
A WYOMING FINANCIAL PERSPECTIVE

*A REPORT TO THE CITIZENS
OF THE STATE OF WYOMING
FOR FISCAL YEAR 2011*

Prepared by the Office of the
State Auditor
Cynthia I. Cloud, CPA
State Auditor
February 15, 2012

Principal State Officials

For the Fiscal Year Ending June 30, 2011

Executive Branch

<i>Governor</i>	Matthew H. Mead
<i>Secretary of State</i>	Max Maxfield
<i>State Auditor</i>	Cynthia I. Cloud, CPA
<i>State Treasurer</i>	Joseph B. Meyer
<i>Superintendent of Public Instruction</i>	Cindy Hill

Legislative Branch

<i>President of the Senate</i>	Jim Anderson
<i>Speaker of the House</i>	Edward A. Buchanan

Judicial Branch

<i>Chief Justice of the Supreme Court</i>	Marilyn S. Kite
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Letter from the State Auditor

February 15, 2012

To: The Citizens of Wyoming
Honorable Matt Mead, Governor, and
Members of the Legislature

Fiscal Year 2011 marks the ninth 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)*, and other sources as indicated. 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 who need 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>.

Wyoming's economy depends primarily on the mineral industry. 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 tax, ad valorem tax on production, and federal mineral royalties from production on federal lands in Wyoming.

The production of this report, in conjunction with the *Comprehensive Annual Financial Report (CAFR)*, is part of 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.

A handwritten signature in cursive script that reads "Cynthia Cloud".

Cynthia I. Cloud, CPA
State Auditor

OVERVIEW

For the fiscal year 2011 (July 1, 2010 - June 30, 2011), Wyoming experienced positive economic and financial gains.

Wyoming's primary revenue source is from mineral production. Wyoming's economy received a boost from the mineral production industry in fiscal year 2011. This industry added 2,800 jobs between the second quarter 2010 and the second quarter of 2011. Byproducts of this activity were that unemployment fell to 5.9 percent as of fiscal year end, sales tax collections were up 8.6 percent compared to the second quarter of 2010, and mineral severance taxes and federal mineral royalties were also above projections.

The effects of Wyoming's economic recovery are reflected in the year-end financial condition of the State. The State's governmental funds experienced a growth of \$2.0 billion in their fund balances, for fiscal year 2011. More detailed information on the financial statements follows on pages 8 and 9, and complete financial statements can be found in the Comprehensive Annual Financial Report for the year ended June 30, 2011 on the State Auditor's Website:

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

Wyoming by the Numbers

Wyoming Population

The 2010 census places Wyoming's population at 563,626. For the decade Wyoming gained 70,000, the 12th fastest growth rate in the nation, but remains the least populated state in the country. The

population increase is the largest since 1980, when the state was in the middle of an economic boom. Much of the recent growth occurred in the second half of the decade, as lucrative work in the energy industry attracted job-seekers from other states.

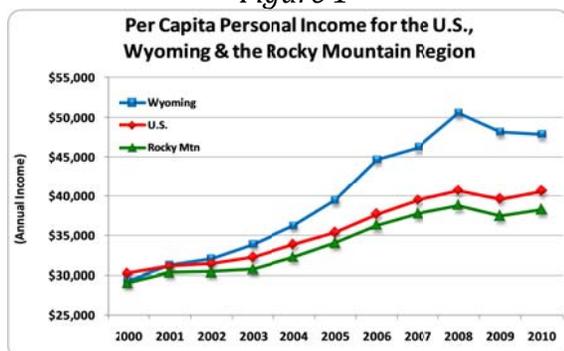
Per Capita Income

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.

