UNIVERSITY OF WYOMING

FINANCIAL REPORT

JUNE 30, 2009

CONTENTS

McGee, Hearne & Paiz, LLP
Certified Public Accountants and Consultants
314 West 18th Street, Cheyenne, Wyoming 82001-4404

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
University of Wyoming
Laramie, Wyoming

We have audited the accompanying statement of net assets of the University of Wyoming, a component unit of the State of Wyoming, as of June 30, 2009, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Wyoming Foundation, which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Wyoming Foundation component unit, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the University of Wyoming Foundation were not audited in accordance with *Government Auditing Standards*. 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 opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Wyoming as of June 30, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2009 on our consideration of the University of Wyoming's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2 through 16, is not a required part of the basic financial statements but is 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 required 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 University of Wyoming's basic financial statements. The other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis 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
November 5, 2009

University of Wyoming
Management's Discussion and Analysis
For the Year Ended June 30, 2009

INTRODUCTION

The following discussion and analysis is designed to assist readers in understanding the accompanying financial statements and provide an overview of the University of Wyoming's financial position and activities for the fiscal year ended June 30, 2009, with selected comparative information for the year ended June 30, 2008. It has been prepared by management to be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University of Wyoming is the only provider of baccalaureate and graduate education in a state of some one-half million people and 98,000 square miles. Combining major-university benefits and small-school advantages, we offer our students a truly unique and quality educational experience. UW stands at the forefront in the exploration of emerging technologies and concepts, giving our students the types of hands-on involvement and one-on-one attention rarely found at other colleges and universities. And we also continue to be recognized nationally as one of the best values in higher education.

UW opened on September 6, 1887, with one building, five professors, two tutors, and 42 students, who studied philosophy, arts, literature, and sciences. Today, we provide our 13,000 students more than 180 programs of study at the undergraduate, graduate, and professional levels; an outstanding faculty; and world-class research facilities—all set against the idyllic backdrop of southeastern Wyoming's rugged mountains and high plains.

Our main campus is located in Laramie, approximately two hours north of Denver. The university also maintains the UW/Casper College Center, nine outreach education centers across Wyoming, and Cooperative Extension Service centers in each of the state's 23 counties and on the Wind River Indian Reservation.

The financial statements and this discussion include the financial activities of the University of Wyoming and its component units, the Cowboy Joe Club and the University of Wyoming Alumni Association. Component unit financial activities are incorporated in the university's financial statements as a whole; discrete presentation is not required. The University of Wyoming Foundation is also reported as a component unit based on the nature and significance of its relationship with the university. Governmental Accounting Standards Board (GASB) Statement No. 39 generally requires reporting as a component unit, an organization that raises and holds economic resources for the direct benefit of the university. The foundation's financial statements are presented with the university's financial statements and a total column combining both entities is presented. Activity between the university and the foundation has been eliminated in the Financial Report.

This past fiscal year the University of Wyoming reached a milestone: for the first time, the combined net assets of UW and the UW Foundation exceed $1 billion dollars. This is a remarkable accomplishment in uncertain and turbulent economic times.

Accountability is the paramount objective of institutional financial reporting. It is the university's duty to be accountable to the public and to provide information that responds to the needs of three groups of primary users of general-purpose financial reports:

- the citizenry
- the governing board, the legislature and oversight bodies
- and investors and creditors.

Meaningful financial reports and accompanying notes provide information useful for assessing financial condition and results of operations, assisting in determining compliance with finance-related laws, rules, and regulations, and evaluating efficiency and effectiveness of operations.

FINANCIAL HIGHLIGHTS

- The assets of the university exceeded liabilities as of June 30, 2009, by $792.9 million. These **net assets** represent the residual interest in the university's assets after liabilities are deducted, and are one indicator of the current financial condition of the university. Of the $792.9 million in total net assets, 51.6% or $409.3 million (net of related debt) is invested in capital assets, 39.7% or $314.8 million is restricted as to use ($123.9 million is nonexpendable – endowments required to be retained in perpetuity – and $190.9 million is expendable for scholarships, research, instruction, loans or capital projects), while 8.7% or $68.8 million is unrestricted and may be used to meet ongoing obligations.

