

**WYOMING BUSINESS COUNCIL**

**A COMPONENT UNIT OF THE  
STATE OF WYOMING**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Wyoming Business Council  
Cheyenne, Wyoming

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Wyoming Business Council (the "Council"), a component unit of the State of Wyoming, as of and for the year ended June 30, 2009, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Wyoming Business Council as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Required Supplementary Information on pages 2 through 7 and pages 24 through 28, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyoming Business Council's basic financial statements. The statements listed in the table of contents as supplementary information are presented for purposes of additional analysis of the basic financial statements, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
December 21, 2009

# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Wyoming Business Council's annual report, a component unit of the State of Wyoming, presents our discussion and analysis of the Council's financial performance during the fiscal years that ended June 30, 2009 and 2008.

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## FINANCIAL HIGHLIGHTS

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- The Council's assets exceeded its liabilities (net assets) at the close of the most recent fiscal year by \$26.66 million. Of this amount, \$422,148 may be used to meet ongoing obligations (unrestricted net assets), \$212,979 is invested in capital assets, \$14.04 million is restricted for economic development, \$6.85 million is restricted for business ready communities, \$1.03 million is restricted for workforce housing, \$56,384 is restricted for community facilities, \$395,208 is restricted for technology development and \$3.66 million is restricted for rural rehabilitation.
  - Total net assets decreased by \$4.56 million from the previous year primarily due to expenditure of restricted net assets for the business ready communities program. The business ready communities program provides funding for cities, towns, counties and joint powers boards for economic development infrastructure projects.
  - At the end of the current fiscal year, the Council's governmental funds reported combined fund balances of \$26.44 million. Of this amount, \$51.38 million is reserved for commitments (i.e. encumbrances), \$16,622 is reserved for inventory, \$6.86 million is reserved for loans receivable, and a net unreserved deficit of \$31.82 million which will be recovered as encumbrances are reduced.
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## OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's annual report consists of four components in accordance with required reporting standards: 1) management's discussion and analysis (this section), 2) government-wide financial statements, 3) governmental fund financial statements, and 4) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide short-term and long-term information about the overall financial position and activities of the Council, in a manner similar to a private-sector business. The government-wide financial statements consist of the statement of net assets and statement of activities.

The *statement of net assets* reports all assets held and liabilities owed by the Council. Assets are reported when acquired and liabilities when incurred. The difference between the Council's total assets and total liabilities is its *net assets*, which is similar to the owner's equity presented by a private-sector business.

The *statement of activities* reports all of the revenues and expenses of the Council. Revenues are recognized when earned and expenses are reported when incurred. The statement identifies the extent to which each function of the Council draws from general revenues or is self-sufficient through fees, intergovernmental aid, and other sources of revenues.

The Council's government-wide financial statements are presented on pages 8 and 9.

## **Governmental Fund Financial Statements**

The governmental fund financial statements provide more detailed information about the Council's funds. A fund is a separate accounting entity used to keep track of specific sources of funding and spending. Except for the general fund, the Council uses specific funds that have been established to satisfy legal requirements established by external parties or governmental statutes or regulations.

The governmental fund financial statements are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements. The governmental fund financial statements focus on information about the Council's short-term inflows, outflows, and balances of spendable resources. The governmental fund financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

The *balance sheet* reports information about the Council's current financial resources, which are its assets, liabilities and fund balances. *Assets* reported are amounts on hand at the end of the fiscal year, such as cash, and amounts for receivables that are collectible within a short period of time after the end of the fiscal year. *Liabilities* include amounts that are to be paid in a short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is its *fund balance*. The fund balance generally indicates the amount available to finance next year's activities. Because the focus of this report is on current, rather than long-term information, we provide an analysis that reconciles the governmental funds balance sheet to the government-wide statement of net assets.

The *statement of revenues, expenditures and changes in fund balances* reports information about the Council's inflows, outflows, and balances of current financial resources for each of its major governmental funds and for its non-major governmental funds in the aggregate. Amounts reported are *revenues* and *expenditures* that were collected in cash or paid in cash, respectively, during the current period or very shortly after the end of the year. Because this report excludes long-term information, we provide an analysis that reconciles the governmental funds statement of revenues, expenditures and changes in fund balances to the government-wide statement of activities.

The Council's governmental fund financial statements are presented on pages 10 through 13.

## **Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of data provided in the government-wide and fund statements. The notes are presented on pages 14 through 23.

## **Required Supplementary Information**

The required supplementary information presents budgetary comparison schedules for the Council's general fund and each of its major governmental funds. The schedule presents the Council's original and final appropriated budgets for the reporting period as well as its actual inflows and outflows of financial resources. The required supplementary information is presented on pages 24 through 28.

## **Combining Funds Statements**

The combining funds statements provide information for non-major governmental funds and are presented immediately following the required supplementary information. Combining funds statements are presented on pages 29 and 30.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Financial Position

The Council's net assets may provide a useful indicator of its financial position. At the end of the current fiscal year, its assets exceeded liabilities by \$26.66 million, which represents an investment of \$212,979 in capital assets, \$26.02 million in restricted net assets (economic development, rural rehabilitation, business ready communities, workforce housing, technology development, and community facilities), and \$422,148 in unrestricted net assets. The unrestricted net assets may be used to meet the Council's ongoing obligations.

The Council's net assets decreased \$4.56 million during the current fiscal year which can be primarily attributed to a decrease of \$6.69 million in the restricted net assets for the business ready communities program, offset by an increase of \$2.15 million in restricted net assets for the economic development program.

The following condensed statement of net assets presents the Council's financial position for the past two years:

#### STATEMENT OF NET ASSETS - CONDENSED

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current assets	\$ 35,463,623	\$ 35,119,000
Noncurrent assets		
Loans receivable	6,057,628	6,025,676
Capital assets	212,979	251,581
<b>Total assets</b>	<u>\$ 41,734,230</u>	<u>\$ 41,396,257</u>
<b>LIABILITIES</b>		
Current liabilities	\$ 15,033,063	\$ 10,177,159
Noncurrent liabilities	44,902	-
<b>Total liabilities</b>	<u>\$ 15,077,965</u>	<u>\$ 10,177,159</u>
<b>NET ASSETS</b>		
Invested in capital assets	\$ 212,979	\$ 251,581
Restricted for economic development	14,038,285	11,888,483
Restricted for rural rehabilitation	3,655,491	3,623,981
Restricted for business ready communities	6,849,222	13,538,341
Restricted for workforce housing	1,026,548	1,000,268
Restricted for technology development	395,208	571,163
Restricted for community facilities	56,384	59,998
Unrestricted	422,148	285,283
<b>Total net assets</b>	<u>\$ 26,656,265</u>	<u>\$ 31,219,098</u>

### Results of Operations

Expenditures exceeded revenues by \$4.56 million during the current fiscal year. The primary reason is due to current year expenditure of \$6.69 million of state government revenues received but not spent in previous fiscal years for the business ready communities program; this was offset by an additional appropriation of \$2.0 million by the Legislature for the economic development program.