Per Capita Personal Income in the U.S., Rocky Mountain Region and Wyoming

According to the U.S. Department of Commerce, Bureau of Economic Analysis Wyoming ranked 6th in the nation for per capita personal income in 2010. Wyoming's 2010 per capita personal income of \$47,851 remained above the Rocky Mountain Region's (\$38,285). The 2010 per capita income for the U.S. was \$40,584. Since 2007 Wyoming's per capita income has risen by 3.5 percent, while income levels in the Rocky Mountain Region and the U.S. have risen by 1.4 percent and 2.9 percent, respectively. **(Figure 1)**

Figure 1



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

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

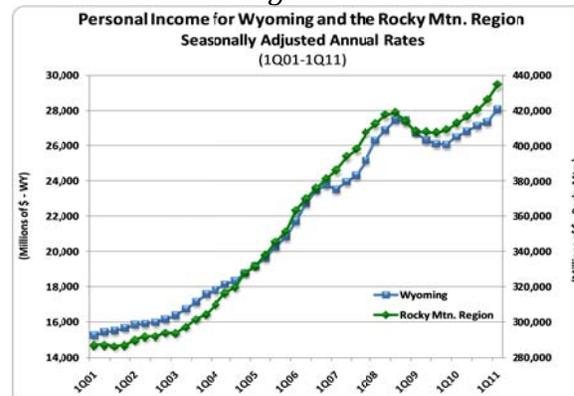
Total Personal Income

Total Personal Income (TPI) is a measure of the total income received by all the residents of a geographical area. TPI is calculated by adding (1) active income (earned income), (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 veterans' 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 2011, Wyoming's total personal income rose 2.6 percent from the previous quarter and increased 5.9 percent over the year. **(Figure 2)** The Rocky Mountain Region posted a 2.0 percent gain over the previous quarter and a 5.2 percent increase over the year.

Figure 2



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

Since June 2010, total employment in Wyoming increased by 6,900 jobs (2.4%). Nevertheless, as of June 2011, Wyoming was ranked #2 in the U.S. for year-over-year employment growth (data through June 2011).

In the West, Wyoming ranks #2 in job growth over the past year. The changes in employment for states in the West since June 2010 are: **(Figure 3)**

Figure 3

Western States with Growing Employment		Western States with Declining Employment	
North Dakota	4.8%	Nevada	-0.3%
Wyoming	2.4%		
Texas	2.2%		
Utah	2.0%		
Nebraska	1.9%		
Montana	1.9%		
Alaska	1.7%		
Oregon	1.4%		
Hawaii	1.2%		
Idaho	1.0%		
California	0.9%		
Washington	0.9%		
South Dakota	0.7%		
Colorado	0.6%		
Arizona	0.3%		
New Mexico	0.3%		

Source: U.S. Department of Labor, Bureau of Labor Statistic, June 30, 2011

Employment Growth by Industry

Wyoming’s job growth since June 2010 (8,000 jobs) has occurred in the following industries: **(Figure 4)**

Figure 4

Industry	Jobs	Percent Increase	AWW 4Q10
Natural Resources & Mining	+2,900	11.6%	\$1,568
Professional & Business Services	+1,300	7.3%	\$982
Leisure & Hospitality	+1,100	3.0%	\$331
Construction	+900	3.9%	\$1,036
Transportation & Utilities	+800	5.8%	\$1,088
Education & Health Services	+400	1.5%	\$809
Manufacturing	+300	3.5%	\$1,057
Wholesale Trade	+200	2.4%	\$1,206
Financial Activities	+100	0.9%	\$952

Source: Wyoming Department of Employment.

Wyoming’s job decline since June 2010 (-1,100 jobs) has occurred **(Figure 5)** in the following industries:

Figure 5

Industry	Jobs	Percent Decrease	AWW 4Q10
Retail Trade	-800	-2.6%	\$512
Government	-200	-0.3%	\$862
Information	-100	-2.5%	\$830

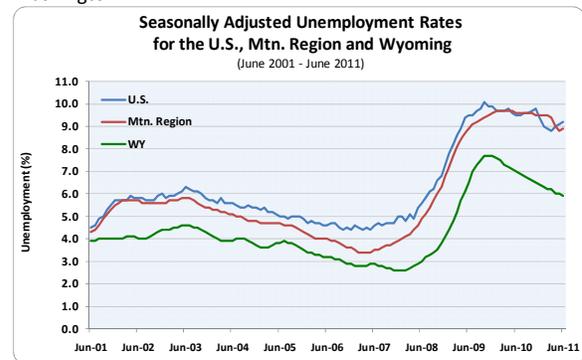
Source: Wyoming Department of Employment.