The university's net assets increased by $75 million this fiscal year: a 10.4% increase. An **increase in net assets** over time is one indicator of an institution's improving financial health. Net assets have increased each year beginning with fiscal year 2003. The components of this year's increase are:

	Increase (decrease) in net assets	Percent of net increase
State appropriations restricted for capital purposes	$85.4 million	113.8%
Additions to permanent endowments	$9.2 million	12.3%
Capital grants and gifts	$3.0 million	4.0%
Operating expenses in excess of operating and nonoperating revenues	($22.6) million	(30.1)%
Total increase in net assets	$75.0 million	100.0%

See the Statement of Net Assets section below for a detailed explanation of these changes in net assets.

FINANCIAL STATEMENTS OVERVIEW

Financial statement readers do not always have the same specific objectives; therefore, in order to address the needs of as many parties as reasonably possible, the university's annual report consists of three components in accordance with required reporting standards: 1) This section - Management's Discussion and Analysis (MD&A); 2) institution-wide financial statements; and 3) notes to the basic financial statements.

The university's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

GASB principles establish standards for financial reporting for public colleges and universities and are intended to enhance the understandability and usefulness of these financial reports. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the university's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. With the inclusion of the University of Wyoming Foundation's financial information, the focus is on the university's resources as a whole.

For comparison purposes, the MD&A discusses fiscal years 2008 and 2009. The accompanying financial statements however, contain fiscal year 2009 information only. Comparative financial statements are presented as supplementary schedules following the notes to the financial statements.

Significant Financial Reporting Components

Revenues and expenses are categorized as either operating or nonoperating and a net income or loss from operations is displayed. Significant recurring sources of the university's revenues, including state appropriations, gifts, and investment income (loss) expended for operations are considered nonoperating revenues according to definitions prescribed by GASB. These diversified revenue streams are critically important sources of funds used to supplement tuition and fee revenue, federal and state grants and contracts, sales and services of university educational departments, and auxiliary enterprise charges in the delivery of University of Wyoming programs and services. In fiscal year 2009, revenues categorized as nonoperating ($230.2 million) funded 57.1% of the university's regular operating expenses ($403.1 million).

Under this required reporting format, operating expenses will always exceed operating revenues and the Statement of Revenues, Expenses and Changes in Net Assets will reflect a loss from operations every year. For the fiscal year ended June 30, 2009, operating revenues totaled $178.1 million, operating expenses were $403.2 million, resulting in a loss from operations of $225.1 million. Nonoperating revenues totaled $230.2 million, while nonoperating expenses, consisting of interest expense ($2 million) and loss on investments ($25.7), totaled $27.7 million. As a result, the loss before other revenues (state appropriations restricted for capital purposes and additions to permanent endowments) is $22.6 million.

Scholarships and fellowships applied to student accounts are shown as a reduction of student tuition and auxiliary service revenues, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses. For the year ended June 30, 2009, scholarships and fellowships totaled $39.7 million, of which $22.5 million represents amounts applied to student accounts, while $17.2 million was paid directly to students.

Instead of reflecting expenditures for purchases of capital assets, the recognition of **depreciation expense** on capital assets is recorded. A detailed schedule of changes in capital assets can be found in Note 4 to the Financial Statements. For the year ended June 30, 2009, capital assets (net of depreciation) increased 19.1% or $72.1 million to a total of $448.7 million. Depreciation expense totaled $19.5 million.

Deferred revenue consists primarily of unexpended cash advances received from contract and grant sponsors, which have not yet been earned under the terms of the agreements. It also includes amounts received in advance, including student tuition and advance ticket sales. Deferred revenue as of June 30, 2009, was $11.6 million, an increase of 12.8% or $1.3 million from the 2008 level.

STATEMENT OF NET ASSETS

The Statement of Net Assets reflects the university's financial and capital resources. This statement presents the financial position of the university at the end of the fiscal year, includes all assets and liabilities of the university, and segregates the assets and liabilities into current and noncurrent components. As noted above, the difference between assets and liabilities – net assets – is displayed in three components: invested in capital assets (net of related debt); restricted; and unrestricted.

- **Invested in capital assets (net of related debt)** represents the university's total investment in capital assets, at historical costs, in property, plant, equipment, and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.
- **Restricted net assets (nonexpendable)** consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal. **Restricted net assets (expendable)** include resources that the university is legally or contractually obligated to spend in accordance with restrictions imposed by external parties and/or donors.
- **Unrestricted net assets** represent all other funds available to the institution, which may be used for the operation of the university at the discretion of the governing board.

Net assets are one indicator of the current financial condition of the university, while the change in net assets is an indicator of whether the overall financial condition has improved or deteriorated during the year.

