

Introductory Section



Left: Grizzly bear with three cubs (photographer unknown; no date)

Right: Beehive Geyser; Upper Geyser Basin (photographer George Marler; 1964)

Lower left: Bull moose in the Yellowstone River (photographer William S Keller; 1977)



Plains prickly pear (*Opuntia polyacantha*) flower (photographer RG Johnsson; 1963)



Left: Bull, cow & calf elk (photographer John Good; 1966)

Right: Electric Peak (photographer Jim Peaco; September 1987)



Yellowstone National Park spans an area of 3,472 square miles and is comprised of lakes, canyons, rivers and mountain ranges. The national park is a habitat for hundreds of species of mammals, birds, fish, and reptiles. Yellowstone National Park is known for its large variety of wildlife which includes grizzly bears, wolves, bison, and elk. The vast forests and grasslands also include unique species of plants. Yellowstone National Park is also known for the world's most extraordinary geysers and hot springs which include Old Faithful. Photo Credits: The Official Website of Yellowstone National Park; Yellowstone Digital Slide File.

Rita C. Meyer

Wyoming State Auditor



The State Auditor is a constitutional officer elected for a four year term by the general electorate of Wyoming. The Auditor is the State's chief fiscal control officer. She maintains the central fiscal accounts, acts as the official custodian of accounting records, serves as the state payroll officer, and orders all payments into and out of the funds held in the state treasury. The Auditor is also responsible for preparing the Comprehensive Annual Financial Report on the fiscal affairs of the state.

The Auditor serves as a member of the Board of Land Commissioners, the State Loan and Investment Board, the State Building Commission, and the State Canvassing Board.

Rita Meyer was elected in November 2006 to serve as Wyoming's nineteenth State Auditor. She is a graduate of the University of Wyoming with degrees in education and finance. Rita also holds an MBA in International Business from Regis University in Denver, and a Master's in National Resource Strategy from National Defense University in Washington, D.C.

Rita has served her state and nation for over 23 years as an enlisted airman and officer in the Wyoming Air National Guard. She is a combat veteran and has been deployed in support of Operation Desert Storm, Operation Provide Comfort, and Operation Enduring Freedom. She attained the rank of full Colonel in July 2004. Rita retired from military service on November 3, 2007.

Rita is married to Dr. Charles Meyer, a retired dentist and native of Rawlins, Wyoming. They have one son, Charles, an officer on active duty in the United States Navy, and a daughter-in-law, Emily, an export control attorney.

Rita C. Meyer, State Auditor

December 31, 2008

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TO THE CITIZENS OF THE STATE OF WYOMING, THE HONORABLE DAVE FREUDENTHAL, GOVERNOR, MEMBERS OF THE WYOMING LEGISLATURE:

State law (W.S. 9-1-403(a)(v)) requires that the State Auditor provide annual financial statements prepared in conformance with generally accepted accounting principles (GAAP) by December 15 every year. I am pleased to present this Comprehensive Annual Financial Report (CAFR) of the State of Wyoming for the fiscal year ended June 30, 2008.

The CAFR is the primary means of reporting the State of Wyoming's financial activities. McGee, Hearne & Paiz, LLP, certified public accountants, has independently audited the State of Wyoming's financial statements. The independent audit is performed annually to provide reasonable assurance that the financial statements of the State of Wyoming are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State of Wyoming's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The CAFR consists of representations by the management of each State entity concerning the finances of the State of Wyoming. Responsibility for both the accuracy of the data and the completeness and reliability of the information, including all disclosures, rests with the State. To provide a reasonable basis for making these representations, the State has established an internal control framework that is designed both to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State of Wyoming's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the State's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. This is the established and accepted standard. The financial statements have been prepared primarily from accounts and records maintained by the State Auditor. To the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The independent audit of the financial statements of the State of Wyoming is part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the State of Wyoming's separately issued Compliance Report.

Profile of the Government

On July 10, 1890, the State of Wyoming, known as the 'Equality State,' was the 44th state admitted to the Union. Located in the Rocky Mountain section of the western United States, Wyoming is bounded on the north by Montana, on the east by South Dakota and Nebraska, on the south by Colorado and Utah, and on the west by Utah, Idaho and Montana. It is the ninth largest state in the United States, containing 97,914

square miles. The 2000 Census put Wyoming's population at 493,782. Wyoming is home to two of the country's foremost national parks, Yellowstone National Park and Grand Teton National Park, as well as the first designated national monument, Devil's Tower.