The following condensed statement of activities presents the Council's results of operations for the past two years:

**STATEMENT OF ACTIVITIES - CONDENSED**

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Program revenues	\$ 4,721,592	\$ 4,208,367
General revenues	50,378,928	34,637,088
<b>Total revenues</b>	<u>55,100,520</u>	<u>38,845,455</u>
<b>EXPENSES</b>		
Administration	1,928,561	1,675,373
Travel and tourism	13,116,800	11,417,700
Agribusiness	1,061,008	956,203
Business and industry	5,983,605	5,480,243
Regional offices	1,080,044	1,053,222
Investment ready communities	35,701,290	36,477,771
Rural development and Mainstreet	792,045	547,035
<b>Total expenses</b>	<u>59,663,353</u>	<u>57,607,547</u>
<b>Change in net assets</b>	<u>\$ (4,562,833)</u>	<u>\$ (18,762,092)</u>

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The Council's activities are reflected in its general, economic development, rural rehabilitation, business ready communities, and other governmental funds. The focus of these governmental funds is to provide information about the Council's short-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Council's net resources available for spending at the end of the fiscal year.

**Balance Sheet**

As of June 30, 2009, the Council's governmental funds reported combined ending fund balances of \$26.44 million, a decrease of \$4.52 million from the previous year. A combined unreserved special revenue fund balance of \$13.76 million represents amounts available for spending at the end of the fiscal year primarily for the Council's economic development, rural rehabilitation, business ready communities, workforce housing, and technology development. The combined reserved ending fund balance of \$58.26 million represents funds that are not available for new spending because they have been committed 1) to liquidate \$51.38 million of commitments (i.e. encumbrances), and 2) for \$6.88 million of non-current assets (loans receivable and inventory). The unreserved general fund deficit of \$45.57 million will be recovered as encumbrances in that fund are reduced.

Of the major funds, the general fund is the main operating fund of the Council. At the end of the current fiscal year, the total fund balance was \$159,950. Of this, the unreserved fund balance was a deficit of \$45.57 million. This deficit will be recovered through revenues recognized from the primary government as the expenditures are incurred. The majority of the amount reserved for encumbrances in the general fund is for grant funds awarded but not yet paid by the Council's Investment Ready Communities division.

The fund balance of the economic development fund increased \$2.15 million - primarily due to a \$2.0 million appropriation by the Legislature in the current fiscal year. The business ready communities fund balance decreased by \$6.69 million due to current year expenditure of state government revenues received but not spent in previous fiscal years.

### Revenues and Expenditures

The following schedule presents current fiscal year revenues and expenditures compared to the prior year:

#### SCHEDULE OF REVENUES AND EXPENDITURES GOVERNMENTAL FUNDS

	2009		2008		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	%
<b>REVENUES</b>						
Revenue from primary government	\$ 49,934,115	90.62%	\$ 33,973,287	87.46%	\$ 15,960,828	46.98%
Federal revenue	3,934,520	7.14%	3,644,932	9.38%	289,588	7.94%
Investment income	556,329	1.01%	870,180	2.24%	(313,851)	-36.07%
Revenue from others	178,640	0.32%	131,571	0.34%	47,069	35.77%
Charges for sales and services	490,132	0.90%	219,302	0.56%	270,830	123.50%
Other	6,784	0.01%	6,183	0.02%	601	9.72%
<b>Total revenues</b>	<b>\$ 55,100,520</b>	<b>100.00%</b>	<b>\$ 38,845,455</b>	<b>100.00%</b>	<b>\$ 16,255,065</b>	<b>41.85%</b>
<b>EXPENDITURES</b>						
Administration	\$ 2,195,871	3.68%	\$ 1,679,965	2.92%	\$ 515,906	30.71%
Travel and tourism	13,180,780	22.11%	11,366,906	19.75%	1,813,874	15.96%
Agribusiness	982,767	1.65%	954,866	1.66%	27,901	2.92%
Business and industry	5,853,531	9.82%	5,478,014	9.52%	375,517	6.85%
Regional offices	1,020,588	1.71%	1,051,663	1.83%	(31,075)	-2.95%
Investment ready communities	35,614,572	59.73%	36,476,322	63.37%	(861,750)	-2.36%
Rural development and Mainstreet	776,642	1.30%	546,367	0.95%	230,275	42.15%
<b>Total expenditures</b>	<b>\$ 59,624,751</b>	<b>100.00%</b>	<b>\$ 57,554,103</b>	<b>100.00%</b>	<b>\$ 2,070,648</b>	<b>3.60%</b>

Revenues for governmental activities were \$55.10 million for fiscal year 2009, an increase of 41.85% from the previous year. Revenues from primary government increased from the previous fiscal year primarily due to an increase in general funds received for the business ready communities, community facilities, economic development, and travel and tourism programs. Federal revenues increased primarily due to an increase in revenues received for the community development block grant program.

Expenditures for governmental activities were \$59.62 million for the current fiscal year, an increase of 3.6% from fiscal year 2008. This is primarily due to increased expenditures in the business ready communities, community facilities, and travel and tourism programs.



## CAPITAL ASSETS ACTIVITY

The Council's investment in capital assets for its governmental activities as of June 30, 2009 amounted to \$212,979, net of accumulated depreciation. This investment in capital assets includes a building, leasehold improvements, and furniture, fixtures and equipment. At the end of the fiscal year, the Council had no outstanding debt related to its capital assets. The \$38,602 decrease in net capital assets from the previous year is due to depreciation expense totaling \$77,498, net of \$38,896 of current year additions.

The following is a schedule of capital assets for the past two years:

### SCHEDULE OF CAPITAL ASSETS (net of depreciation)

	2009	2008
Building	\$ 48,086	\$ 49,426
Leasehold improvements	-	-
Furniture, fixtures and equipment	164,893	202,155
Total	\$ 212,979	\$ 251,581

## BUDGETARY HIGHLIGHTS

For the current fiscal year, the Council's general fund budget was revised primarily for additional appropriations from the Legislature for the economic development program (\$2.0 million) and travel and tourism program (\$955,000), and appropriations carried over from the previous fiscal year (\$60.53 million).

Budgeted expenditures for the economic development fund were primarily revised to reflect loans approved under certain provisions of the Wyoming Partnership Challenge Loan program. Budgeted expenditures for the rural rehabilitation fund and business ready communities fund were revised to carry over appropriations from a previous fiscal year.

## FINANCIAL IMPACTS

Effective for the fiscal year ending June 30, 2010, the Governor reduced State agency appropriations in response to estimated shortfalls in the State's revenues as a result of the economic downturn. The Council's reductions to its fiscal year 2010 budget total \$9,101,359.

There are currently no other known facts, decisions, or conditions that are expected to have a significant impact on the Council's financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets).

## REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Wyoming Business Council, 214 West 15<sup>th</sup> Street, Cheyenne, WY 82002.