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. All of the current year's revenues and expenses are taken into account, regardless of when cash is actually received or paid. Assets and liabilities are generally measured using current values; one notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

A condensed Statement of Net Assets at June 30, 2008 and 2009, as well as a graphic display of the net asset categories as of June 30, 2009, is presented below.

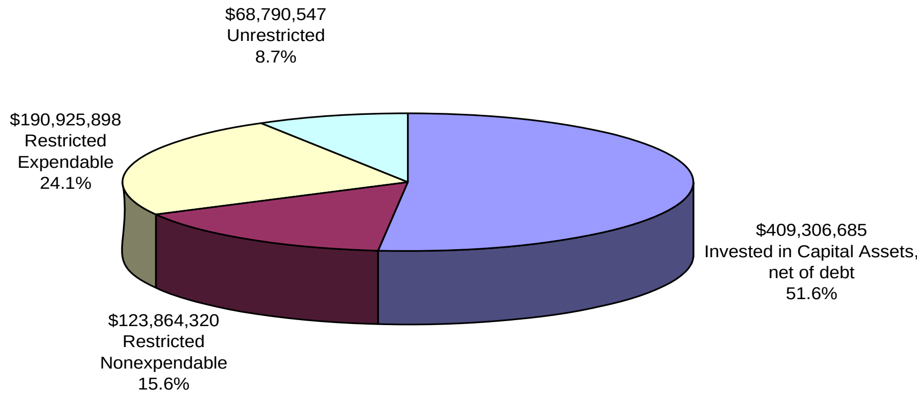
Statement of Net Assets
(in millions)

	2009	**2008**
Current assets	$ 243.3	$ 221.7
Noncurrent assets:		
Investments	150.1	177.0
Capital assets, net of accumulated depreciation	448.7	376.6
Other assets	79.2	78.6
Total Assets	**921.3**	**853.9**
Current liabilities	74.2	68.4
Noncurrent liabilities	54.2	67.6
Total Liabilities	**128.4**	**136.0**
Net Assets:		
Invested in capital assets, net of related debt	409.3	335.0
Restricted:		
Nonexpendable	123.9	114.8*
Expendable	190.9	203.2*
Unrestricted	68.8	64.9
Total Net Assets	**$ 792.9**	**$ 717.9**

*2008 Restricted Net Assets have been restated to include gains and losses as expendable. Total Net Assets did not change.

Net Assets - June 30, 2009

$792,887,450



The Statement of Net Assets shows that the university continues to build upon its strong financial foundation. This financial health reflects the prudent utilization of its financial resources, including careful cost controls, sensible management of its endowments and investments, and conservative utilization of debt.

Total Assets

Total assets increased 7.9% or $67.4 million during fiscal year 2009 to a total of $921.3 million. In fiscal year 2008, they increased 3.1% or $26 million to $853.9 million. Total assets include both current assets (generally considered to be convertible to cash within one year) and noncurrent assets. Current assets increased 9.7%, or $21.6 million between 2008 ($221.7 million) and 2009 ($243.3 million), while noncurrent assets increased 7.2% or $45.8 million from $632.2 million to $678 million. Components of this increase are discussed below. See the Net Assets section for additional information.

Cash and Cash Equivalents

Current and restricted cash balances increased by $11 million from the 2008 level of $133 million to $144 million at June 30, 2009.

Investments

The value of current and noncurrent investments declined by $29.1 million, bringing total investments to $265.3 million, a decline of 9.9%.

Current investments and cash balances fluctuate, as liquidity needs change throughout the business cycle. The decline in noncurrent investments is a reflection of the turbulent market conditions over the year and is typical for endowment portfolios across the nation.

Capital Assets

A significant component of the 2009 total asset increase is a $72.1 million net increase in capital assets. Buildings and Construction in Progress (CIP) accounted for $74.8 million of the 2009 increase, while furniture, fixtures, equipment, library materials, infrastructure, land and land improvements account for $5.8 million. This total increase of $80.6 million is reduced by net depreciation (new depreciation less depreciation on retired assets) of $8.5 million, resulting in the 2009 net increase in capital assets of $72.1 million. Capital Assets, net of accumulated depreciation, total $448.7 million at June 30, 2009.

See the Capital Activity section below for additional information. A detailed schedule of changes in capital assets can be found in Note 4 to the Financial Statements.

