

**WYOMING BUSINESS COUNCIL**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2011**

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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, 2011, 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 Council as of June 30, 2011, 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 25 through 30, 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 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 9, 2011

# 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, 2011 and 2010.

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## FINANCIAL HIGHLIGHTS

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### Government-Wide Financial Statements:

- The Council's assets exceeded its liabilities (net assets) as of June 30, 2011 by \$27.16 million, a decrease of \$2.33 million from the previous year.

### Governmental Fund Financial Statements:

- As of June 30, 2011, the Council's governmental funds reported combined fund balances of \$26.84 million, a decrease of \$2.54 million from the previous year.
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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 24.

## **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 25 through 30.

## **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 31 and 32.

## 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 \$27.16 million, which represents an investment of \$316,046 in capital assets, \$23.63 million in restricted net assets (economic development, rural rehabilitation, business ready communities, and technology development), and \$3.21 million in unrestricted net assets. The unrestricted net assets may be used to meet the Council's ongoing obligations.

The Council's net assets decreased \$2.33 million during the current fiscal year which can be primarily attributed to a decrease of \$2.8 million in restricted net assets.

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

### STATEMENT OF NET ASSETS - CONDENSED

	2011	2010*
<b>ASSETS</b>		
Current assets	\$ 37,366,993	\$ 36,818,583
Noncurrent assets:		
Loans receivable	6,179,855	7,687,599
Capital assets	386,975	188,471
<b>Total assets</b>	<b>\$ 43,933,823</b>	<b>\$ 44,694,653</b>
<b>LIABILITIES</b>		
Current liabilities	\$ 16,723,765	\$ 15,138,487
Noncurrent liabilities	53,311	70,929
<b>Total liabilities</b>	<b>\$ 16,777,076</b>	<b>\$ 15,209,416</b>
<b>NET ASSETS</b>		
Invested in capital assets	\$ 316,046	\$ 101,714
Restricted for economic development	17,987,269	17,246,792
Restricted for rural rehabilitation	4,161,569	3,996,803
Restricted for business ready communities	1,019,842	3,611,520
Restricted for workforce housing	-	1,136,214
Restricted for technology development	462,793	439,716
Unrestricted	3,209,228	2,952,478
<b>Total net assets</b>	<b>\$ 27,156,747</b>	<b>\$ 29,485,237</b>

\* The Council has reclassified certain amounts in the condensed statement of net assets for 2010 to make them comparable to the 2011 presentation.

### Results of Operations

Expenses and transfers exceeded revenues by \$2.33 million during the current fiscal year. The primary reasons are due to grant expenditures made during the current fiscal year out of business ready communities funds received in a previous fiscal year and due to the transfer of \$1.2 million for the Workforce Housing program back to the primary government.

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

**STATEMENT OF ACTIVITIES - CONDENSED**

	2011	2010
<b>REVENUES</b>		
Program revenues	\$ 18,272,948	\$ 6,430,469
General revenues	61,910,782	42,854,221
<b>Total revenues</b>	80,183,730	49,284,690
 <b>EXPENSES</b>		
Administration	1,821,790	1,763,378
Agribusiness	982,872	975,141
Business and industry	20,883,272	6,628,077
Regional offices	1,072,741	1,104,993
Investment ready communities	55,285,097	34,173,386
Rural development and Mainstreet	1,307,772	1,605,084
Return of funds to primary government	1,158,676	-
<b>Total expenses</b>	82,512,220	46,250,059
<b>Increase (decrease) in net assets</b>	\$ (2,328,490)	\$ 3,034,631

**GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The Council’s activities are reflected in its general, economic development, American Recovery and Reinvestment, 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, 2011, the Council’s governmental funds reported combined ending fund balances of \$26.84 million, a decrease of \$2.54 million from the previous year.

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 \$2.97 million which is unavailable for current use (unspendable) because it is associated with a long-term receivable (loans receivable).

The fund balance of the economic development fund increased \$740,477 primarily due to investment income earned during the current fiscal year.

The business ready communities fund balance decreased by \$2.59 million due to current year expenditure of state government revenues received but not spent in previous fiscal years.

The fund balance of the rural rehabilitation fund increased \$164,766 primarily due to investment income earned during the current fiscal year.

The fund balances of the Council’s other governmental funds decreased \$1.2 million primarily due to the return of Workforce Housing funds back to the primary government.