WYOMING BUSINESS COUNCIL

STATEMENT OF NET ASSETS

JUNE 30, 2009

**ASSETS**

Current Assets	
Deposits with State Treasurer	\$ 29,398,824
Deposits with Trustee	1,544,189
Deposits in bank	6,619
Accounts receivable	1,885,203
Interest receivable	209,911
Due from other State agencies	222,517
Due from Federal government	1,364,824
Deposits	8,204
Inventory	16,622
Loans receivable, net	806,710
<b>Total current assets</b>	<u>35,463,623</u>

Noncurrent Assets	
Loans receivable, net	6,057,628
Depreciable capital assets, net of accumulated depreciation:	
Building	48,086
Furniture, fixtures and equipment	164,893
<b>Total depreciable capital assets</b>	<u>212,979</u>

**Total noncurrent assets** 6,270,607

**Total assets** 41,734,230

**LIABILITIES**

Current Liabilities	
Accounts payable	11,714,385
Liability under securities lending	1,808,189
Due to primary government	1,415,844
Accrued payroll	10,572
Compensated absences payable	66,369
Deferred revenue	17,704
<b>Total current liabilities</b>	<u>15,033,063</u>

Noncurrent Liabilities	
Compensated absences payable	44,902

**Total liabilities** 15,077,965

**NET ASSETS**

Invested in capital assets	212,979
Restricted for economic development	14,038,285
Restricted for rural rehabilitation	3,655,491
Restricted for business ready communities	6,849,222
Restricted for workforce housing	1,026,548
Restricted for technology development	395,208
Restricted for community facilities	56,384
Unrestricted	422,148
<b>Total net assets</b>	<u>\$ 26,656,265</u>

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>FUNCTIONS/PROGRAMS</b>	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Sales and Services	Operating Grants and Contributions	Total Governmental Activities
<b>Governmental Activities</b>				
Administration	\$ 1,928,561	\$ 62,655	\$ -	\$ (1,865,906)
Travel and tourism	13,116,800	200,524	-	(12,916,276)
Agribusiness	1,061,008	1,880	23,000	(1,036,128)
Business and industry	5,983,605	169,617	731,439	(5,082,549)
Regional offices	1,080,044	-	-	(1,080,044)
Investment ready communities	35,701,290	-	3,474,847	(32,226,443)
Rural development and Mainstreet	792,045	55,456	2,174	(734,415)
<b>Total</b>	<b>\$ 59,663,353</b>	<b>\$ 490,132</b>	<b>\$ 4,231,460</b>	<b>(54,941,761)</b>
<b>General Revenues</b>				
Appropriation from primary government				49,934,115
Investment income				259,389
Other				185,424
<b>Total general revenues</b>				<b>50,378,928</b>
<b>Change in net assets</b>				<b>(4,562,833)</b>
Net Assets, beginning				31,219,098
Net Assets, ending				<b>\$ 26,656,265</b>

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General Fund	Economic Development Fund	Rural Rehabilitation Fund	Business Ready Communities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Deposits with State Treasurer	\$ 7,377,775	\$ 7,879,852	\$ 3,966,559	\$ 8,242,613	\$ 1,932,025	\$ 29,398,824
Deposits with Trustee	-	887,861	446,925	-	209,403	1,544,189
Deposits in bank	858	-	-	-	5,761	6,619
Accounts receivable	50,369	641,211	322,767	662,774	208,082	1,885,203
Interest receivable	262	169,540	27,308	-	12,801	209,911
Due from primary government	221,659	-	-	-	858	222,517
Due from Federal government	1,364,824	-	-	-	-	1,364,824
Deposits	-	-	-	-	8,204	8,204
Inventory	16,622	-	-	-	-	16,622
Loans receivable, net	170,654	6,693,684	-	-	-	6,864,338
<b>Total assets</b>	<b>\$ 9,203,023</b>	<b>\$ 16,272,148</b>	<b>\$ 4,763,559</b>	<b>\$ 8,905,387</b>	<b>\$ 2,377,134</b>	<b>\$ 41,521,251</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 7,497,582	\$ 1,192,513	\$ 584,736	\$ 2,056,165	\$ 383,389	\$ 11,714,385
Liability under securities lending	-	1,039,654	523,332	-	245,203	1,808,189
Due to primary government	1,414,148	1,696	-	-	-	1,415,844
Accrued payroll	10,572	-	-	-	-	10,572
Compensated absences payable	111,271	-	-	-	-	111,271
Deferred revenue	9,500	-	-	-	8,204	17,704
<b>Total liabilities</b>	<b>9,043,073</b>	<b>2,233,863</b>	<b>1,108,068</b>	<b>2,056,165</b>	<b>636,796</b>	<b>15,077,965</b>
<b>Fund Balances</b>						
<b>Reserved for:</b>						
Encumbrances	45,544,928	-	-	5,778,223	54,751	51,377,902
Inventory	16,622	-	-	-	-	16,622
Loans receivable	170,654	6,693,684	-	-	-	6,864,338
<b>Unreserved fund balance (deficit):</b>						
General fund	(45,572,254)	-	-	-	-	(45,572,254)
Special revenue funds	-	7,344,601	3,655,491	1,070,999	1,685,587	13,756,678
<b>Total fund balances</b>	<b>159,950</b>	<b>14,038,285</b>	<b>3,655,491</b>	<b>6,849,222</b>	<b>1,740,338</b>	<b>26,443,286</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,203,023</b>	<b>\$ 16,272,148</b>	<b>\$ 4,763,559</b>	<b>\$ 8,905,387</b>	<b>\$ 2,377,134</b>	<b>\$ 41,521,251</b>

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

**Total fund balances - governmental funds** \$ 26,443,286

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, not reported in the governmental funds.  
When capital assets that are used in governmental activities are  
purchased or constructed, the cost of those assets are reported as  
expenditures in governmental funds. These assets consist of:

Building	\$ 53,600	
Leasehold improvements	12,626	
Furniture, fixtures and equipment	925,109	
Accumulated depreciation	<u>(778,356)</u>	
<b>Total capital assets</b>		<u>212,979</u>