Accounts Receivable

Accounts receivable, including student and medical center accounts, interest and receivables from the state of Wyoming, increased $12.5 million in 2009. Five ($5) million of this increase is attributable to amounts due from the UW Foundation for facilities construction. The State of Wyoming receivable increased by $3.6 million for appropriations due at June 30, 2009, and receivables from external funding sponsors increased by $3 million. Other miscellaneous receivables increased by $.9 million and are due to the timing of billing cycles.

Other Assets

Other current and noncurrent assets such as student loans outstanding, inventories and prepaid expenses, increased $.9 million in 2009 to complete the $67.4 million increase in total assets.

Total Liabilities

Total liabilities are also categorized as current and noncurrent. Total liabilities decreased during fiscal year 2009 from $136 million to $128.4 million. In fiscal year 2008, they decreased from $136.4 to $136 million. University liabilities include payroll and deposit liabilities, accounts payable, deferred revenue, accrued compensated absences (vacation pay), other post-employment benefits, deposits held in custody for others, U.S. government loans refundable (which represents amounts provided by the U.S. Department of Education which would be refundable should the University of Wyoming cease to participate in the campus-based revolving loan program), capital lease obligations and revenue bonds payable.

Current Liabilities

Current liabilities (amounts which become due and payable in cash or services within the 12 months following June 30) increased 8.5% or $5.8 million in 2009 to $74.2 million and 4.6% or $3 million in 2008 to $68.4 million. Current payroll and related liabilities increased by $1.6 million, while accounts payable increased by $4.9 million (largely due to construction projects in process on campus at year-end). Deferred revenue, deposits held in custody for others (student apartment and residence hall deposits for example), accrued compensated absences and other post-employment benefits, and the current portion of revenue bonds payable and capital lease obligations decreased by $.7 million.

Noncurrent Liabilities

In 2008, noncurrent liabilities decreased 4.4% or $3.4 million to a total of $67.6 million, and in 2009 an additional decrease of 19.9% or $13.4 million resulted in total noncurrent liabilities of $54.2 million. Reductions in revenue bonds payable and deposits held in custody for others contribute $6.1 million to the 2009 decrease in long-term liabilities, and an actuarial study undertaken to compute the liability for post-employment benefits resulted in a $7.3 million decrease to this balance.

More detailed information is contained in the Capital and Debt Activity sections of this discussion and in Note 5 to the Financial Statements.

Net Assets

In 2008, total assets of the University of Wyoming ($853.9 million) exceeded total liabilities ($136 million) by $717.9 million, indicating a strong financial position at June 30, 2008.

Fiscal year 2009's total assets of $921.3 million exceed total liabilities of $128.4 million by $792.9 million. The increase in net assets this year of $75 million, together with last year's increase of $26.4 million, speaks to the existence of strong fundamental financial conditions at the state level, continued record-setting external funding sources, generous private gifts and donations, and sound financial management practices.

It is important to note that state appropriations restricted for capital purposes are cyclical in nature due to the legislative budgeting process. Capital project appropriations are typically received in the first year of the biennium, resulting in $8.7 million versus $85.4 million of appropriations restricted for capital purposes in 2008 and 2009, respectively. The budget cycle helps explain why the increase in net assets in 2009 (the first year of the biennium) is so much larger than the increase in 2008.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