Unemployment in Wyoming

According to the *Quarterly Economic Report for the State of Wyoming for the period ending June 30, 2011* prepared by the Wyoming Business Council, unemployment rates fluctuated between 5.9 percent and 6.3 percent through the first half of 2011. 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 8.9 percent and the U.S. rate is at 9.2. **(Figure 6)** Of all the geographic divisions, the Pacific Division* posted the highest jobless rate in June at 11 percent.

Figure 6

*Pacific Division includes Alaska, California, Hawaii, Oregon, and Washington



Source: U.S. Department of Labor

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



Financial Reporting Information

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

The State of Wyoming accounts for its financial operations in government-wide financial statements and fund financial statements. The government-wide financial statements provide readers with a broad overview of the State's finances in a manner similar to a private sector business. The fund statements are divided into three categories: 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.

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 Infrastructure Authority, Wyoming Community Development Authority, and the Wyoming Business Council. All of these entities issue their own financial statements.

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. The Statement of Net Assets summarizes all of the assets held and liabilities owed by the State. The State reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is titled *net assets*. This difference is similar to the owner's equity presented by a private-sector business. **(Figure7)**

Figure 7
Statement of Net Assets
 As of June 30, 2011

(Dollars in Millions)

	Primary Government			FY 2010 Total (Informational Only)
	Governmental Activities	Business-Type Activities	FY 2011 Total	
Assets	\$ 18,210	\$ 2,122	\$ 20,332	\$ 18,542
Liabilities	4,279	1,828	6,107	6,313
Net Assets	\$ 13,931	\$ 294	\$ 14,225	\$ 12,229

- The assets of the State of Wyoming exceeded its liabilities as of June 30, 2011 by \$14.2 billion (reported as net assets).
- Net assets increased \$2 billion from June 30, 2010. Of this amount, \$4.2 billion is unrestricted net assets that may be used to meet the government's ongoing obligations.

Governmental Revenues

The following is a graphical representation of the Statement of Activities (**Figure 8**) revenues for governmental activities.

Figure 8



Governmental Activities Expenses

The following is a graphical representation of the Statement of Activities (**Figure 9**) expenses for governmental activities.

Figure 9

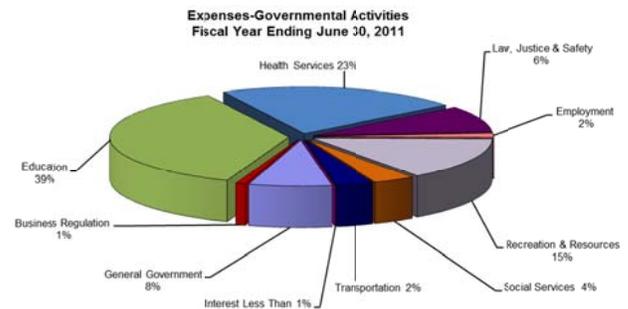


Figure 10
Statement of Activities
 For the Fiscal Year Ended June 30, 2011

(Dollars in Millions)

	Primary Government			FY 2010 Total (Informational Only)
	Governmental Activities	Business-Type Activities	FY 2011 Total	
Program Revenues				
Charges for services	\$ 242,977	\$ 437,664	\$ 680,641	\$ 584,338
Operating grants	1,292,930	81,041	1,373,971	1,248,868
Capital grants and contributions	28,991	-	28,991	16,988
General Revenues				
Taxes	2,753,248	-	2,753,248	2,872,485
Investment Income	1,364,789	173,149	1,537,938	1,276,607
Total Revenue	<u>5,682,935</u>	<u>691,854</u>	<u>6,374,789</u>	<u>5,999,286</u>
Expenses	<u>3,762,192</u>	<u>615,889</u>	<u>4,378,081</u>	<u>4,416,552</u>
Increase(decrease) in net assets	1,920,743	75,965	1,996,708	1,582,734
Transfers	11,969	(11,969)	-	-
Change in Net Assets	1,932,712	63,996	1,996,708	1,582,734
Net Assets - July 1, as restated	11,998,450	229,313	12,227,763	10,645,881
Net Assets - June 30	<u>\$ 13,931,162</u>	<u>\$ 293,309</u>	<u>\$ 14,224,471</u>	<u>\$ 12,228,615</u>

