	Dec	Jan-09	Feb	Mar	Apr	May	Jun
U.S.	5.8	6.2	6.2	6.6	6.8	7.2	7.6	8.1	8.5	8.9	9.4	9.5
Mt. Region	5.1	5.3	5.4	5.6	5.7	5.8	6.6	7.1	7.4	7.3	7.8	8.1
WY	3.3	3.4	3.2	3.2	3.1	3.2	3.7	3.9	4.5	4.5	5.0	5.9

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

*SA = Seasonally Adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, LAUS

Source: U.S. Department of Labor, Bureau of Labor Statistics, LAUS

Seasonally Adjusted Unemployment Rates for WY and the U.S.

(January 1995 – June 2009)



Source: U.S. Department of Labor, Bureau of Labor Statistics, LAUS

Economic Outlook

The following is provided from the State's Economic Analysis Division for the 3rd quarter of 2009.

The global economy is recovering, and the revival is being led by the major emerging economies, notably China, India, and Brazil. The U.S., Western Europe, and Japan are also on a path to recovery, but are proceeding more slowly. However, private demand is still too weak to propel self-sustaining growth, and a premature ending of fiscal and monetary stimulus could stall the nascent recovery. The sturdy 2.8 percent annualized gain in real GDP in the U.S. during the third quarter shows that the recovery has indeed begun. Advances were broad in consumer spending, homebuilding, business investment in equipment and software, exports, and federal government spending. While layoffs have slowed, business hiring remains dormant. Without more hiring, the job market will not improve enough to generate the income households need to

support spending growth. The downturn in energy exploration, particularly natural gas production, dragged Wyoming's economy into a recession earlier this year – more than one year after the U.S. recession began. For the third quarter 2009, the recession in the State deteriorated due to diminished mining activities, resulting in a dramatically weakened labor market, particularly in the mining and construction industries. Compared to the third quarter of 2008, employment in the State decreased by 10,970 jobs, or 3.6 percent. It was the worst performance since 1987 (the bust of the oil industry). The unemployment rate climbed quickly to 6.6 percent in the quarter, while it grew to 9.6 percent in the U.S. for the same period. Similar to the nation, Wyoming's job growth occurred only in a few industries. Educational & health services demonstrated the fastest increase among private industries with 2.4 percent, or 600 jobs, while government added 1,730 jobs, or 2.6 percent over the year. Faced with extremely low commodity prices, the mining industry lost 5,230 jobs, or 17.4 percent on an annual basis. With energy related industries no longer able to provide the support they once did, momentum in other industries also slowed. Construction struggled with job losses of 4,500, or 14.8 percent from last year. Residential building permits were at the lowest level since early 1990s, and were about 20 percent less than the third quarter of 2008. As the driving force of Wyoming's economy, energy prices determine exploration and development. Both low demand and an increase in supply have pushed the natural gas price to a seven-year low this summer. As a result, a massive amount of workers have been pushed into the job market. Mining job declines are proving to be particularly brutal because of the industry's relatively high wages. However, with a recent inventory decline due to both the global and national economic recovery and the cold weather, growing demand for natural gas is lifting the prices. Consequently, the stabilization of the energy industry will help to sustain other industries in the State.

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 the Governmental Fund Type, 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, 2009 by \$10.6 billion (reported as net assets). This is a decline of \$610 million from June 30, 2008. In addition beginning net assets were restated by amount of \$99.1 million, which was a reduction. Of this amount, \$3.2 billion is unrestricted net assets that may be used to meet the government's ongoing obligations. Component units reported net assets of \$6.7 billion.

Fund Level:

- As of June 30, 2009, the State of Wyoming's governmental funds reported combined ending fund balances of \$9.8 billion, a decrease of \$560 million.
- At the end of the fiscal year, unreserved fund balance for the general fund was a negative \$195.0 million.
- The enterprise funds reported net assets at year-end of \$305.0 million a decline of \$160.0 million from June 30, 2008. In addition beginning net assets were restated by an increase of \$2.6 million.