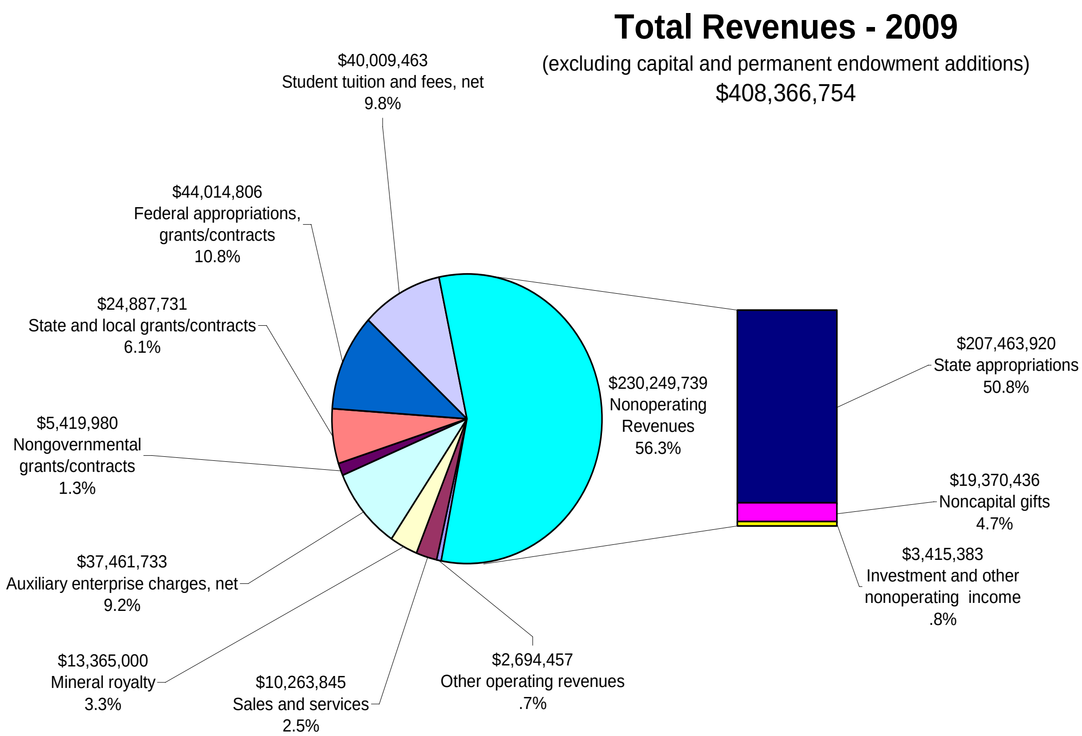
The Statement of Revenues, Expenses, and Changes in Net Assets presents the university's results of operations and supports the total change in net assets for the year. Taken together, the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets help answer the question, "Is the University of Wyoming as a whole financially stronger or weaker as a result of the year's activities?" When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, a decrease in net assets results. The relationship between revenues and expenses may be thought of as the university's operating results. It is important to keep in mind that many non-financial factors are relevant to the university's financial health as well: the trend and quality of applicants, freshman class size, student retention, capital facilities condition and physical plant capacity, and campus safety all contribute to the overall health of the institution.

One of the university's greatest strengths is its diverse stream of revenue sources, which supplement its student tuition and fees. State appropriations; voluntary private support from individuals, foundations and corporations; government and other sponsored programs; sales, services and auxiliary enterprise revenue; mineral royalties; and investment income, all contribute to the university's ability to keep tuition costs low. Over 90% of UW's 2009 total revenue is derived from sources other than student tuition and fees.

The university will continue to aggressively seek funding from all possible sources consistent with its mission, to supplement student tuition, and to manage prudently the financial resources realized from these efforts to fund operating activities.

Statement of Revenues, Expenses and Changes in Net Assets
(in millions)

	2009	**2008**
Operating revenues	$ 178.1	$ 173.7
Operating expenses	(403.2)	(371.3)
Operating income (loss)	(225.1)	(197.6)
Net nonoperating revenues (expenses)	202.5	204.0
Gain (loss) before other revenue, expenses, gains and losses	(22.6)	6.4
Net other revenue, expenses, gains and losses	97.6	20.0
Increase (Decrease) in Net Assets	**75.0**	**26.4**
Net assets - beginning of year	717.9	691.5
Net Assets – End of Year	**$ 792.9**	**$ 717.9**



The chart above reflects operating and nonoperating revenues; it does not include capital appropriations and capital gifts, additions to permanent endowments or nonoperating expenses. The table below incorporates all of these elements to reflect total resources available to the university of $478.2 million in 2009. Operating expenses in 2009 totaled $403.2 million, resulting in the increase in net assets of $75 million. In 2008, total resources were $397.7 million and operating expenses were $371.3 million, increasing net assets by $26.4 million. For the two-year period, net assets increased 14.7% from $691.5 million at June 30, 2007 to $792.9 million at June 30, 2009.