## 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

	2011		2010		Increase (Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	%
<b>REVENUES</b>						
Revenue from primary government	\$ 60,751,450	75.76%	\$ 41,162,478	83.52%	\$ 19,588,972	47.59%
Federal revenue	17,959,209	22.40%	5,880,507	11.93%	12,078,702	205.40%
Investment income	1,185,135	1.48%	1,774,150	3.60%	(589,015)	-33.20%
Revenue from others	238,067	0.30%	198,844	0.40%	39,223	19.73%
Charges for sales and services	51,813	0.06%	268,711	0.55%	(216,898)	-80.72%
<b>Total revenues</b>	<b>\$ 80,185,674</b>	<b>100.00%</b>	<b>\$ 49,284,690</b>	<b>100.00%</b>	<b>\$ 30,900,984</b>	<b>62.70%</b>
<b>EXPENDITURES</b>						
Administration	\$ 2,068,649	2.50%	\$ 1,831,561	3.95%	\$ 237,088	12.94%
Agribusiness	988,805	1.20%	972,417	2.10%	16,388	1.69%
Business and industry	20,872,317	25.23%	6,630,136	14.31%	14,242,181	214.81%
Regional offices	1,062,450	1.28%	1,101,724	2.38%	(39,274)	-3.56%
Investment ready communities	55,275,138	66.82%	34,177,886	73.79%	21,097,252	61.73%
Rural development and Mainstreet	1,302,461	1.57%	1,603,340	3.46%	(300,879)	-18.77%
Return of funds to primary government	1,158,676	1.40%	-	0.00%	1,158,676	100.00%
<b>Total expenditures</b>	<b>\$ 82,728,496</b>	<b>100.00%</b>	<b>\$ 46,317,064</b>	<b>100.00%</b>	<b>\$ 36,411,432</b>	<b>78.61%</b>

Revenues for governmental activities were \$80.19 million for fiscal year 2011, an increase of 62.70% from the previous year. Revenues from primary government increased 47.59% from the previous fiscal year primarily due to \$16.24 million in general funds received for a supercomputer center project in Southeast Wyoming. Federal revenues increased \$12.08 million primarily due to an increase in revenues received for programs funded by the American Recovery and Reinvestment Act of 2009.

Expenditures for governmental activities were \$82.73 million for the current fiscal year, an increase of 78.61% from fiscal year 2010. This increase is primarily due to expenditures in the current year for the supercomputer center project and increased expenditures in programs funded by the American Recovery and Reinvestment Act of 2009.

### CAPITAL ASSETS ACTIVITY

The Council's investment in capital assets for its governmental activities as of June 30, 2011 amounted to \$386,975, net of accumulated depreciation of \$372,181. This investment in capital assets includes construction in progress, leasehold improvements, capitalized leases for equipment, furniture, fixtures and equipment, and intangible assets. At the end of the fiscal year, the Council had outstanding capital leases payable on equipment totaling \$70,929. The \$198,504 increase in net capital assets from the previous year is due to \$268,169 of current year additions, net of depreciation expense and a loss on the disposal of capital assets totaling \$69,665.



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

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

	2011	2010
Construction in progress	\$ 13,900	\$ 6,224
Capitalized leases	62,478	83,966
Furniture, fixtures and equipment	52,974	82,493
Intangible assets	257,623	15,788
<b>Total</b>	<b>\$ 386,975</b>	<b>\$ 188,471</b>

**BUDGETARY HIGHLIGHTS**

For the current fiscal year, the Council's general fund budget was revised primarily for net appropriations carried over from the previous fiscal year.

Budgeted expenditures for the economic development fund were primarily revised to carry over appropriations from a previous fiscal year.

Budgeted revenues and expenditures for the American Recovery and Reinvestment Fund were revised to carry over federal funds awarded to the Council in a previous fiscal year under the American Recovery and Reinvestment Act of 2009.

Budgeted expenditures for the rural rehabilitation fund and business ready communities fund were increased to cover estimated expenditures during the current biennium.

**FINANCIAL IMPACTS**

There are currently no 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, 2011

**ASSETS**

Current Assets	
Deposits with State Treasurer	\$ 26,614,974
Deposits in bank	43,053
Accounts receivable	2,324,970
Interest receivable	209,135
Due from primary government	2,796,297
Due from Federal government	4,116,891
Loans receivable, net	1,261,673
<b>Total current assets</b>	<u>37,366,993</u>

Noncurrent Assets	
Loans receivable, net	6,179,855
Capital assets not being depreciated:	
Construction in progress	13,900
Capital assets, net of accumulated depreciation:	
Capitalized leases	62,478
Furniture, fixtures and equipment	52,974
Intangibles	257,623
<b>Total noncurrent assets</b>	<u>6,566,830</u>

<b>Total assets</b>	<u>43,933,823</u>
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**LIABILITIES**

Current Liabilities	
Accounts payable	12,088,763
Due to primary government	4,601,358
Accrued payroll	6,165
Capital leases payable	17,618
Deposits	2,771
Deferred revenue	7,090
<b>Total current liabilities</b>	<u>16,723,765</u>

Noncurrent Liabilities	
Capital leases payable	53,311
<b>Total liabilities</b>	<u>16,777,076</u>

**NET ASSETS**

Invested in capital assets, net of related capital leases payable	316,046
Restricted for economic development	17,987,269
Restricted for rural rehabilitation	4,161,569
Restricted for business ready communities	1,019,842
Restricted for technology development	462,793
Unrestricted	3,209,228
<b>Total net assets</b>	<u>\$ 27,156,747</u>