The purpose of the Statement of Activities is to present all the revenues and expenses of the State of Wyoming. Again, the items presented here are measured in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the State. Revenues are recorded when earned regardless of when the cash will be received and expenses are recorded even though they may not have been paid during the current period. (e.g., uncollected taxes). **(Figure 10)**

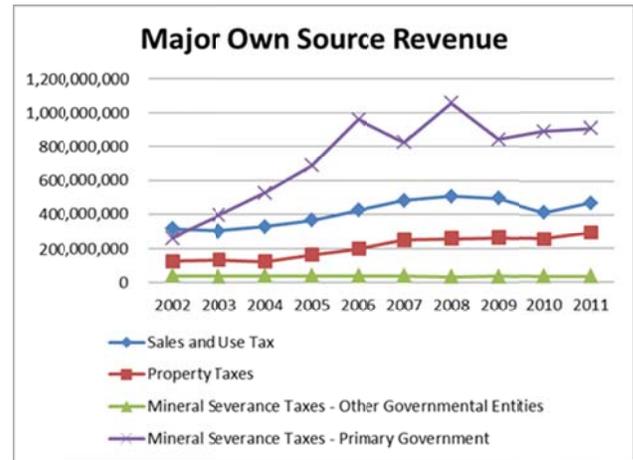
- At the end of the fiscal year, the change in net assets for government activities was \$1.9 billion.
- The enterprise funds reported net assets at year-end of \$293.3 million an increase of \$64.0 million from June 30, 2010.



Revenue Capacity-Major Own-Source Revenue

Mineral severance taxes have in recent years have been the State’s largest own-source of revenue. Sales and use taxes are also a significant source of the State’s own-source revenue. The table which follows (**Figure 11**) shows Major Own Source Revenue, by mineral source and severance taxes coming into the State for the last 10 years.

Figure 11



Source: Wyoming Dept. of Administration & Information, Economic Analysis Division; Wyoming State Government Revenue Forecast Fiscal Year 2012-2016

Figure 12

General Fund Revenue and Other Financing Sources
for Fiscal Year Ended June 30, 2011

Dollars in Millions

	FY10	FY11	Increase/(Decrease)	Percent Change
Taxes:				
Sales & Use	442,824	494,496	51,672	12%
Mineral Severance	221,228	494,963	273,735	124%
Other Taxes	23,833	23,211	(622)	-3%
Licenses and Permits	7,833	8,470	637	8%
Fines & Forfeitures	5,126	5,443	317	6%
Use of Property	6,439	15,617	9,178	143%
Investment Income	452,147	411,176	(40,971)	-9%
Charges for Sales & Services	21,995	31,951	9,956	45%
Revenue from Others	32,323	29,692	(2,631)	-8%
Federal	641,037	622,527	(18,510)	-3%
Miscellaneous Receipts	-	409	409	100%
Federal Mineral Royalties	2,000	466,602	464,602	23230%
Total Revenues	1,856,785	2,604,557	747,772	40%
Other Financing Sources:				
Capital Leases	132	125	(7)	-5%
Transfers-In	1,087,284	260,620	(826,664)	-76%
Total Other Financing Sources	1,087,416	260,745	(826,671)	-76%
Total Revenue & Other Financing Sources	2,944,201	2,865,302	(78,899)	-3%

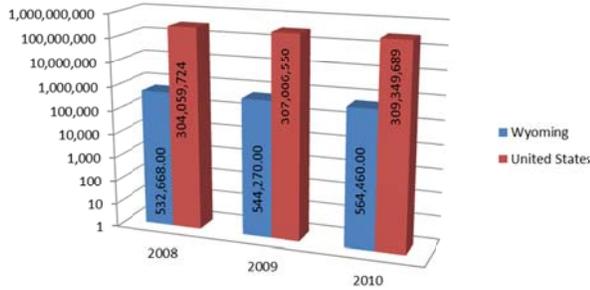
Revenues and Expenditure Changes

Figure 12 shows those revenues and expenditures experiencing significant percentage changes from Fiscal Year 2010 to Fiscal Year 2011.