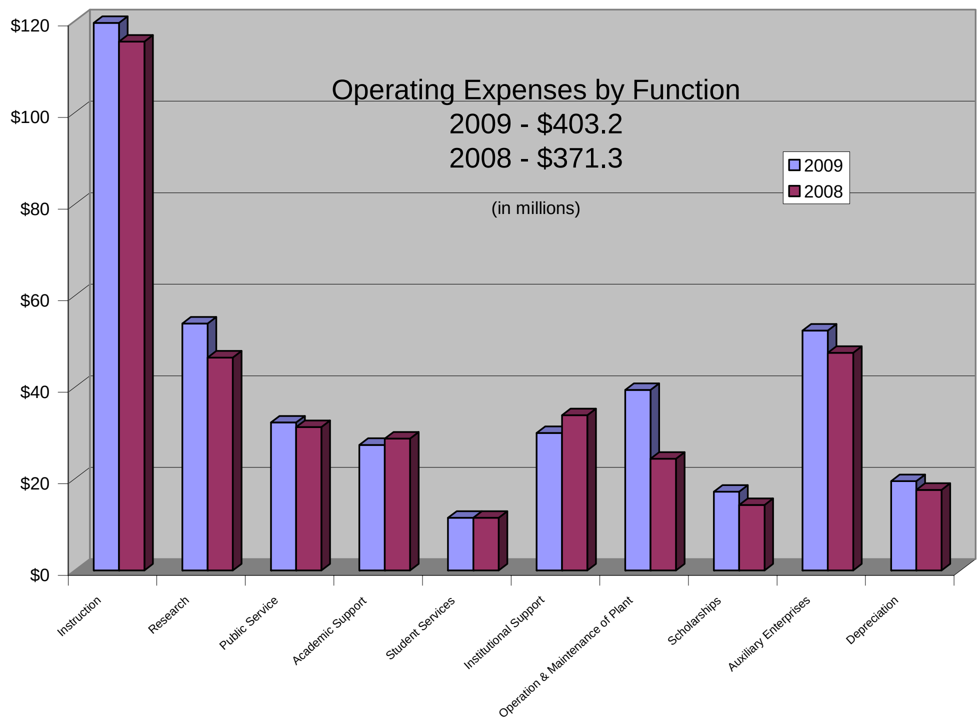
Revenues, Capital Appropriations, and Additions to Permanent Endowments
net of nonoperating expenses (in millions)

	2009	**2008**
Operating revenues	$ 178.1	$ 173.7
Nonoperating revenues	230.2	206.1
Total revenue (excluding capital and permanent endowment additions)	408.3	379.8
Nonoperating expense - interest	(2.0)	(2.1)
Nonoperating expense – investment loss	(25.7)	0
Additions to permanent endowments	9.2	6.4
State appropriations restricted for capital purposes	85.4	8.7
Capital grants and gifts	3.0	4.9
Total Revenues and Additions to Permanent Endowment (net of nonoperating expenses)	**$ 478.2**	**$ 397.7**

The table below reflects 2008 and 2009 total operating expenses by their natural (object) classification and the following chart shows these same expenditures according to their function.

Operating Expenses by Natural Classification
(in millions)

	2009	**2008**
Compensation and benefits	$ 262.8	$ 241.1
Supplies and support services	103.7	98.3
Scholarships	17.2	14.3
Depreciation	19.5	17.6
Total Operating Expenses	**$403.2**	**$ 371.3**



STATEMENT OF CASH FLOWS

The Statement of Cash Flows is another way to assess the financial health of UW. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the institution during the fiscal year. This statement helps financial statement readers assess:

- the institution's ability to generate future net cash flows
- its ability to meet its obligations as they come due and
- its needs for external financing.

Statement of Cash Flows
(in millions)

	2009	2008
Cash provided by (used in):		
Operating activities	$ (211.0)	$ (174.5)
Noncapital financing activities	231.5	212.4
Investing activities	.8	(5.0)
Capital and related financing activities	(10.3)	(67.5)
Net increase (decrease) in cash	11.0	(34.6)
Cash, beginning of the year	133.0	167.6
Cash, End of the Year	**$ 144.0**	**$ 133.0**

Cash flows from operating activities will always be different than the operating loss shown in the Statement of Revenues, Expenses and Changes in Net Assets because of noncash items, such as depreciation expense, and because the latter statement is prepared on the accrual basis of accounting, meaning that it shows revenues earned and expenses incurred, without regard to when cash is actually received or paid. In 2009, the cash provided by non-capital financing and investing activities exceeded the cash used in operating and capital financing activities by $11 million.

CAPITAL AND DEBT ACTIVITY

Capital Activity

The University of Wyoming has long recognized that one of the critical factors in continuing the quality of academic and research programs and improving students' experience and environment, is a commitment to the development and renewal of its capital assets.

Extraordinary funding by the Wyoming State Legislature, coupled with generous private donations continues to provide the opportunity for UW to make great strides toward the fulfillment of its Capital Facilities Plan (CFP).

The university's CFP was developed as the third element of UW's planning process, following the Academic Plan and the Support Services Plan, and preceding the Strategic Plan for Intercollegiate Athletics. The basic concept behind the plan utilizes a land-use plan (vision map) to outline future campus developments. Construction at UW generally falls into a series of six land-use zones: Academics/Research, Housing, Student Services, General Services, Athletics and Recreation.