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>FUNCTIONS/PROGRAMS</b>	Expenses	Program Revenues		Net (Expenses)
		Charges for Sales and Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Total Governmental Activities
<b>Governmental Activities</b>				
Administration	\$ 1,821,790	\$ 5,313	\$ -	\$ (1,816,477)
Agribusiness	982,872	1,895	42,181	(938,796)
Business and industry	20,883,272	21,905	228,878	(20,632,489)
Regional offices	1,072,741	-	-	(1,072,741)
Investment ready communities	55,285,097	2,200	17,421,777	(37,861,120)
Rural development and Mainstreet	1,307,772	20,500	528,299	(758,973)
Return of funds to primary government	1,158,676	-	-	(1,158,676)
<b>Total</b>	<b>\$ 82,512,220</b>	<b>\$ 51,813</b>	<b>\$ 18,221,135</b>	<b>(64,239,272)</b>
<b>General Revenues</b>				
Appropriation from primary government				60,751,450
Investment income				923,209
Other				236,123
<b>Total general revenues</b>				<b>61,910,782</b>
<b>Change in net assets</b>				<b>(2,328,490)</b>
Net Assets, beginning				29,485,237
Net Assets, ending				<b>\$ 27,156,747</b>

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General Fund	Economic Development Fund	American Recovery and Reinvestment Fund	Rural Rehabilitation Fund	Business Ready Communities Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Deposits with State Treasurer	\$ 6,027,333	\$ 14,308,238	\$ -	\$ 4,439,820	\$ 1,093,528	\$ 746,055	\$ 26,614,974
Deposits in bank	11,030	-	-	-	-	32,023	43,053
Accounts receivable	9,274	1,607,905	-	498,881	125,079	83,831	2,324,970
Interest receivable	29,317	150,834	-	24,818	-	4,166	209,135
Due from primary government	414,856	-	2,380,991	-	-	450	2,796,297
Due from Federal government	760,153	-	3,356,738	-	-	-	4,116,891
Loans receivable, net	2,974,415	4,467,113	-	-	-	-	7,441,528
<b>Total assets</b>	<b>\$ 10,226,378</b>	<b>\$ 20,534,090</b>	<b>\$ 5,737,729</b>	<b>\$ 4,963,519</b>	<b>\$ 1,218,607</b>	<b>\$ 866,525</b>	<b>\$ 43,546,848</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 6,030,821	\$ 2,538,712	\$ 2,380,927	\$ 801,940	\$ 198,765	\$ 137,598	\$ 12,088,763
Due to primary government	1,205,116	8,109	3,356,802	10	-	31,321	4,601,358
Accrued payroll	6,165	-	-	-	-	-	6,165
Deposits	2,771	-	-	-	-	-	2,771
Deferred revenue	7,090	-	-	-	-	-	7,090
<b>Total liabilities</b>	<b>7,251,963</b>	<b>2,546,821</b>	<b>5,737,729</b>	<b>801,950</b>	<b>198,765</b>	<b>168,919</b>	<b>16,706,147</b>
Fund Balances							
Unspendable:							
Loans receivable	2,974,415	4,467,113	-	-	-	-	7,441,528
Restricted:							
General	-	-	-	4,161,569	-	-	4,161,569
Committed:							
General	-	13,520,156	-	-	1,019,842	-	14,539,998
Assigned:							
General	-	-	-	-	-	697,606	697,606
<b>Total fund balances</b>	<b>2,974,415</b>	<b>17,987,269</b>	<b>-</b>	<b>4,161,569</b>	<b>1,019,842</b>	<b>697,606</b>	<b>26,840,701</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,226,378</b>	<b>\$ 20,534,090</b>	<b>\$ 5,737,729</b>	<b>\$ 4,963,519</b>	<b>\$ 1,218,607</b>	<b>\$ 866,525</b>	<b>\$ 43,546,848</b>

See Notes to Financial Statements.

WYOMING BUSINESS COUNCIL

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011

**Total fund balances - governmental funds** \$ 26,840,701

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:

Construction in progress	\$ 13,900	
Leasehold improvements	12,626	
Capitalized leases, net of related capital leases payable	21,344	
Furniture, fixtures and equipment	365,250	
Intangibles	275,107	
Accumulated depreciation	(372,181)	
<b>Total capital assets, net of capital leases payable</b>		<u>316,046</u>