The executive branch of Wyoming government is comprised of a Governor, Secretary of State, State Auditor, State Treasurer, and the Superintendent of Public Instruction, all of whom are elected by statewide vote every four years. The legislative branch of government is comprised of 30 state senators and 60 state representatives. The term of office for senators is four years, 15 of the members being elected at a general election at which a President of the United States is elected, the balance at the next general election. The entire body of the House of Representatives is elected every two years for a two-year term.

The State of Wyoming provides a full range of services. Under the Governor are fifteen Cabinet level departments: Administration and Information, Agriculture, Attorney General, Department of Audit, Corrections, Employment, Engineer, Environmental Quality, Family Services, Game and Fish, Health, Revenue, State Parks and Cultural Resources, Transportation, and Workforce Services. There are also 19 separate operating agencies and 13 licensing boards and commissions

Among the 19 separate operating agencies are seven entities which are legally separate but considered as component units of the State of Wyoming as the State has significant operational and/or financial relationships with them. Six of the component units' financial data are reported in columns separate from the financial data of the primary government (the State). Those organizations are the University of Wyoming, Department of Transportation, Wyoming Community Development Authority, Wyoming Pipeline Authority, Wyoming Infrastructure Authority and Wyoming Business Council. The Wyoming Building Corporation is a blended component unit; its financial data is blended into the primary government financial data. Additional information on all seven of these legally separate entities can be found in Note 1 in the notes to the financial statements.

Budgetary Process

The biennial budget serves as the foundation for the State of Wyoming's financial planning and control. Wyoming statutes require the Governor to prepare and submit a biennial budget to the Legislature every even-numbered year. Budgets are prepared for a biennial period and are augmented, if necessary, with supplemental appropriations during the legislative sessions conducted in odd-numbered years. Budgets are adopted at the program level by agency. The Legislature may add, change, or delete any budget items proposed by the Governor. The Governor may authorize changes and revisions to approved budgets during the budget term, including increasing appropriations in the event of federal revenue above the initial budget approved by the Legislature. Budget-to-actual comparisons are provided in the CAFR for each individual governmental fund for which an appropriated biennial budget has been adopted. For the general fund, the foundation program fund and the budget reserve fund, this comparison is presented as part of the required supplementary information. For governmental funds other than the major funds, this comparison is presented in the supplementary information section of the CAFR.

State Economy

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.

Commodity prices continue to generate increased revenues for the State. Oil prices reached an all time high of \$147/barrel in July 2008. These higher commodity prices also translated to higher transportation costs with gasoline hitting a high of over \$4.00 per gallon. Increased food costs were also a byproduct of increased transportation costs. All this translated into an annual inflation rate for Wyoming of 7.49%.

On September 15, 2008 the country's current financial and credit crisis began to unfold. Wall street mainstay Lehman Brothers went bankrupt, Bear Stearns was purchased at a bargain basement price, American International Group (AIG), deemed to be too significant to let fail, forced the federal government to provide a bailout which initially started at \$85 billion, but has since risen to \$123 billion; the seizing of credit forced the federal government to consider and pass a \$770 billion bailout package to banks and the credit system in general. As of this writing, it is thought that the 'Big 3' automakers may enter Chapter 11

bankruptcy or worse should they not receive government assistance in the form of some type of bailout. This financial crisis has become worldwide as European and Asian governments attempt to provide their own stimulus packages to help stave off a deepening recession, with China providing a \$600 billion stimulus package in November 2008.

Meeting in October 2008 Wyoming's Consensus Revenue Estimating Group (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. Wyoming's budget surplus contrasts with the multitude of states facing significant budget shortfalls including California and New Jersey potentially seeking federal assistance. It is now anticipated that Wyoming's budget surplus will decline significantly or disappear entirely as commodity prices have continued to fall, with the spot price of oil slipping to \$43 per barrel in trading on December 9th, 2008. This as OPEC is considering significant production cuts to try to stem the stunning 70% free fall in crude prices over the past five months. The Governor has alerted state agencies and the Legislature that the supplemental budget submitted on December 1, 2008 and its associated fiscal profile may be subject to material changes as the commodity prices for oil and natural gas continue to fall both of which contribute significantly to the state's overall revenue picture.