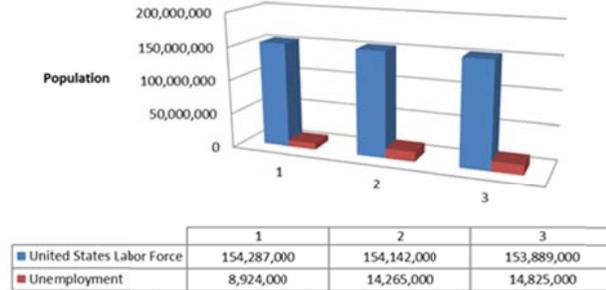
Statistical Section

This part of the State of Wyoming's Popular Annual Financial Report presents information as a context for understanding the information in the financial statements. (These figures are for calendar year 2010.)

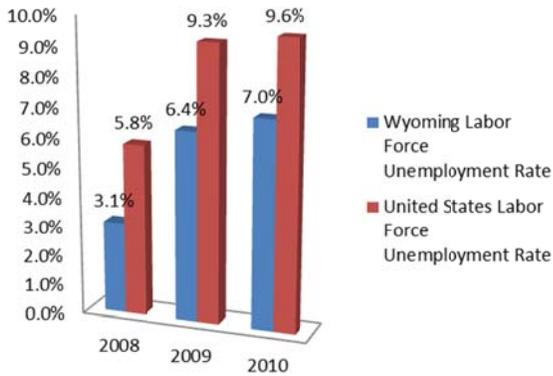
United States v. Wyoming Population



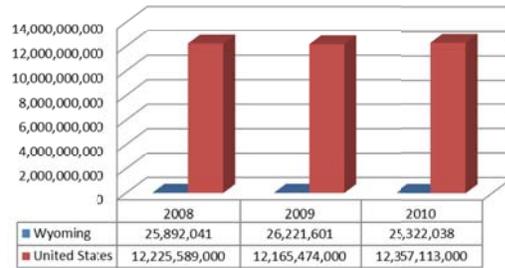
United States Labor Force and Employment



United States v. Wyoming Unemployment Rate

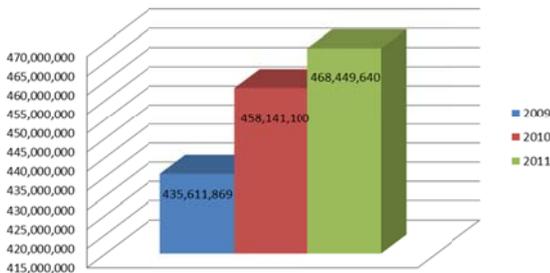


Wyoming v. United States Total Personal Income

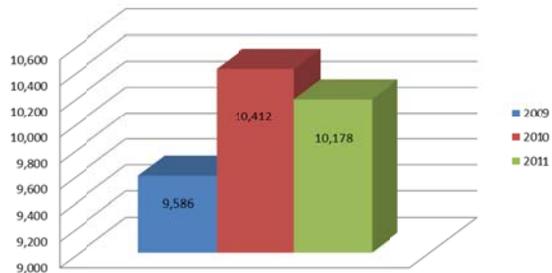


The State government number of active employees and earnings exclude the University of Wyoming, Wyoming Community Development Association, Wyoming Business Council, and Wyoming Building Corporation. Active Employees include at-will positions and board members.