**Net assets of governmental activities** \$ 27,156,747

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, 2011**

	General Fund	Economic Development Fund	American Recovery and Reinvestment Fund	Rural Rehabilitation Fund	Business Ready Communities Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Revenue from primary government	\$ 60,751,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,751,450
Federal revenue	3,193,178	-	14,766,031	-	-	-	17,959,209
Investment income	33,048	738,468	-	165,360	-	37,825	974,701
Net increase in the fair market value of investments	-	147,409	-	43,304	-	19,721	210,434
Revenue from others	238,067	-	-	-	-	-	238,067
Charges for sales and services	32,299	-	-	-	-	19,514	51,813
<b>Total revenues</b>	<b>64,248,042</b>	<b>885,877</b>	<b>14,766,031</b>	<b>208,664</b>	<b>-</b>	<b>77,060</b>	<b>80,185,674</b>
<b>EXPENDITURES</b>							
Administration	2,058,582	-	-	-	-	10,067	2,068,649
Agribusiness	944,907	-	-	43,898	-	-	988,805
Business and industry	20,700,913	145,400	-	-	-	26,004	20,872,317
Regional offices	1,062,450	-	-	-	-	-	1,062,450
Investment ready communities	38,440,965	-	14,242,495	-	2,591,678	-	55,275,138
Rural development and Mainstreet	778,925	-	523,536	-	-	-	1,302,461
Return of funds to primary government	1,158,676	-	-	-	-	-	1,158,676
<b>Total expenditures</b>	<b>65,145,418</b>	<b>145,400</b>	<b>14,766,031</b>	<b>43,898</b>	<b>2,591,678</b>	<b>36,071</b>	<b>82,728,496</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(897,376)</b>	<b>740,477</b>	<b>-</b>	<b>164,766</b>	<b>(2,591,678)</b>	<b>40,989</b>	<b>(2,542,822)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,158,676	-	-	-	-	16,261	1,174,937
Transfers out	(16,261)	-	-	-	-	(1,158,676)	(1,174,937)
<b>Total other financing sources (uses)</b>	<b>1,142,415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,142,415)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>245,039</b>	<b>740,477</b>	<b>-</b>	<b>164,766</b>	<b>(2,591,678)</b>	<b>(1,101,426)</b>	<b>(2,542,822)</b>
Fund balances, beginning	2,729,376	17,246,792	-	3,996,803	3,611,520	1,799,032	29,383,523
Fund balances, ending	\$ 2,974,415	\$ 17,987,269	\$ -	\$ 4,161,569	\$ 1,019,842	\$ 697,606	\$ 26,840,701

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, 2011**

**Net change in fund balances - total governmental funds** \$ (2,542,822)

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:

Capital outlay	\$ 268,169	
Loss on disposal of capital assets	(1,944)	
Depreciation expense	<u>(67,721)</u>	198,504

Principal payments on capital lease obligations is an expenditure in governmental funds, but the repayment is a reduction of long-term liabilities in the statement of net assets

15,828

**Change in net assets of governmental activities**

\$ (2,328,490)

See Notes to Financial Statements.

**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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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.

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.

**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.

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.



## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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#### 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.

*American Recovery and Reinvestment Fund* – used to account for Federal funds awarded to the Council under the American Recovery and Reinvestment Act of 2009.

*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, 2011**

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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 appropriations lapse at the end of each biennium.

Legislative appropriation, as amended, for the period July 1, 2010 through June 30, 2012	\$151,985,560
Actual expenditures (non-GAAP budgetary basis) for the period July 1, 2010 through June 30, 2011	\$ 61,873,937

**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.

The Council's cash is pooled with other State agencies in an account managed by the Wyoming State Treasurer. The account is reported at the fair-market value of the securities underlying the investment pool. Earnings from the investment pool are credited by the State Treasurer to the Council monthly, utilizing a formula based on the average daily balance, to the applicable accounts and funds.

**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. 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.

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. 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.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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**J. 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 capital assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	Life of the lease
Furniture, fixtures and equipment	3-14
Intangible assets	3-10

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

The intangible assets of the Council at June 30, 2011 are computer software and website development costs, which were capitalized in accordance with GASB 51, *Accounting and Financial Reporting for Intangible Assets*. A capital asset is classified as intangible if: 1) it lacks physical substance, 2) it is not in a monetary form similar to cash or investment securities, does not represent a claim or right to assets in a monetary form similar to receivables, and is not a prepayment for goods or services, and 3) it has an initial useful life that extends beyond a single reporting period.

**K. 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 accounts payable in the financial statements as of June 30, 2011.

**L. Fund balances**

The Council has implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for its governmental funds for the year ended June 30, 2011. GASB 54 classifies fund balances based on spending constraints that control how resources may be used. Following are the classifications of fund balance:

*Nonspendable* – amounts that are not available for current use, such as fund balance associated with inventories and long-term receivables.

*Restricted* – amounts constrained for a specific purpose through restrictions of external parties such as a creditor, grantor, donor, or other governmental unit (e.g. Federal government), or by constitutional provision.

*Committed* – amounts constrained for specific purposes imposed by formal action of the reporting governmental entity's highest level of decision-making authority.

*Assigned* – amounts that the reporting governmental entity intends to use for a specific purpose as expressed by a party delegated the authority by the highest level of decision-making authority.

*Unassigned* – amounts not reported in the other classifications. Only the general fund can report a positive unassigned fund balance; other governmental funds might report a negative amount in this classification.

**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**M. 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.

**N. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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**

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 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.

State statutes were revised to allow monies in the permanent funds to be invested in common stock of United States Corporations not to exceed fifty-five percent (55%) of the State’s cash balance. It is a primary goal of the State’s Master Investment Policy to obtain an optimal asset allocation for Wyoming’s investments to take full advantage of this new authority. This includes determining the optimal division of an investment portfolio among available asset classes, factoring in such elements as risk and return as central to the overall financial planning and investment management. Investment selection for all funds shall be based on legality, appropriateness, liquidity, and risk/return considerations.