**Net assets of governmental activities** \$ 26,656,265

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Economic Development Fund	Rural Rehabilitation Fund	Business Ready Communities Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Revenue from primary government	\$ 49,934,115	\$ -	\$ -	\$ -	\$ -	\$ 49,934,115
Federal revenue	3,934,520	-	-	-	-	3,934,520
Investment income	2,265	648,979	166,688	-	64,199	882,131
Net (decrease) in the fair market value of investments	-	(199,982)	(86,679)	-	(39,141)	(325,802)
Revenue from others	178,640	-	-	-	-	178,640
Charges for sales and services	349,405	7,652	-	-	133,075	490,132
Other	-	-	-	-	6,784	6,784
<b>Total revenues</b>	<b>54,398,945</b>	<b>456,649</b>	<b>80,009</b>	<b>-</b>	<b>164,917</b>	<b>55,100,520</b>
<b>EXPENDITURES</b>						
Administration	2,162,289	-	-	-	33,582	2,195,871
Travel and tourism	13,180,780	-	-	-	-	13,180,780
Agribusiness	934,268	-	48,499	-	-	982,767
Business and industry	5,250,870	306,847	-	-	295,814	5,853,531
Regional offices	1,020,588	-	-	-	-	1,020,588
Investment ready communities	28,921,839	-	-	6,689,119	3,614	35,614,572
Rural development and Mainstreet	776,642	-	-	-	-	776,642
<b>Total expenditures</b>	<b>52,247,276</b>	<b>306,847</b>	<b>48,499</b>	<b>6,689,119</b>	<b>333,010</b>	<b>59,624,751</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,151,669</b>	<b>149,802</b>	<b>31,510</b>	<b>(6,689,119)</b>	<b>(168,093)</b>	<b>(4,524,231)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	22,155	2,000,000	-	-	33,165	2,055,320
Transfers out	(2,033,165)	-	-	-	(22,155)	(2,055,320)
<b>Total other financing sources (uses)</b>	<b>(2,011,010)</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>11,010</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>140,659</b>	<b>2,149,802</b>	<b>31,510</b>	<b>(6,689,119)</b>	<b>(157,083)</b>	<b>(4,524,231)</b>
Fund balances, beginning	19,291	11,888,483	3,623,981	13,538,341	1,897,421	30,967,517
Fund balances, ending	\$ 159,950	\$ 14,038,285	\$ 3,655,491	\$ 6,849,222	\$ 1,740,338	\$ 26,443,286

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

**Net change in fund balances - total governmental funds** \$ (4,524,231)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:

Expenditures for capital assets	\$ 38,896	
Less:		
Current year depreciation	<u>(77,498)</u>	<u>(38,602)</u>

**Change in net assets of governmental activities** \$ (4,562,833)

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of presentation**

The accompanying financial statements of the Wyoming Business Council (the "Council") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The basic financial statements include both government-wide financial statements based on the Council as a whole and fund financial statements.

**B. Financial reporting entity**

The Council was created in 1998 by the Wyoming Economic Development Act. The Council has been charged by State statutes to encourage, stimulate and support the development and expansion of the economy of the State and is operated for the benefit of the public. It is governed by a Board of Directors, consisting of fifteen voting members appointed by the Governor with the advice and consent of the State Senate. The Council is a component unit of the State of Wyoming. Effective April 1, 2003, the Legislature created a tourism board within the Council that is composed of nine members appointed by the Governor. The tourism board is responsible for implementing the tourism program and functions assigned to the Council under the Wyoming Economic Development Act.

On July 1, 1998, the Council assumed the functions, programs and authority of the Economic Development and Stabilization Board, the Science Technology and Energy Authority, the Wyoming Travel Commission, the Investment Fund Committee, the Small Business Development Center Advisory Board, the Mid-American Manufacturing Technology Center Industrial Advisory Board and Partner Steering Committee, the Department of Agriculture Promotion and Marketing Division, the Department of Commerce Division of Economic and Community Development and Division of Tourism and State Marketing. The Council is also charged with administering the Wyoming Partnership Challenge Loan Program.

On February 21, 2001, the Council established Wyoming Economic and Workforce Development, Inc. (the "WEWD"), a 501(c)(3) corporation. The WEWD was formed to support the Council's economic development, expansion and workforce training efforts in the State of Wyoming by soliciting funds through a combination of fees, private contributions and grants. It began operations in fiscal year 2002 and is presented herein as a blended component unit. The financial information of the WEWD is presented as the Economic and Workforce Development Fund in the other governmental funds' column of the balance sheet and statement of revenues, expenditures and changes in fund balance.

Effective July 1, 2007, the Wyoming Rural Development Council and the Wyoming Main Street programs were transferred from the Wyoming Department of Agriculture to the Council, including appropriated funds and personnel.

**C. Government-wide financial statements**

The statement of net assets and statement of activities display information about the Council as a whole. Eliminations have been made to minimize the double counting of internal activities.

The statement of net assets reports all of the Council's financial and capital resources. Assets and liabilities are presented in order of their relative liquidity. An asset's liquidity is determined by how readily it is expected to be converted to cash and whether restrictions limit the Council's ability to use the resource. A liability's liquidity is based on its maturity, or when cash is expected to be used to liquidate it. The difference between total assets and total liabilities show the Council's net assets. Net assets are reported as restricted when constraints are placed on their use by creditors, grantors, or laws or regulations of other governments.



## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

#### **D. Fund financial statements**

The fund financial statements provide information about the Council's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The Council reports the following major governmental funds:

*General Fund* – the Council's primary operating fund. It accounts for all of the Council's financial resources except those accounted for in another fund. Revenues consist primarily of State and Federal funding.

*Economic Development Fund* – used to account for economic development efforts of the Council; primarily, the activities of the following loan portfolios: Challenge loans, Economic disaster loans, Bridge loans and Amendment IV loans. Revenues consist primarily of interest income.

*Rural Rehabilitation Fund* – used to account for the operations of the rural rehabilitation program that is administered in accordance with the terms of an agreement with the U.S. Farmers Home Administration. Revenues consist primarily of interest income.

*Business Ready Communities Fund* – used to account for the business ready communities program that provides funding for cities, towns, counties and joint powers boards for economic development infrastructure projects.

#### **E. Basis of accounting**

*Government-wide fund financial statements* – The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions, including interest on loans, which are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all appropriations from the primary government, are presented instead as general revenues.

*Governmental fund financial statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures.

The Council reports deferred revenue on its statement of net assets and governmental fund balance sheet. Deferred revenues for governmental fund reporting purposes arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Council before it has legal claim to them, as when grant funds are received prior to the occurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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#### F. Budgets

Wyoming Statutes require the Council to prepare and submit a biennial budget to the Governor for presentation to the Legislature each odd-numbered year prior to the beginning of the Legislative session. The Legislature may add, change, or delete any items in the budget proposed by the Governor. Supplemental appropriations may be approved by the Legislature in even numbered years.

The Legislature appropriates substantially cash basis budgets for programs within an agency. The State's legal level of budgetary control is at the program level and the Governor must approve all changes in appropriations at the program level. Some unencumbered appropriations lapse at the end of each biennium. Encumbrances are reported as a reservation of fund balance in the governmental funds balance sheet and carried forward for use in future years.

Legislative appropriation, as amended, for the period July 1, 2008 through June 30, 2010	\$219,127,211
Actual expenditures (non-GAAP budgetary basis) for the period July 1, 2008 through June 30, 2009	\$103,315,383

#### G. Deposits with State Treasurer

The general fund of the Council primarily operates out of an appropriation from the Wyoming State Legislature, which has been established with the Wyoming State Auditor's office. Cash is available from this appropriation to fund expenditures as they are incurred by the Council. As such, the cash balance within the general fund is assumed to be the amounts of accounts payable and certain accrued expenses within the fund, net of certain assets.

Current statutes require all cash and investments of State agencies, including the Council, to be pooled and invested by the Wyoming State Treasurer's Office. The State Treasurer maintains six different cash and investment pools, only one of which is participated in by the Council (the state agency pool). The Council's allocation of the state agency pool is .43%. Earnings from the state agency pool are credit monthly, utilizing a formula based on the average daily balance, to the applicable account and funds. The Council accounts for its allocation of investments at fair value, as determined by quoted market prices, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in fund balances. All investments with original maturities of 12 months or less are accounted for at amortized cost.