Government-wide Financial Analysis

	State of Wyoming's Net Assets for Fiscal Year Ended June 30, 2009					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Current and other non-current assets	\$ 15,263,823,788	\$ 13,139,944,114	\$ 2,024,546,873	\$ 1,719,021,654	\$ 17,288,370,661	\$ 14,858,965,768
Capital assets, net of accumulated depreciation	514,786,521	628,857,809	2,893,256	2,221,153	517,679,777	631,078,962
Total assets	15,778,610,309	13,768,801,923	2,027,440,129	1,721,242,807	17,806,050,438	15,490,044,730
Current liabilities	4,839,086,685	3,272,625,885	768,794,114	470,715,533	5,607,880,799	3,743,341,418
Long-term liabilities	89,522,108	197,863,828	796,356,041	945,565,629	885,878,149	1,143,429,457
Total liabilities	4,928,608,793	3,470,489,713	1,565,150,155	1,416,281,162	6,493,758,948	4,886,770,875
Net assets:						
Invested in capital assets, net of related debt	469,809,103	585,598,012	2,730,936	2,221,153	472,540,039	587,819,165
Restricted	6,582,594,145	6,484,777,308	438,386,465	282,102,299	7,020,980,610	6,766,879,607
Unrestricted (deficit)	3,797,598,268	3,227,936,890	21,172,573	20,638,193	3,818,770,841	3,248,575,083
Total net assets	\$ 10,850,001,516	\$ 10,298,312,210	\$ 462,289,974	\$ 304,961,645	\$ 11,312,291,490	\$ 10,603,273,855

State of Wyoming's Changes in Net Assets for Fiscal Year Ended June 30, 2009 Statement of Activities						
	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program revenues:						
Charges for services	\$ 256,924,154	\$ 175,990,641	\$ 422,386,614	\$ 401,487,167	\$ 679,310,768	\$ 577,477,808
Operating grants	933,935,477	983,093,735	3,386,536	21,904,841	937,322,013	1,004,998,576
Capital grants and contributions	5,997,717	19,493,061	0	0	5,997,717	19,493,061
General revenues:						
Taxes	3,149,557,383	2,884,826,612	0	0	3,149,557,383	2,884,826,612
Investment income	403,719,161	(670,535,152)	47,523,826	(16,224,753)	451,242,987	(686,759,905)
Total revenues	4,750,133,892	3,392,868,897	473,296,976	407,167,255	5,223,430,868	3,800,036,152
Expenses:						
General government	496,018,747	207,239,377	0	0	496,018,747	207,239,377
Business regulations	30,756,984	31,607,565	0	0	30,756,984	31,607,565
Education	1,363,669,891	1,724,849,807	0	0	1,363,669,891	1,724,849,807
Health services	803,030,483	829,958,468	0	0	803,030,483	829,958,468
Law, justice and safety	225,666,408	261,297,086	0	0	225,666,408	261,297,086
Employment	54,599,502	52,638,304	0	0	54,599,502	52,638,304
Recreation and resource development	415,003,026	484,103,235	0	0	415,003,026	484,103,235
Social services	141,294,358	148,598,028	0	0	141,294,358	148,598,028
Transportation	166,731,502	111,759,433	0	0	166,731,502	111,759,433
Interest	2,651,584	2,455,954	0	0	2,651,584	2,455,954
Workers' Compensation Insurance			230,492,115	322,381,655	230,492,115	322,381,655
Liquor Commission			70,170,582	72,363,854	70,170,582	72,363,854
Canteen Fund			1,322,405	1,579,448	1,322,405	1,579,448
Subsidence Insurance			285,279	45,041	285,279	45,041
Honor Farm Ag. sales			408,463	258,092	408,463	258,092
WY Health Insurance			16,816,636	18,229,100	16,816,636	18,229,100
Unemployment Compensation			49,055,382	140,629,285	49,055,382	140,629,285
Total expenses	3,699,422,485	3,854,507,257	368,550,862	555,486,475	4,067,973,347	4,409,993,732
Increase (decrease) in net assets before transfers	1,050,711,407	(461,638,360)	104,746,114	(148,319,220)	1,155,457,521	(609,957,580)
Transfers	10,754,029	11,643,664	(10,754,029)	(11,643,664)	0	0
Increase (decrease) in net assets	1,061,465,436	(449,994,696)	93,992,085	(159,962,884)	1,155,457,521	(609,957,580)
Net assets beginning	9,767,996,497	10,850,001,516	368,297,889	462,289,974	10,136,294,386	11,312,291,490
Prior Period Adjustment (Footnote 1(D))	20,539,583	(101,694,610)		2,634,555	20,539,583	(99,060,055)
Net assets beginning restated	9,788,536,080	10,748,306,906	368,297,889	464,924,529	10,156,833,969	11,213,231,435
Net assets ending	\$ 10,850,001,516	\$ 10,298,312,210	\$ 462,289,974	\$ 304,961,645	\$ 11,312,291,490	\$ 10,603,273,855

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, 2009, the State of Wyoming's governmental funds reported combined ending fund balances of \$9.8 billion, a decrease of \$560.0 million, in comparison with the prior year.