The State of Wyoming’s permanent funds are not registered with the SEC as an investment company.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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The Council investments held by the State Treasurer’s Office at June 30, 2011 is presented as follows:

	Fair Value	Percentage
Investment Type:		
Fixed income investments	\$ 18,114,151	68.06%
Equity investments	6,299,764	23.67%
Alternative investments	2,193,074	8.24%
Total currency fund	7,985	0.03%
<b>Total investments</b>	<b>\$ 26,614,974</b>	<b>100.00%</b>

The State of Wyoming’s investment pool is subject to the following risks.

Interest rate risk: Interest rate risk is the exposure that the fair value of the State’s fixed-income investments fluctuate in response to changes in market interest rates. An element of interest rate risk are those securities which are ‘highly sensitive’ to changes in interest rates. The State has no formal policy with respect to managing interest rate risk within its Master Investment Policy, however, the Policy does provide guidance relative to safety, liquidity and yield using the following criteria:

- Funds are analyzed by asset class including cash to determine if securities need to be purchased or sold.
- Future needs are determined and current positions are reviewed.
- Economic, market and interest rate assumptions are considered.
- Securities are selected based on market value, price and availability.
- Trades are executed to raise cash, to shift maturity, to change asset mix, to enhance yield and to improve quality.

Credit risk: Credit risk is the risk the issuer will not fulfill its obligation to the holder of the investment. The minimum credit ratings for investment debt securities as provided in the State’s Master Investment Policy for fixed income managers are A1/P1 or equivalent for commercial paper, BAA for long-term corporate debt, AA for mortgage-backed securities, and AA for asset-backed securities. Either Standard and Poor’s, Fitch or Moody’s ratings are acceptable. Where the issue is split-rated, the lower of the ratings will apply. Legislatively authorized investments represent those investments the Treasurer has been directed to invest in by the Legislature and/or approved by the Legislature.

Foreign currency risk: Foreign currency risk is that changes in foreign exchange rates will adversely affect the fair value of an investment. This risk disclosure applies only to investments that are denominated in foreign currencies. The State’s Master Investment Policy does not provide a policy for foreign currency diversification.

Custodial credit risk: The State does not have any custodial credit risk exposure.

Concentration of credit risk: The Wyoming State Treasurer’s fixed income portfolio contains fixed income securities in government agency securities such as Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Home Loan Bank (FHLB). These agency securities hold a rating of AAA. While the State’s Master Investment Policy sets limits for concentration of investments, it provides that U.S. agency bonds are eligible without limitation.

**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Note 3. LOANS RECEIVABLE**

Interest rates on accrual loans vary from 1.0% to 4.5% 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, 2011, loans receivable included outstanding loans to two major loan customers totaling \$2,856,626, which comprised 35% of gross loans receivable as of that date. There was \$148,719 of non-accruing loans which were fully reserved as of June 30, 2011. There were two loans totaling \$103,417 charged off during the year ended June 30, 2011.

Loans receivable as of June 30, 2011 are as follows:

	<u>Loan Type</u>	<u>Gross Balance</u>	<u>Allowance</u>	<u>Net Balance</u>
General Fund	Mainstreet	\$ 117,789	\$ -	\$ 117,789
General Fund	Business Ready Community	2,856,626	-	2,856,626
Economic Development Fund	Amendment IV	501,398	203,000	298,398
Economic Development Fund	Challenge	592,735	52,525	540,210
Economic Development Fund	Economic disaster	1,355,948	135,594	1,220,354
Economic Development Fund	Bridge	2,463,333	103,961	2,359,372
Economic Development Fund	Mainstreet	48,779	-	48,779
Technology Development Fund	STEAM	<u>148,719</u>	<u>148,719</u>	<u>-</u>
		<u>\$ 8,085,327</u>	<u>\$ 643,799</u>	<u>\$ 7,441,528</u>

**Note 4. CAPITAL ASSETS**

Capital asset activity in the government-wide financial statements for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 6,224	\$ 13,900	\$ (6,224)	\$ 13,900
Capital assets being depreciated:				
Leasehold improvements	12,626	-	-	12,626
Capitalized leases – equipment	92,273	-	-	92,273
Furniture, fixtures and equipment	377,276	5,403	(17,429)	365,250
Intangible assets	<u>20,017</u>	<u>255,090</u>	<u>-</u>	<u>275,107</u>
Total capital assets being depreciated	<u>502,192</u>	<u>260,493</u>	<u>(17,429)</u>	<u>745,256</u>
Less accumulated depreciation:				
Leasehold improvements	(12,626)	-	-	(12,626)
Capitalized leases - equipment	(8,306)	(21,489)	-	(29,795)
Furniture, fixtures and equipment	(294,783)	(32,978)	15,485	(312,276)
Intangible assets	<u>(4,230)</u>	<u>(13,254)</u>	<u>-</u>	<u>(17,484)</u>
Total accumulated depreciation	<u>(319,945)</u>	<u>(67,721)</u>	<u>15,485</u>	<u>(372,181)</u>
Capital assets, net	<u>\$ 188,471</u>	<u>\$ 206,672</u>	<u>\$ (8,168)</u>	<u>\$ 386,975</u>

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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Depreciation expense was charged to governmental functions as follows:

Administration	\$ 23,238
Agribusiness	7,967
Business and industry	10,955
Regional offices	10,291
Investment ready communities	9,959
Rural development and Mainstreet	<u>5,311</u>
	<u>\$ 67,721</u>

**Note 5. LEASE OBLIGATIONS**

The Council has entered into various lease agreements for office space and equipment which have been accounted for as either operating leases or capital leases. The lease terms vary in range, extending through July 2015.