#### H. Receivables

Receivables consist primarily of amounts due from the Federal Government and other governmental entities, including the State. Management believes no allowance for uncollectible amounts is necessary based on the nature of these receivables and past experience.

#### I. Inventories

Inventories are reported at cost (first-in, first-out). Inventory items are considered expenditures when consumed.

#### J. Loans and allowance for loan losses

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Delinquent status is considered to be 10 days after the payment due date. In all cases, loans are placed on nonaccrual status at an earlier date if collection of principal or interest in full is not expected.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009

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The interest on nonaccrual loans is accounted for on the cash-basis until the loan qualifies for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured, or the loan is well-secured and in the process of collection.

It is the policy of the Council to charge off those loans in which collectability is sufficiently questionable as to no longer justify showing the loan as an asset in the financial statements. The charge off of any loan must be approved by the Board of Directors.

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance when management believes the collection of the principal balance is unlikely. Recoveries of amounts previously charged off are credited to the allowance. The amount of provision is based on management's evaluation of the loan portfolio, including assessment of the likelihood of reimbursement on defaulted loans.

**K. Securities lending collateral**

Securities on loan for cash collateral are reported in the statement of net assets as deposits with Trustee. Liabilities resulting from the security lending transactions are also reported. Additional disclosures describing security-lending transactions are provided in Note 2.

**L. Capital assets**

Capital assets are stated at cost in the government-wide financial statements. The Council's capitalization level for all capital assets is \$5,000. Depreciation on property and equipment is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	40
Leasehold improvements	Life of the lease
Furniture, fixtures and equipment	3-14

Capital assets are accounted for as expenditures in the governmental fund financial statements. Costs for repairs and maintenance are expensed as incurred.

**M. Grants payable**

In certain cases where grantees incur qualified reimbursable expenditures on a grant prior to year end, but have not yet invoiced the Council for these amounts, the Council estimates the amount due to the grantee at year end based on the percentage completion of the project. The estimated percentage of completion is multiplied by the total grant amount, and then previous and accrued payments to the grantee are subtracted. The corresponding result is recorded as a payable in the financial statements as of June 30, 2009.

**N. Encumbrance accounting**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds is recorded to reserve that portion of the applicable appropriation, and is employed for governmental fund financial statements. Encumbrances outstanding at June 30, 2009, for which the goods or services have not been received, are shown as a reservation of fund balance in the governmental funds balance sheet.

**O. Interfund transactions**

Interfund transactions are reflected either as services provided, reimbursements or transfers. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are eliminated in the statement of activities.

## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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#### P. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Note 2. DEPOSITS WITH STATE TREASURER

Deposits for the Council are primarily invested in the pooled cash and investments account managed by the Wyoming State Treasurer, under the State of Wyoming Master Investment Policy. The Master Investment Policy (Policy) sets forth a 'road map' on how the investment program should be run. The Policy spells out what can and cannot be done, roles and responsibilities, acceptable transactions, prohibited transactions and performance expectations on its managed funds. State statutes, as incorporated into the Policy, authorize the State to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; bonds issued by Wyoming agencies or political subdivisions; corporate notes, bonds, and debentures; commercial paper; banker's acceptances; loans specifically identified by statutes; and other securities specifically authorized by the legislature. The State Loan Investment Board (Board) reviews the Policy annually. This Board is comprised of the State's five elected officials.

Those managing the State's investment program are governed in part by the prudent investor rule contained in the State's Uniform Prudent Investor Advisor Act. This rule states in part:

*"[a] Trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust."*

The Policy further states that investments or groups of investments shall not be evaluated in isolation but in the context of the entire investment portfolio and as part of an overall investment strategy of the trust or fund from which the investment is derived, consistent with the policies for such trust or fund established under statute by the Board.

The Council's participation in the pooled cash and investments account exposes the Council to certain risks, primarily credit risk, custodial credit risk, and interest rate risk. In addition, the Council may be indirectly exposed to risks associated with using, holding or writing derivatives. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Securities lending transactions: State statutes permit the State Treasurer to lend its securities, through the use of agents, to broker-dealers and other entities with simultaneous agreement to return the collateral for the same securities in the future. The State's agents lend securities, of the type on loan at year-end, for collateral in the form of cash or other securities at 100% of value for U.S. Treasury Strips and U.S. Treasury Bills, and 102% to 105% of value for other securities. The State, through its agents, measures the fair value of the securities loaned against the fair value of the collateral on a daily basis. Additional collateral is obtained as necessary to ensure such transactions are adequately collateralized. Securities lent for securities collateral are classified according to the category of the collateral. At year-end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. The contract with the State's agent requires it to indemnify the State if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the State of income distributions by the securities' issuers while the securities are on loan.

The Council's participation in securities lending transactions exposes the Council to certain risks, primarily credit and interest rate risk. Detailed information on the State Treasurer's securities lending transactions is available from that office.

**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**Note 3. LOANS RECEIVABLE**

Interest rates on accrual loans vary from 1.0% to 8.5% and have varying maturity dates through 2026; collateral includes personal guarantees, mortgages on real estate, and liens on receivables, inventory, furniture, equipment and crops. At June 30, 2009, loans receivable included an outstanding loan to one major loan customer totaling \$903,267, which comprised 12% of gross loans receivable as of that date. There were approximately \$213,719 of non-accruing loans which were fully reserved as of June 30, 2009. There was one loan of \$18,040 charged off during the year ended June 30, 2009.

Effective July 1, 1998, the loan portfolios of the Science Technology and Energy Authority (STEA) and the Department of Commerce Division of Economic and Community Development were transferred to the Council. Certain loans transferred from STEA were unsecured. Effective July 1, 2007, the loan portfolio of the Mainstreet program was transferred to the Council.

Loans receivable as of June 30, 2009 are as follows:

	<u>Loan Type</u>	<u>Gross Balance</u>	<u>Allowance</u>	<u>Net Balance</u>
General Fund	Mainstreet	\$ 27,326	\$ -	\$ 27,326
General Fund	Business Ready Community	143,328	-	143,328
Economic Development Fund	Amendment IV	577,520	253,886	323,634
Economic Development Fund	Challenge	999,228	55,384	688,884
Economic Development Fund	Economic disaster	1,935,373	254,610	1,680,763
Economic Development Fund	Bridge	3,914,541	169,098	4,000,403
Technology Development Fund	STEA	148,719	148,719	-
Technology Development Fund	Seed capital	<u>65,000</u>	<u>65,000</u>	<u>-</u>
		<u>\$ 7,811,035</u>	<u>\$ 946,697</u>	<u>\$ 6,864,338</u>