State of Wyoming Employee Regular Earnings

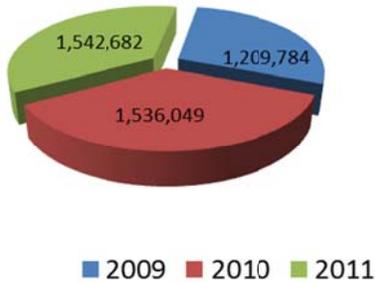


State of Wyoming Active Employees

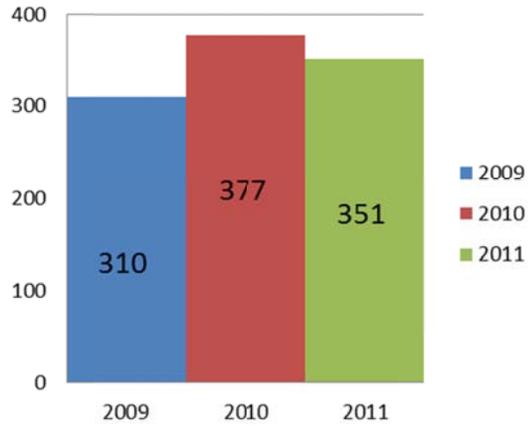


Trends in AFDC/TANF and Food Stamp Caseloads and Expenditures Last Three Fiscal Years

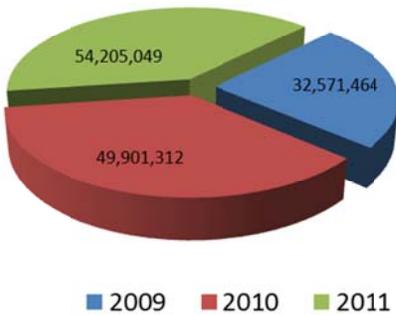
Total Paid AFDC/TANF



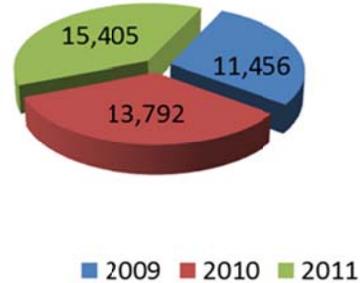
of Average Monthly AFDC/TANF Grants



Total Paid Food Stamps



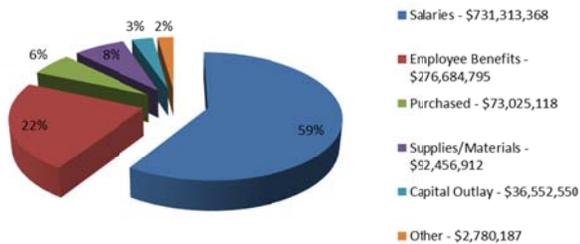
Average Monthly Food Stamp Household



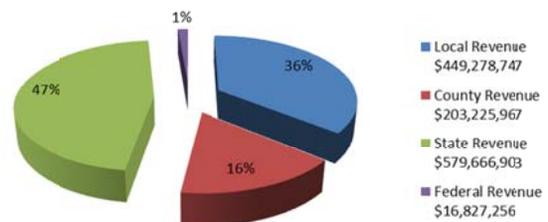
Source: Department of Family Services; Report FR007 AF/POWER and Report FR051 FS/EBT

Wyoming Department of Education

2009 - 2010 General Fund Expenditures by Object



2009 - 2010 General Fund Revenues by Source



Source: Wyoming Department of Education; 2010 Statistical Report Series #3



All photos courtesy of Mike Lewis

OTHER WYOMING FACTS

Important Dates

- 1867 – Wyoming’s first coal mine opened in Carbon County.
- 1868 – Wyoming became a territory, and the first state to give women the right to vote.
- 1872 – Yellowstone became the first official National Park.
- 1884 – First settlers arrived in Jackson Hole.
- 1890 – Wyoming became the 44th state.
- 1890 – Wyoming’s present Constitution was adopted.
- 1903 – Wyoming’s first State Fair was held in Douglas.
- 1906 – Devil’s Tower was designated as the first National Monument.
- 1925-1927 – Wyoming’s first female Governor, Mrs. Nellie Tayloe Ross.
- 1994 – Wyoming leads the country in coal production with 3 million tons per week.

Geography

- Area: 97,818 square miles
- Highest Elevation: Gannett Peak - 13,804 ft.
- Lowest Elevation: Belle Fourche River – 3,099 ft.
- **State Motto** – Equal Rights
- **State Bird** – Western Meadowlark
- **State Flower** – Indian Paintbrush
- **State Nickname** – Equality State
- **State Tree** – Cottonwood
- **State Flag** – A bison on a blue field bordered in white and red