Operating leases: Expenditures on operating leases are recognized as incurred. Total rent expense for these operating leases for the year ended June 30, 2011 was \$181,877. Future minimum lease payments for operating leases are as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2012	\$132,447
2013	11,079
2014	9,444
2015	7,765
2016	506
Thereafter	<u>-</u>
Total minimum payments	<u>\$161,241</u>

Capital leases: The gross amount of assets recorded under capital leases as of June 30, 2011 was \$92,273 with accumulated depreciation of \$29,795. Future minimum lease payments for capital leases are as follows:

Year Ending <u>June 30</u>	<u>Amount</u>
2012	\$ 24,437
2013	24,437
2014	24,437
2015	<u>12,219</u>
Total minimum payments	\$ 85,530
Less: interest	<u>(14,601)</u>
Present value of lease payments	<u>\$ 70,929</u>

## WYOMING BUSINESS COUNCIL

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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#### **Note 6. 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.

Until September 1, 2010, statutes required contributions to the plan equal to 11.25% of the participating employee's salary and the Council paid 100% of that required contribution. Effective September 1, 2010, required contributions were increased to 14.12%; of this, the Council pays 12.69% of the contribution and the employee pays the remaining 1.43%. Contributions made by the Council to WRS for the years ended June 30, 2011, 2010 and 2009 were \$387,888, \$366,072 and \$347,853, respectively.

The Council also contributes 0.6% of eligible employee salaries to the State as a subsidy for retiree benefits. Amounts paid for the years ended June 30, 2011 and 2010 were \$19,096 and \$19,795, 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, 2011 and 2010 totaled \$9,610 and \$9,480, respectively.

#### **Note 7. 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, 2011.



**WYOMING BUSINESS COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**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.

During the year ended June 30, 2011, the Council contributed up to \$655, \$1,300, \$1,487, and \$743 (for single, dependent, married, 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, 2011 were \$567,158.

**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, 2011, the Council’s contributions to the Workers’ Compensation Fund were \$35,270.

**Unemployment compensation** – The Council does not carry unemployment insurance but pays the cost of actual claims incurred. The Council paid no unemployment claims for the year ended June 30, 2011.

**Note 8. TRANSACTIONS WITH THE STATE, UNIVERSITY OF WYOMING AND WYOMING OFFICE OF TOURISM**

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, 2011 were \$275,821.

The Wyoming Office of Tourism pays the Council for certain support services in the areas of fiscal and contract compliance, human resources, payroll and information technology. The total amount received for these services for the year ended June 30, 2011 was \$150,000.

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, 2011 were \$3,162,453, of which \$435,560 is included in accounts payable as of June 30, 2011. The Council is committed for amounts remaining under these agreements in the amount of \$232,649 as of June 30, 2011.

The workforce housing special revenue fund was returned to the primary government in the amount of \$1,158,676.

WYOMING BUSINESS COUNCIL

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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**Note 9. 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, 2011 totaled \$3,252,290. These 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 \$51,505,652 as of June 30, 2011. These commitments will be funded by a combination of restricted net assets, State appropriations and Federal revenues.

**Note 10. SUBSEQUENT EVENTS**

The Council has entered into various agreements subsequent to June 30, 2011, primarily with local governments for economic development infrastructure projects and for energy efficiency projects during the period July 1, 2011 through June 30, 2017. These agreements are valued at up to but no more than \$18,999,399. These agreements will be funded by a combination of State appropriations and Federal revenues.

Subsequent to June 30, 2011, the Council approved the write-off of \$19,469 of loans funded out of the economic development fund. These loans were fully reserved as of June 30, 2011.

## **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 30 is an explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures for the General Fund, Economic Development Fund, American Recovery and Reinvestment Fund, Rural Rehabilitation Fund, and Business Ready Communities Fund for the year ended June 30, 2011.