**Note 4. CAPITAL ASSETS**

Capital asset activity in the government-wide financial statements for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Cost:				
Building	\$ 53,600	\$ -	\$ -	\$ 53,600
Leasehold improvements	12,626	-	-	12,626
Furniture, fixtures and equipment	<u>913,063</u>	<u>38,896</u>	<u>(26,850)</u>	<u>925,109</u>
Total cost	<u>979,289</u>	<u>38,896</u>	<u>(26,850)</u>	<u>991,335</u>
Less accumulated depreciation:				
Building	(4,174)	(1,340)	-	(5,514)
Leasehold improvements	(12,626)	-	-	(12,626)
Furniture, fixtures and equipment	<u>(710,908)</u>	<u>(76,158)</u>	<u>26,850</u>	<u>(760,216)</u>
Total accumulated depreciation	<u>(727,708)</u>	<u>(77,498)</u>	<u>26,850</u>	<u>(778,356)</u>
Capital assets, net	<u>\$ 251,581</u>	<u>\$ (38,602)</u>	<u>\$ -</u>	<u>\$ 212,979</u>

**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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Depreciation expense was charged to governmental functions as follows:

Administration	\$ 5,960
Travel and tourism	59,706
Agribusiness	2,191
Business and industry	3,418
Regional offices	2,542
Investment ready communities	2,279
Rural development and Mainstreet	<u>1,402</u>
	<u>\$ 77,498</u>

**Note 5. COMPENSATED ABSENCES**

Employees of the Council earn vacation leave based on their level of responsibility and number of years of service; leave not used at the end of the vacation accrual year does not vest. Prior to June 30, 2009, vacation leave was accrued annually from October 1 to September 30; as of June 30, 2009, the policy was changed to accrue vacation from July 1 to June 30 of each year and a one-time extension through June 30, 2010 was granted for any unused accrued vacation as of June 30, 2009.

Non-exempt employees may be granted compensatory time off in lieu of overtime pay. Compensatory time is earned at the rate of 1 to 1½ hours for each hour of overtime worked.

The portion of accumulated leave which is expected to be paid with available resources is recognized as a liability of the general fund in the governmental funds balance sheet. This accumulated leave, including related payroll taxes and benefits as of June 30, 2009 was \$111,271.

**Note 6. OPERATING LEASES**

The Council has entered into operating leases for office space and equipment. The lease terms vary in range, extending through July 2015. Expenditures or expenses on these leases are recognized as incurred. Total rent expense for these operating leases for the year ended June 30, 2009 was \$198,321. Future rental payments for these operating leases are as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2010	\$155,121
2011	21,742
2012	18,572
2013	10,347
2014	6,057
Thereafter	<u>6,578</u>
Total minimum payments	<u>\$218,417</u>

## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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#### Note 7. PENSION AND RETIREMENT PLANS

**Wyoming Retirement System** – All full-time or regular part-time employees of the Council participate in the Wyoming Retirement System (WRS). The plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The plan provides retirement, disability and death benefits according to pre-determined formulas and allows retirees to select one of seven optional methods for receiving benefits. Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the plan and be eligible for retirement benefits at age 50. The WRS issues a stand-alone financial report that can be obtained by writing to: Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, WY 82002 or by calling (307) 777-7691.

Statutes require contributions to the plan equal to 11.25% of the participating employee's salary. The Council pays 100% of the required contribution. Contributions made by the Council to WRS for the years ended June 30, 2009, 2008 and 2007 were \$468,235, \$443,474 and \$410,780, respectively.

**Deferred Compensation Plan** – The State also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, accounted for by the State and available to all Council employees, permits employees to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All compensation and earnings deferred are held in trust or custodial accounts for the exclusive benefit of program participants and their beneficiaries.

Investments are managed and controlled by the deferred compensation plan's trustee, not the Council, under various investment options. The employee chooses the investment option(s) and the contribution amount when participating in the deferred compensation plan. These investments and the related liability to the employees are not included in the Council's financial statements as an agency since the deferred compensation plan is managed on a statewide basis.

Effective July 2001, statutes require matching contributions to the plan for each participating employee. Currently, the match established and appropriated by the Legislature for each participating employee is \$20 per month. Matching contributions made by the Council to the deferred compensation plan for the year ended June 30, 2009 totaled \$11,378.

#### Note 8. RISK MANAGEMENT

**State self-insurance** – The Council participates in the State self-insurance program that was created to handle property, casualty and liability insurance claims brought against the State. The State generally does not maintain reserves; losses are covered by a combination of appropriations from the State's general fund in the year in which the payment occurs and by assessing State agencies a pro-rata share of anticipated claims expenditures for the fiscal year. The Council was not assessed claims charges for the year ended June 30, 2009.

**Employee medical, life, long-term disability, vision and dental insurance** – The Council's employees participate in the State's Group Insurance plan. Under this plan, the State co-administers employee medical insurance with a third-party administrator. The State self-insures medical costs and assumes all the risk for claims incurred by plan participants. The Council does not retain any risk of loss for the life, long-term disability, vision and dental insurance plans as the insurance providers assume all the risk for claims incurred by the participants. The Council does not expect to incur any liabilities in connection with the life, long-term disability, vision and dental insurance programs.

During the year ended June 30, 2009, the Council contributed up to \$501, \$993, and \$1,134 (for single, dependent and family coverage, respectively) per month for insurance premiums, plus 90% of the monthly premiums in excess of these amounts for each covered participant towards these plans, excluding long-term disability and vision premiums. Participants are responsible for paying premium charges in excess of this amount plus long-term disability and vision premiums. Total group insurance premiums paid by the Council for the year ended June 30, 2009 were \$703,433.

## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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**Workers' compensation** – Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act (the "Act"). The Act requires all employers engaged in extra-hazardous employment to obtain liability coverage for the payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. Eligible employers that comply with the provisions of the Act are generally protected from suit by employees. Employers not required by the Act to participate in this program may elect to do so at their option. For the year ended June 30, 2009, the Council's contributions to the Workers' Compensation Fund were \$62,638.

**Unemployment compensation** – The Council does not carry unemployment insurance but pays the cost of actual claims incurred. The Council paid \$8,187 for unemployment claims for the year ended June 30, 2009.

#### **Note 9. TRANSACTIONS WITH THE STATE**

The Council pays for services provided by the State for certain phone service, computer processing, motor pool vehicles, State plane usage, loan exam services and central mail. Total amounts expended for these services for the year ended June 30, 2009 were \$489,792.

The Council has entered into several agreements with the University of Wyoming (UW) to fund various projects which include the Market Research Center, Research Product Center, Manufacturing-Works (formerly known as the Mid-America Manufacturing Technical Centers), Small Business Development Centers, Small Business Innovation Research, Government Resources and Opportunities for Business (GRO-Biz), Technology Business Center and Small Business Technology Transfer programs. Total amounts expended to UW for the year ended June 30, 2009 were \$2,696,250, of which \$693,487 is included in accounts payable as of June 30, 2009. The Council is contingently liable for amounts remaining under these agreements in the amount of \$544,142 as of June 30, 2009.

The Council has also entered into several agreements with the Wyoming Department of Transportation to provide for certain highway signage. Total amounts paid under these agreements for the year ended June 30, 2009 were \$23,444. The Council is contingently liable for amounts remaining under these agreements in the amount of \$210,783 as of June 30, 2009.