The lack of pipeline capacity to ship Wyoming produced natural gas continues to hinder Wyoming. The Wyoming Pipeline Authority continues to work to develop more capacity for the State's natural gas producers. Lack of pipeline capacity continues to depress the price Wyoming producers receive for their product; this translates into lost severance tax revenue to the State.

Primarily because of the energy boom, Wyoming's economy remained steady last year. Wyoming was well below the national unemployment rate of 5.5% with an unemployment rate at June 30, 2008 of 3.2%.

Each year the Division of Economic Analysis (EA) of the Department of Administration and Information forecasts economic conditions in Wyoming for a ten-year period. This report and additional economic and demographic information can be found on the Division of Economic Analysis website: <http://eadiv.state.wy.us>.

Long Term Financial Planning

Hathaway Scholarship Program

This program was fully funded reaching \$400 million in fiscal year 2008. This program provided \$7,673,538 in funding for those students going on to post secondary education whether it be for a community college, the university or a technical school.

AML Funding

The state began to receive back payments for abandoned mine reclamation funds owed the state over several years. However, the federal government made the payments in the form of grants, rather than receive lump sum distributions, Wyoming must spend its resources first then be reimbursed. The total awarded the state was approximately \$847 million. The Legislature has identified specific projects on which these funds will be expended, with the University School of Energy to be a main focus.

Local Government Funding

During the 2008 legislative session, local governments were appropriated a total of approximately \$384 million, with major allocations as follows:

- \$78,653,334 for direct distribution to cities and towns;
- \$33,826,666 for direct distribution to counties;
- \$8,260,000 for revenue challenged cities and towns;
- \$8,260,000 for revenue challenged counties;
- \$191,000,000 for county block distribution for capital projects;

Awards and Acknowledgments

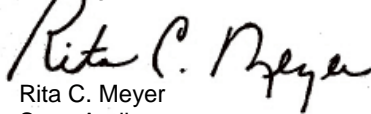
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Wyoming for its CAFR for the fiscal year ended June 30, 2007. This was the eighth consecutive year and ten of the past eleven years that the State has received this prestigious award. To be awarded a Certificate of Achievement, the State published an easily readable and efficiently organized CAFR. This report also satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid only for a one-year period. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The CAFR represents the responsibility of the State Auditor to give the citizens of Wyoming an accurate picture of the financial condition of their state government. Great strides have been made in the past few years to improve our State's accounting and financial reporting: implementation of GAAP, preparation of the CAFR, an independent audit of our financial statements, and implementation of various Governmental Accounting Standards Board (GASB) standards. All have contributed to better financial management. My appreciation goes out to the Legislature and our staff for making these improvements possible.

Preparation of the CAFR could not have been accomplished without the cooperation and capable assistance of all State agencies. I especially appreciate the staff in the State Auditor's Office, whose commitment to serve the citizens of Wyoming is exemplary. I extend thanks to the Division of Economic Analysis and the CREG Committee for information used in this letter. I also thank the State Parks and Cultural Resources, State Archives and Technical Services, for the use of their photographs and narratives that reflected the 20th anniversary of the devastating Yellowstone fires of 1988. Thank you!