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<i>General Fund</i>					
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ 38,644,811	\$ 60,612,428	\$ 9,787,876	\$ -	\$ 9,787,876	\$ (50,824,552)
Federal revenue	3,930,542	7,477,325	1,078,042	-	1,078,042	(6,399,283)
Investment income	-	15,000	15,000	-	15,000	-
Revenue from others	218,571	361,945	3,235,967	-	3,235,967	2,874,022
Charges for sales and services	-	82,475	29,011	-	29,011	(53,464)
<b>Total revenues</b>	<b>42,793,924</b>	<b>68,549,173</b>	<b>14,145,896</b>	<b>-</b>	<b>14,145,896</b>	<b>(54,403,277)</b>
<b>EXPENDITURES</b>						
Administration	2,379,249	2,379,249	2,071,969	63,667	2,135,636	243,613
Agribusiness	884,660	934,533	825,307	54,783	880,090	54,443
Business and industry	3,997,379	4,551,562	3,694,648	784,570	4,479,218	72,344
Regional offices	1,117,303	1,117,303	973,401	7,552	980,953	136,350
Investment ready communities	33,660,801	58,789,419	5,983,657	14,079,010	20,062,667	38,726,752
Rural development and Mainstreet	754,532	777,107	596,914	162,122	759,036	18,071
<b>Total expenditures</b>	<b>42,793,924</b>	<b>68,549,173</b>	<b>14,145,896</b>	<b>15,151,704</b>	<b>29,297,600</b>	<b>39,251,573</b>
<b>(Deficiency) of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15,151,704)</b>	<b>\$ (15,151,704)</b>	<b>\$ (15,151,704)</b>

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
ECONOMIC DEVELOPMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<i>Economic Development Fund</i>					
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal revenue	-	-	-	-	-	-
Investment income	570,438	570,438	756,481	-	756,481	186,043
Revenue from others	-	-	34,982	-	34,982	34,982
Charges for sales and services	-	-	-	-	-	-
<b>Total revenues</b>	<b>570,438</b>	<b>570,438</b>	<b>791,463</b>	<b>-</b>	<b>791,463</b>	<b>221,025</b>
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-
Business and industry	570,438	3,570,071	250,979	3,500	254,479	3,315,592
Regional offices	-	-	-	-	-	-
Investment ready communities	-	-	-	-	-	-
Rural development and Mainstreet	-	-	-	-	-	-
<b>Total expenditures</b>	<b>570,438</b>	<b>3,570,071</b>	<b>250,979</b>	<b>3,500</b>	<b>254,479</b>	<b>3,315,592</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ (2,999,633)</b>	<b>\$ 540,484</b>	<b>\$ (3,500)</b>	<b>\$ 536,984</b>	<b>\$ 3,536,617</b>

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
AMERICAN RECOVERY AND REINVESTMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<i>American Recovery and Reinvestment Fund</i>					
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ -	\$ -	\$ (111,469)	\$ -	\$ (111,469)	\$ (111,469)
Federal revenue	-	35,652,973	13,017,458	-	13,017,458	(22,635,515)
Investment income	-	-	-	-	-	-
Revenue from others	-	-	-	-	-	-
Charges for sales and services	-	-	-	-	-	-
<b>Total revenues</b>	-	35,652,973	12,905,989	-	12,905,989	(22,746,984)
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-
Business and industry	-	-	-	-	-	-
Regional offices	-	-	-	-	-	-
Investment ready communities	-	34,752,605	12,463,245	18,846,753	31,309,998	3,442,607
Rural development and Mainstreet	-	900,368	442,744	429,417	872,161	28,207
<b>Total expenditures</b>	-	35,652,973	12,905,989	19,276,170	32,182,159	3,470,814
<b>(Deficiency) of revenues over expenditures</b>	\$ -	\$ -	\$ -	\$ (19,276,170)	\$ (19,276,170)	\$ (19,276,170)

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
RURAL REHABILITATION FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<i>Rural Rehabilitation Fund</i>					
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget
	Original	Final				
<b>REVENUES</b>						
Revenue from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal revenue	-	-	-	-	-	-
Investment income	-	-	171,347	-	171,347	171,347
Revenue from others	-	-	-	-	-	-
Charges for sales and services	-	-	-	-	-	-
<b>Total revenues</b>	-	-	171,347	-	171,347	171,347
<b>EXPENDITURES</b>						
Administration	-	-	-	-	-	-
Agribusiness	-	88,647	27,192	-	27,192	61,455
Business and industry	-	-	-	-	-	-
Regional offices	-	-	-	-	-	-
Investment ready communities	-	-	-	-	-	-
Rural development and Mainstreet	-	-	-	-	-	-
<b>Total expenditures</b>	-	88,647	27,192	-	27,192	61,455
<b>Excess (deficiency) of revenues over expenditures</b>	\$ -	\$ (88,647)	\$ 144,155	\$ -	\$ 144,155	\$ 232,802

**WYOMING BUSINESS COUNCIL**

**BUDGETARY COMPARISON SCHEDULE (Continued)  
BUSINESS READY COMMUNITIES FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

<i>Business Ready Communities Fund</i>						
	Budgeted Amounts		Actual	Encumbrances	Total Actual and Encumbrances	Variance with Final Budget
	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	-	-	-	-	-	-
Agribusiness	-	-	-	-	-	-
Business and industry	-	-	-	-	-	-
Regional offices	-	-	-	-	-	-
Investment ready communities	-	201,741	-	94,050	94,050	107,691
Rural development and Mainstreet	-	-	-	-	-	-
<b>Total expenditures</b>	-	201,741	-	94,050	94,050	107,691
<b>(Deficiency) of revenues over expenditures</b>	\$ -	\$ (201,741)	\$ -	\$ (94,050)	\$ (94,050)	\$ 107,691