#### **Note 10. COMMITMENTS AND CONTINGENCIES**

**Relationship with primary government** – The Council receives a significant portion of its revenues directly from the State of Wyoming and the continued operation of the Council is dependent upon actions of the Legislature.

**Federal grants** – Grant monies received and disbursed by the State are for specific purposes and are subject to audit by the grantor agency. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Council does not believe that such disallowances, if any, would have a material effect on the financial position or results of operations of the Council.

**Loans** – Loans approved by the Council's Board of Directors but undistributed as of June 30, 2009 totaled \$3,473,504. Of these, \$205,712 will be funded out of general funds appropriated for the Mainstreet loan program, \$219,209 will be funded out of the general funds appropriated for the business ready community loan program, and the remaining amount will be funded out of the cash balance in the economic development fund.

**Other commitments and contingencies** – The Council has contracted and/or committed funds for various projects, services or other items arising in the normal course of operations. The amounts remaining to complete these commitments totaled \$51,383,983 as of June 30, 2009. These commitments will be funded by a combination of restricted net assets, State appropriations and Federal revenues.



**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Note 11. SUBSEQUENT EVENTS**

The Council has entered into various agreements subsequent to June 30, 2009, with vendors primarily for marketing, public relations and promotion services and to cities, towns, counties and joint powers boards for economic development infrastructure projects during the period July 1, 2009 through August 31, 2019. These agreements are valued at up to but no more than \$24,759,636. These agreements will be funded by a combination of State appropriations and Federal revenues.

The Council distributed \$969,209 subsequent to June 30, 2009, out of the Economic Development fund for loans approved but undistributed as of June 30, 2009.

Subsequent to June 30, 2009, the Council approved the write-off of the \$65,000 Seed capital loan. This loan was fully reserved as of June 30, 2009.

Effective for the fiscal year ending June 30, 2010, the Governor reduced State agency appropriations in response to estimated shortfalls in the State's revenues as a result of the economic downturn. The Council's reductions to its fiscal year 2010 budget total \$9,101,359.

Subsequent to June 30, 2009, the Council was awarded \$37,410,505 of American Recovery and Reinvestment Act funds. The U.S. Department of Energy (DOE) and the U.S. Department of Housing and Urban Development (HUD) are the awarding agencies for these funds.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The Council's required supplementary information includes the budgetary comparison schedules as described in the following Notes to Required Supplementary Information.

### **Note 1. BASIS OF PRESENTATION**

The Council adopts a biennial budget that is approved by the State Legislature. The Council allocates the biennial budget to an annual budget for internal management purposes. These annualized budgets are presented in the accompanying budgetary comparison schedules. Additionally, these budget comparison schedules are prepared using encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded as expenditures and liabilities in order to reserve that portion of the applicable appropriation.

### **Note 2. EXPLANATION OF DIFFERENCES**

The schedule on page 28 is an explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures for the General Fund, Economic Development Fund, Rural Rehabilitation Fund, and Business Ready Communities Fund for the year ended June 30, 2009.

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund					Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ 71,150,354	\$ 134,883,925	\$ 45,147,943	\$ -	\$ 45,147,943	\$ (89,735,982)
Federal revenue	3,916,006	3,976,506	4,260,727	-	4,260,727	284,221
Investment income	-	-	-	-	-	-
Revenue from others	56,575	206,575	284,233	-	284,233	77,658
Charges for sales and services	-	222,650	315,200	-	315,200	92,550
<b>Total revenues</b>	<b>75,122,935</b>	<b>139,289,656</b>	<b>50,008,103</b>	<b>-</b>	<b>50,008,103</b>	<b>(89,281,553)</b>
<b>EXPENDITURES</b>						
Administration	2,150,344	19,737,007	2,148,494	29,668	2,178,162	17,558,845
Travel and tourism	13,234,370	14,379,869	12,081,928	762,771	12,844,699	1,535,170
Agribusiness	875,788	898,788	905,191	17,353	922,544	(23,756)
Business and industry	5,624,826	7,704,256	5,684,738	507,477	6,192,215	1,512,041
Regional offices	1,187,933	1,193,595	1,009,305	14,646	1,023,951	169,644
Investment ready communities	51,245,012	94,278,962	27,592,979	46,850,821	74,443,800	19,835,162
Rural development and Mainstreet	804,662	1,097,179	585,468	311,935	897,403	199,776
<b>Total expenditures</b>	<b>75,122,935</b>	<b>139,289,656</b>	<b>50,008,103</b>	<b>48,494,671</b>	<b>98,502,774</b>	<b>40,786,882</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (48,494,671)</b>	<b>\$ (48,494,671)</b>	<b>\$ (48,494,671)</b>

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
ECONOMIC DEVELOPMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	Economic Development Fund					Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 2,000,000
Federal revenue	-	-	-	-	-	-
Investment income	570,438	570,438	618,597	-	618,597	48,159
Revenue from others	-	-	995,614	-	995,614	995,614
Charges for sales and services	-	-	10,114	-	10,114	10,114
<b>Total revenues</b>	<b>570,438</b>	<b>570,438</b>	<b>3,624,325</b>	<b>-</b>	<b>3,624,325</b>	<b>3,053,887</b>
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Travel and tourism	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-
Business and industry	570,438	2,670,788	1,498,255	-	1,498,255	1,172,533
Regional offices	-	-	-	-	-	-
Investment ready communities	-	-	-	-	-	-
Rural development and Mainstreet	-	-	-	-	-	-
<b>Total expenditures</b>	<b>570,438</b>	<b>2,670,788</b>	<b>1,498,255</b>	<b>-</b>	<b>1,498,255</b>	<b>1,172,533</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ (2,100,350)</b>	<b>\$ 2,126,070</b>	<b>\$ -</b>	<b>\$ 2,126,070</b>	<b>\$ 4,226,420</b>

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
RURAL REHABILITATION FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	Rural Rehabilitation Fund					
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget Favorable (Unfavorable)
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal revenue	-	-	-	-	-	-
Investment income	-	132,833	161,413	-	161,413	28,580
Revenue from others	-	-	-	-	-	-
Charges for sales and services	-	-	-	-	-	-
<b>Total revenues</b>	-	132,833	161,413	-	161,413	28,580
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Travel and tourism	-	-	-	-	-	-
Agribusiness	-	132,833	55,499	-	55,499	77,334
Business and industry	-	-	-	-	-	-
Regional offices	-	-	-	-	-	-
Investment ready communities	-	-	-	-	-	-
Rural development and Mainstreet	-	-	-	-	-	-
<b>Total expenditures</b>	-	132,833	55,499	-	55,499	77,334
<b>Excess of revenues over expenditures</b>	\$ -	\$ -	\$ 105,914	\$ -	\$ 105,914	\$ 105,914