As noted above in the Capital Assets section, significant capital activity continues at the University of Wyoming, evidenced by a $72.1 million net increase in capital assets. Building additions and Construction in Progress (CIP) account for $74.8 million of this increase; other capital asset additions add $5.8 million and net depreciation of $8.5 million reduces the increase to $72.1 million.

Components of the $74.8 million Buildings and CIP increase include:

- College of Business – Construction is well underway on the $54 million renovation of the College which was built in 1960. An addition to the existing structure will add 103,000 square feet to the facility. Scheduled for completion in fall 2010, this project will not only help the college retain its accreditation with the Association for the Advancement of Collegiate Schools of Business, it will provide a modern facility that will allow UW students to prepare themselves for leadership roles in a global economy. Made possible by the extraordinary generosity of the Wyoming State Legislature and championed by the governor, expenditures of $26.9 million in 2008 brought the project cost at June 30, 2009 to $29.8 million.

- Information, Library and Learning Center (IL^{2}C) - The Legislature appropriated $49.3 million for construction of IL^{2}C, an expansion of the existing William Robertson Coe Library. Construction began during the summer of 2007 and is nearly complete. Nineteen point three ($19.3) million dollars was expended during fiscal year 2009 and total project expenditures as of June 30, 2009 total $40.2 million. The dedication is scheduled for November 2009. The IL^{2}C is part of a student services complex that includes the Wyoming Union, Half Acre Gymnasium, and possibly a future Student Services Building.

- Information Technology Facility – The Information Technology Facility was completed in fiscal year 2009. The 2006 Wyoming State Legislature appropriated funds for construction and in 2009 the final $8.2 million was expended bringing total construction expenditures to $29.2 million as of June 30, 2009.

- Law School, Cheney International Center, War Memorial Stadium and NCAR Supercomputing Center – Thirteen point one ($13.1) million dollars was expended on these four capital projects: the Law School moot court addition and the Cheney International Center are complete. The football stadium repairs and enhancements are ongoing and the architectural and engineering phase of the NCAR Wyoming Supercomputer Center is nearing completion.

- Other Building Additions and CIP expenditures of $10 million include a renovation to a former credit union building to house the UW Police Department, the design phase of the Robert and Carol Berry Center for Biodiversity Conservation, enhancements to the James C. Hageman Sustainable Agriculture Research Extension Center and additions to various academic and administrative buildings, bringing the gross increase in capital assets to a total of $77.5 million.

- Finally, retirements and impairments of capital facilities of $2.7 million reduce the total Buildings and CIP increase to $74.8 million.

Over the past two fiscal years a total of $94.1 million in state appropriations restricted for capital purposes was received: $8.7 million in 2008 and $85.4 million in 2009. The improved financial condition of the university can be attributed in large part to the extraordinary support received from our state legislators, the governor and the people of Wyoming.

Capital Assets
(in millions)

	2009	2008
Total cost of capital assets	$ 745.8	$ 665.2
Less accumulated depreciation	(297.1	(288.6)
Capital Assets, net of depreciation	$ 448.7	$ 376.6

Debt Activity

The University of Wyoming Trustees issued $7,755,000 in Revenue Refunding Bonds, retiring the Series 1999 bonds. Total Revenue Bonds Payable at June 30, 2008 equaled $43.5 million. Normal debt service of $3.4 million reduced the balance at June 30, 2009 to $40.1 million.

ECONOMIC OUTLOOK

The University of Wyoming continues to enjoy a strong and stable financial position even in the face of a global recession and budget reductions. As the State of Wyoming's only public four-year institution, UW receives extraordinary support from the Governor, the Wyoming Legislature, Wyoming citizens and friends (both individuals and corporations) from across the nation.

While it is expected that student demand will remain steady, financial operations will be balanced, and additional debt needs will be targeted to specific projects for the foreseeable future, economic uncertainties exist that are likely to affect the University of Wyoming. In the near term, the University's budget experienced a statewide budget reduction of 10 percent for fiscal year 2010, along with all other agencies in state government. However, it presently appears that the standard reductions will be roughly half that amount for future years – fiscal years 2011 and 2012. Furthermore, the existence of federal stimulus funds is anticipated to soften these budget reductions further in fiscal year 2011.

According to Wyoming's Economic Analysis Division's most recent quarterly report (2Q09), "Wyoming's driving industry, energy, is contracting at a rapid rate, and overall unemployment is rising fast. Low energy prices are deterring exploration and development." However, these contractions come on the heels of an extraordinary energy-based boom, which often runs contrary to the national economy in Wyoming.