**WYOMING BUSINESS COUNCIL**

**EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS AND GAAP REVENUES AND EXPENDITURES  
GENERAL FUND, ECONOMIC DEVELOPMENT FUND, AMERICAN RECOVERY AND REINVESTMENT  
FUND, RURAL REHABILITATION FUND, AND BUSINESS READY COMMUNITIES FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Economic Development Fund	American Recovery and Reinvestment Fund	Rural Rehabilitation Fund	Business Ready Communities Fund
<b>Sources/inflows of resources:</b>					
Actual amounts "available for appropriation" from the budgetary comparison schedule	\$ 14,145,896	\$ 791,463	\$ 12,905,989	\$ 171,347	\$ -
Differences in accrual basis revenues and cash basis budgetary amounts	(50,102,146)	(94,414)	(1,860,042)	(37,317)	-
Total revenues reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 64,248,042</u>	<u>\$ 885,877</u>	<u>\$ 14,766,031</u>	<u>\$ 208,664</u>	<u>\$ -</u>
<b>Uses/outflows of resources:</b>					
Actual amounts "charged to appropriations" from the budgetary comparison schedule	\$ 29,297,600	\$ 254,479	\$ 32,182,159	\$ 27,192	\$ 94,050
Differences in accrual basis expenditures and cash basis budgetary amounts	50,999,522	(105,579)	1,860,042	16,706	2,591,678
Encumbrances	(15,151,704)	(3,500)	(19,276,170)	-	(94,050)
Total expenditures reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 65,145,418</u>	<u>\$ 145,400</u>	<u>\$ 14,766,031</u>	<u>\$ 43,898</u>	<u>\$ 2,591,678</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. During the year ended June 30, 2011, the cash and accumulated interest income reverted back to the State.

*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, 2011**

	Workforce Housing Fund	Technology Development Fund	Wyoming Business Council Fund	Economic and Workforce Development Fund	Total
<b>ASSETS</b>					
Deposits with State Treasurer	\$ -	\$ 491,971	\$ 254,084	\$ -	\$ 746,055
Deposits in bank	-	-	-	32,023	32,023
Accounts receivable	-	55,281	28,550	-	83,831
Interest receivable	-	2,742	1,424	-	4,166
Due from primary government	-	-	-	450	450
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 549,994</b>	<b>\$ 284,058</b>	<b>\$ 32,473</b>	<b>\$ 866,525</b>
<b>LIABILITIES AND EQUITY</b>					
Liabilities					
Accounts payable	\$ -	\$ 87,201	\$ 50,397	\$ -	\$ 137,598
Due to primary government	-	-	31,321	-	31,321
<b>Total liabilities</b>	<b>-</b>	<b>87,201</b>	<b>81,718</b>	<b>-</b>	<b>168,919</b>
Fund Balance					
Assigned:					
General	-	462,793	202,340	32,473	697,606
<b>Total fund balance</b>	<b>-</b>	<b>462,793</b>	<b>202,340</b>	<b>32,473</b>	<b>697,606</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 549,994</b>	<b>\$ 284,058</b>	<b>\$ 32,473</b>	<b>\$ 866,525</b>

**WYOMING BUSINESS COUNCIL**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Workforce Housing Fund	Technology Development Fund	Wyoming Business Council Fund	Economic and Workforce Development Fund	Total
<b>REVENUES</b>					
Investment income	\$ 10,039	\$ 18,260	\$ 9,507	\$ 19	\$ 37,825
Net increase in the fair market value of investments	12,423	4,817	2,481	-	19,721
Revenue from others	-	-	-	-	-
Charges for sales and services	-	-	-	19,514	19,514
<b>Total revenues</b>	<b>22,462</b>	<b>23,077</b>	<b>11,988</b>	<b>19,533</b>	<b>77,060</b>
<b>EXPENDITURES</b>					
Administration	-	-	10,067	-	10,067
Business and industry	-	-	-	26,004	26,004
Investment ready communities	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>10,067</b>	<b>26,004</b>	<b>36,071</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>22,462</b>	<b>23,077</b>	<b>1,921</b>	<b>(6,471)</b>	<b>40,989</b>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	15,811	450	16,261
Transfers out	(1,158,676)	-	-	-	(1,158,676)
<b>Total other financing sources</b>	<b>(1,158,676)</b>	<b>-</b>	<b>15,811</b>	<b>450</b>	<b>(1,142,415)</b>
<b>Net change in fund balances</b>	<b>(1,136,214)</b>	<b>23,077</b>	<b>17,732</b>	<b>(6,021)</b>	<b>(1,101,426)</b>
Fund balances, beginning	1,136,214	439,716	184,608	38,494	1,799,032
Fund balances, ending	\$ -	\$ 462,793	\$ 202,340	\$ 32,473	\$ 697,606