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
BUSINESS READY COMMUNITIES FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	Business Ready Communities Fund					Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal revenue	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Revenue from others	-	-	-	-	-	-
Charges for sales and services	-	-	-	-	-	-
<b>Total revenues</b>	-	-	-	-	-	-
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Travel and tourism	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-
Business and industry	-	-	-	-	-	-
Regional offices	-	-	-	-	-	-
Investment ready communities	-	3,665,699	216,307	2,985,000	3,201,307	464,392
Rural development and Mainstreet	-	-	-	-	-	-
<b>Total expenditures</b>	-	3,665,699	216,307	2,985,000	3,201,307	464,392
<b>Excess (deficiency) of revenues over expenditures</b>	\$ -	\$ (3,665,699)	\$ (216,307)	\$ (2,985,000)	\$ (3,201,307)	\$ 464,392

**WYOMING BUSINESS COUNCIL**

**EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES  
GENERAL FUND, ECONOMIC DEVELOPMENT FUND, RURAL REHABILITATION  
FUND, AND BUSINESS READY COMMUNITIES FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Economic Development Fund	Rural Rehabilitation Fund	Business Ready Communities Fund
<b>Sources/inflows of resources:</b>				
Actual amounts "available for appropriation" from the budgetary comparison schedule	\$ 50,008,103	\$ 3,624,325	\$ 161,413	\$ -
Differences in accrual basis revenues and cash basis budgetary amounts	4,390,842	(3,167,676)	(81,404)	-
Total revenues reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 54,398,945</u>	<u>\$ 456,649</u>	<u>\$ 80,009</u>	<u>\$ -</u>
<b>Uses/outflows of resources:</b>				
Actual amounts "charged to appropriations" from the budgetary comparison schedule	\$ 98,502,774	\$ 1,498,255	\$ 55,499	\$ 3,201,307
Differences in accrual basis expenditures and cash basis budgetary amounts	2,239,173	(1,191,408)	(7,000)	502,812
Encumbrances	(48,494,671)	-	-	2,985,000
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 52,247,276</u>	<u>\$ 306,847</u>	<u>\$ 48,499</u>	<u>\$ 6,689,119</u>

## **OTHER GOVERNMENTAL FUNDS**

The Council's non-major governmental funds are described below:

*Workforce Housing Fund* – used to account for the workforce housing loan program. No loans have been made as of June 30, 2009; revenues will consist primarily of interest income.

*Technology Development Fund* – used to account for technology development efforts of the Council; primarily, the activities of the loan portfolio of the former Science, Technology and Energy authority (STEA) and Seed capital loans. Revenues consist primarily of interest income.

*Community Facilities Fund* – used to account for the community facilities program that provides funding to assist communities preserve former school and government facilities for existing or future community uses.

*Wyoming Business Council Fund* - used primarily to account for revenues of the Wyoming First program, telephone commissions and net profits from sales of promotional merchandise.

*Economic and Workforce Development Fund* – used to account for activities of Wyoming Economic and Workforce Development, Inc. (the “WEWD”), a not-for-profit corporation. The WEWD was formed to support the Council's economic development, expansion and workforce training efforts in the State of Wyoming by soliciting funds through a combination of fees, private contributions and grants.



**WYOMING BUSINESS COUNCIL**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	Workforce Housing Fund	Technology Development Fund	Community Facilities Fund	Wyoming Business Council Fund	Economic and Workforce Development Fund	Total
<b>ASSETS</b>						
Deposits with State Treasurer	\$ 1,111,181	\$ 513,234	\$ 73,524	\$ 234,086	\$ -	\$ 1,932,025
Deposits with Trustee	125,200	57,828	-	26,375	-	209,403
Deposits in bank	-	-	-	-	5,761	5,761
Accounts receivable	90,419	41,763	5,912	27,440	42,548	208,082
Interest receivable	7,639	3,528	-	1,634	-	12,801
Due from primary government	-	-	-	858	-	858
Deposits	-	-	-	-	8,204	8,204
<b>Total assets</b>	<b>\$ 1,334,439</b>	<b>\$ 616,353</b>	<b>\$ 79,436</b>	<b>\$ 290,393</b>	<b>\$ 56,513</b>	<b>\$ 2,377,134</b>
<b>LIABILITIES AND EQUITY</b>						
Liabilities						
Accounts payable	\$ 161,286	\$ 153,431	\$ 23,052	\$ 37,389	\$ 8,231	\$ 383,389
Liability under securities lending	146,605	67,714	-	30,884	-	245,203
Deferred revenue	-	-	-	-	8,204	8,204
<b>Total liabilities</b>	<b>307,891</b>	<b>221,145</b>	<b>23,052</b>	<b>68,273</b>	<b>16,435</b>	<b>636,796</b>
Fund Balance						
Reserved for:						
Encumbrances	-	-	54,751	-	-	54,751
Unreserved fund balance	1,026,548	395,208	1,633	222,120	40,078	1,685,587
<b>Total fund balance</b>	<b>1,026,548</b>	<b>395,208</b>	<b>56,384</b>	<b>222,120</b>	<b>40,078</b>	<b>1,740,338</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,334,439</b>	<b>\$ 616,353</b>	<b>\$ 79,436</b>	<b>\$ 290,393</b>	<b>\$ 56,513</b>	<b>\$ 2,377,134</b>

**WYOMING BUSINESS COUNCIL**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Workforce Housing Fund	Technology Development Fund	Community Facilities Fund	Wyoming Business Council Fund	Economic and Workforce Development Fund	Total
<b>REVENUES</b>						
Investment income	\$ 50,729	\$ 3,678	\$ -	\$ 9,770	\$ 22	\$ 64,199
Net (decrease) in the fair market value of investments	(24,449)	(9,627)	-	(5,065)	-	(39,141)
Charges for sales and services	-	-	-	6,310	126,765	133,075
Other	-	-	-	6,784	-	6,784
<b>Total revenues</b>	<b>26,280</b>	<b>(5,949)</b>	<b>-</b>	<b>17,799</b>	<b>126,787</b>	<b>164,917</b>
<b>EXPENDITURES</b>						
Administration	-	-	-	33,582	-	33,582
Business and industry	-	170,006	-	-	125,808	295,814
Investment ready communities	-	-	3,614	-	-	3,614
<b>Total expenditures</b>	<b>-</b>	<b>170,006</b>	<b>3,614</b>	<b>33,582</b>	<b>125,808</b>	<b>333,010</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>26,280</b>	<b>(175,955)</b>	<b>(3,614)</b>	<b>(15,783)</b>	<b>979</b>	<b>(168,093)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	33,165	-	33,165
Transfers out	-	-	-	(22,155)	-	(22,155)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,010</b>	<b>-</b>	<b>11,010</b>
<b>Net change in fund balances</b>	<b>26,280</b>	<b>(175,955)</b>	<b>(3,614)</b>	<b>(4,773)</b>	<b>979</b>	<b>(157,083)</b>
Fund balances, beginning	1,000,268	571,163	59,998	226,893	39,099	1,897,421
Fund balances, ending	\$ 1,026,548	\$ 395,208	\$ 56,384	\$ 222,120	\$ 40,078	\$ 1,740,338