Of this total fund balance, \$6.3 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, \$778.9 million, 2) for loans and advance receivables, \$374 million or 3) for inventory and prepaid expenses \$9.2 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 a negative \$195.0 million, while total fund balance was \$178.7 million. The net change in fund balance for 2009 in the general fund was a \$33.5 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 2009 is the middle of the biennium, this cap does not apply and the requirement to sweep at the end of a biennium has been repealed by the Wyoming Legislature. The negative unassigned balance is a function of declining revenues to the General Fund, which were down approximately \$300 million over the previous year. A more detailed comparative analysis of the activity for the General Fund can be found on pages 12-15, of this MD&A.

Foundation Program Fund. Fund balance at June 30, 2009 totaled \$102.9 million, a net decrease in fund balance of \$346.9 million. This fund carries a legislative restriction on its undesignated fund balance which states it shall not exceed \$100 million. This restriction was not in effect for fiscal year 2008, but was reinstated by the Wyoming Legislature for fiscal year 2009 and beyond. For fiscal year 2009 and the biennium ending June 30, 2010, the undesignated fund balance in excess of \$100 million is to be transferred to the School Capital Construction Fund. The amount of this sweep in excess of \$100 million for fiscal year 2009 is \$208.6 million.

Legislative Reserve Fund. Fund balance at June 30, 2009 totaled \$1.4 billion, a net decrease in fund balance \$53.1 million for the year. This decrease is attributable to a decline in revenues of mineral severance taxes and federal mineral royalties.

Common School Land Fund. As of June 30, 2009, this fund balance totaled \$1.8 billion, a net decrease in fund balance of \$93.2 million for the year. This decrease is attributable to an increased decline in market value of corpus investments of \$243.9 million an additional \$120 million loss in market value over 2008.

Permanent Mineral Trust Fund. Fund balance at June 30, 2009, totaled \$3.9 billion, a net decrease in fund balance of \$212.2 million for the year. This decrease is primarily

due to an additional loss of \$305 million in market value of corpus investments over 2008. Additionally, in 2008 the cap limits on the Permanent Mineral Trust Fund Spending Policy Fund was in play which resulted in an additional \$171 million being moved back to the corpus.

American Recovery and Reinvestment Fund. This is a new major fund identified for 2009, designated as such due to interest in federal stimulus funds being received by the State of Wyoming. Its fund balance is \$5.6 million. This fund is used to account for most federal stimulus funding received, except those received for highway infrastructure and for the University of Wyoming. There are some formula driven stimulus funds that are not accounted for in this fund, such as those received by the Supplemental Nutrition Program (SNAP).

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, 2009, totaled \$20.6 million. The major enterprise fund, the Worker's Compensation Fund, had net assets of \$27.8 million as of June 30, 2009, which is a \$113.7 million decline over the prior year. This decrease is due to the reserve for claims and benefits increasing by approximately \$144 million. Additionally, beginning net assets for the non-major enterprise fund—the Unemployment Compensation Fund incurred a restatement of \$2.6 million due to taxes receivable being understated for the prior year as a result of analysis done for fiscal year ending June 30, 2009.

General Fund Revenues:

General Fund Revenue and Other Financing Sources for Fiscal Year Ended June 30, 2009					
	FY08	FY09	Increase (Decrease)	Percent Change	
Taxes:					
Sales & Use	\$ 530,924,672	\$ 522,223,050	\$ (8,701,622)	-2%	
Mineral Severance	253,634,701	228,216,617	(25,418,084)	-10%	
Other Taxes	27,131,325	24,091,772	(3,039,553)	-11%	
Licenses and Permits	7,733,900	7,641,217	(92,683)	-1%	
Fines & Forfeitures	4,558,858	4,593,486	34,628	1%	
Use of Property	3,948,472	4,440,067	491,595	12%	
Investment Income	387,252,587	140,285,339	(246,967,248)	-64%	
Charges for Sales & Services	24,400,200	28,103,341	3,703,141	15%	
Revenue from Others	23,687,620	23,116,434	(571,186)	-2%	
Federal	568,599,536	614,187,997	45,588,461	8%	
Miscellaneous Receipts	1,338,632	81,235	(1,257,397)	-94%	
Federal Mineral Royalties	2,000,000	2,000,000	0	0%	
Total Revenues	1,835,210,503	1,598,980,555	(236,229,948)	-13%	
Other Financing Sources:					
Capital Leases	387,801	285,173	(102,628)	-26%	
Transfers-In	720,622,368	821,478,762	100,856,394	14%	
Total Other Financing Sources	721,010,169	821,763,935	100,753,766	14%	
Total Revenue & Other Financing Sources	\$ 2,556,220,672	\$ 2,420,744,490	\$ (135,476,182)	-5%	

General Fund Expenditures:

General Fund Expenditures and Other Financing Sources for Fiscal Year Ended June 30, 2009					
	FY08	FY09	Increase (Decrease)	Percent Change	
General Government	\$ 239,241,876	\$ 95,509,101	\$ (143,732,775)	-60%	
Business Regulation	9,413,446	11,011,652	1,598,206	17%	
Education	431,565,472	467,246,680	35,681,208	8%	
Health Services	766,635,001	791,662,669	25,027,668	3%	
Law, Justice and Safety	207,832,337	229,822,733	21,990,396	11%	
Employment	48,258,831	48,189,292	(69,539)	0%	
Recreation & Resource Development	258,640,028	328,346,073	69,706,045	27%	
Social Services	136,671,161	144,460,753	7,789,592	6%	
Transportation	166,731,502	111,759,433	(54,972,069)	-33%	
Total Expenditures	2,264,989,654	2,228,008,386	(36,981,268)	-2%	
Other Financing Uses					
Transfers-Out	873,244,090	226,239,474	(647,004,616)	-74%	
Total Expenditures & Other Financing Uses	\$ 3,138,233,744	\$ 2,454,247,860	\$ (683,985,884)	-22%	

Further explanation is provided in the MD&A of the 2009 CAFR at pages 11-15 with respect to those revenues and expenditures experiencing significant percentage changes from Fiscal Year 2008 to Fiscal Year 2009.

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.

Revenue Capacity

Last Ten Fiscal Years

(Revenue source projections - Not GAAP adjusted)

Fiscal Year	Sales and Use Taxes	Property Taxes ²	Mineral Severance Taxes		Total
			Primary Government	Other Governmental Entities	
2000	\$ 262,338,523	\$ 84,305,740	\$ 226,724,866	\$ 48,418,738	\$ 275,143,604
2001	296,341,913	94,762,275	360,096,173	87,877,106	447,973,279
2002	313,077,987	126,505,154	261,681,026	37,752,935	299,433,961
2003	300,953,910	134,031,683	392,501,063	36,615,159	429,116,222
2004	326,625,269	124,081,042	525,669,853	37,897,075	563,566,928
2005	363,846,232	164,154,435	687,573,047	39,083,807	726,656,854
2006	421,438,545	197,341,014	961,916,434	39,160,484	1,001,076,918 ¹
2007	479,072,573	251,743,915	825,750,063	38,048,857	863,798,920 ¹
2008	504,711,048	257,895,210	1,059,033,340	34,918,671	1,093,952,011
2009	492,443,467	262,779,974	842,597,325	36,055,837	878,653,162

Source: Dept. of Administration & Information, Economic Analysis Division; Wyoming State Government Revenue Forecast Fiscal Year 2010-2014

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

² Actual property tax information was not available. The property tax figures listed are estimates based on property assessment values. Estimated property taxes for Fiscal Year 2010 is \$350,634,398.

Sources:

Economic Analysis Division—Wyoming Economic Summary: 3rd Quarter of 2009

Wyoming Business Council Quarterly Economic Report for the State of Wyoming June 30, 2009

Concensus Revenue Estimating Group—October 2009 and January 2010 Reports

2009 Comprehensive Annual Financial Report (CAFR)—State Auditor's Office

Wyoming Unemployment news releases—Department of Work Force Services
June 30, 2009

Wyoming Department of Employment Reports

Various news articles on Wyoming Economy—2009-2010