Best regards,



Rita C. Meyer
State Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Wyoming

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

PRINCIPAL STATE OFFICIALS

EXECUTIVE BRANCH

Dave Freudenthal, Governor

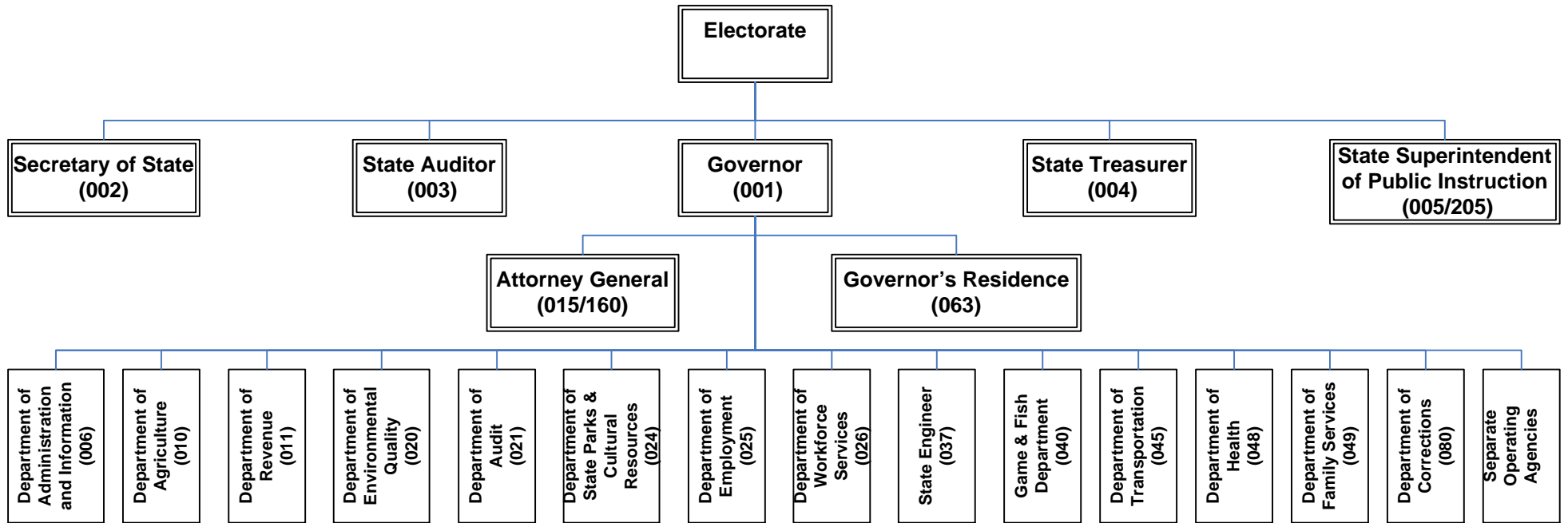
Max Maxfield, Secretary of State

Rita C. Meyer, Auditor

Joseph B. Meyer, Treasurer

Jim McBride, Superintendent of Public Instruction

STATE OF WYOMING EXECUTIVE BRANCH ORGANIZATIONAL CHART



(006)
 Director's Office
 Budget
 Economic Analysis
 General Services
 Information Technology
 Human Resources
 State Library
 Professional Licensing Boards

(010)
 Administration
 Consumer Protection
 Predator Management Division
 State Fair
 Natural Resources

(011)
 Administration
 Revenue Division
 Valuation Division
 Liquor

(020)
 Administration
 Abandoned Mine Land
 Air Quality
 Industrial Siting
 Land Quality
 Solid Hazardous Waste Mgmt
 Water Quality

(021)
 Administration
 Banking
 Excise Tax
 Mineral Audit
 Public Funds

(024)
 Administration & Support
 Cultural Resources
 State Parks & Historic Sites

(025)
 Administration & Support
 Labor Standards
 Mine Inspection & Safety
 Unemployment Insurance
 Workers' Safety & Compensation

(026)
 Administration
 Vocational Rehabilitation

(037)
 Administration
 Board of Control
 Board of Registration
 Special Projects
 Ground Water
 Surface Water
 North Platte Settlement

(040)
 Office of the Director
 Fiscal Services
 Fish
 Wildlife

(045)
 Administration
 Support Services
 Aeronautics
 Engineering & Planning
 Law Enforcement
 Operations
 WyoLink

(048)
 Director's Office
 Aging
 Community & Family Health
 Developmental Disabilities
 Mental Health & Substance Abuse
 Rural Health
 Preventative Health & Safety
 State Health Officer
 Health Care Financing

(049)
 Services
 Assistance

(080)
 Corrections Operations
 Field Services
 Honor Conservation Camp
 Women's Center
 Honor Farm
 State Penitentiary

(Separate Operating Agencies)
 Military Department (007)
 Public Defender (008)
 Wyoming Pipeline Authority (009)
 Public Service Commission (023)
 School Facilities Commission (027)
 Water Development (029)
 Infrastructure Authority (032)
 Wildlife/Natural Resource Trust (039)
 Fire Prevention (041)
 Geological Survey (042)
 Insurance Department (044)
 Livestock Board (051)
 Oil & Gas Commission (055)
 Community College Commission (057)
 Office of State Lands & Investment (060)
 Tourism Board (066)
 University of Wyoming (067/069/167)
 Enhanced Oil Rec. Commission (070)
 Retirement System (072)
 Board of Parole (081)
 Wyoming Business Council (085)
 District Attorney Judicial Dist. #1 (151)
 District Attorney Judicial Dist. #7 (157)
 Board of Equalization (211)
 Environmental Quality Council (220)
 Office of Administrative Hearings (270)