According to state economic data, tourism activities appear less affected by the national recession, including increases to popular destinations such as Yellowstone and Grand Teton National Parks. However, total lodging sales reported notable year-over-year declines. The state report also concludes, "Agricultural prices have plummeted since the financial crisis started, but remained above the long-term average."

Wyoming's housing market has not suffered the steep decline in home prices that the United States is experiencing. The state's Economic Analysis Division recently noted, "Strong population and income gains, and the lack of reliance upon nonprime lending to sustain home sales in recent years, have left Wyoming with few cracks in the foundation of its housing market. The State should experience only a modest dip in house prices, far less than other parts of the country."

Wyoming's Consensus Revenue Estimating Group (CREG), a state agency, reports, "Oil prices have rebounded nicely since they bottomed in February 2009 near $40.00/bbl, as national and international economies slumped." With respect to natural gas prices, the cornerstone of Wyoming's state budget forecast, the CREG October 2009 report notes, "CY 2009 price estimates were raised to $3.00/mcf from the $2.75/mcf level forecasted in May 2009, based on actual prices received to date. All other price estimates were left unchanged from their May 2009 levels." Sales and use taxes in Wyoming are currently forecast to decline further in fiscal year 2011, but will nominally improve in subsequent years. In summary, the most recent CREG report adds, "the group has optimism that economic recovery will begin in the timeframe of this forecast, but has tempered its optimism in that the recovery is expected to be gradual."

The economic condition and outlook for the State of Wyoming bears directly on the University of Wyoming's outlook, as the state provides a significant portion of the University's total revenue. The university's revenue stream is fairly diverse, with state appropriations accounting for 50.8% of 2009 total revenues, followed by grants and contracts at 18.2%, and net tuition and fees contributing only 9.8%. Auxiliary enterprises revenue adds another 9.2% to the revenue mix.

Although the 2010 general fund appropriation fell to $186.8 million from the 2009 level of $194.2 million, the state provided salary increases and maintained the health insurance contribution in fiscal year 2010, despite budget reductions in programmatic areas. This remarkable support is evidence of the value the State of Wyoming places on its human resources.

Notably, external funding from grants and contracts set yet another record in fiscal year 2009. Awards to faculty, research scientists and administrative personnel totaled $81 million. Up from $78 million last year, this represents the 23rd year in a row that external awards received in support of faculty research, research centers, institutional projects, and student educational opportunities have increased. "This funding is critically important to UW," says Bill Gern, Vice President for Research and Economic Development, noting that the awards are the result of hard work by UW faculty in winning competitive grants. "It's an important part of our scholarship. It puts us on the cutting edge of research, and it helps us attract students at all levels."

Private giving to the University of Wyoming reached $35.9 million in the fiscal year ending June 30, 2009, exceeding the goal of $35 million. The University also received $12.3 million in support from the state of Wyoming through its facilities and endowment matching program as a direct result of private support. President Tom Buchanan had this to say, "This level of support from UW's alumni and friends is simply extraordinary. In a year when the nation's economic difficulties impacted all of us, the continued generosity of our public and private donors reflects the confidence they have in the university and their belief that UW is one of the nation's best public land-grant universities. It would be impossible for us to keep our current momentum if not for their support."

Last year, Congress passed the Ensuring Continued Access to Student Loans Act (ECASLA) which was designed to reduce borrowers reliance on costlier private loans, give parents more time to begin paying off PLUS loans, and provide the U.S. Secretary of Education with additional tools to safeguard access to student loans. However, ECASLA was a temporary fix. It did allow student loan lenders access to cash to lend and therefore, was successful in that regard. Nationally, about 75% of all student loans this past year were funded through ECASLA. The University of Wyoming will continue to closely monitor national initiatives designed to ease the credit crisis and make funding available for higher education.

These diverse and robust funding sources allow the University of Wyoming to keep tuition and fee costs low with only modest increases in rates. Resident undergraduate tuition and fees are the lowest among all U.S. public doctoral institutions in 2009-10 and well below the average of the 25 Western Undergraduate Exchange (WUE) comparator institutions. Undergraduate in-state tuition has not increased since the 2006-2007 academic year when a modest 2.2% increase was authorized. Although the Board of Trustees is poised to plan for multi-year, modest tuition and fee increases in the near future, due to the existence of federal stimulus funding, any immediate increases will not be passed on to students. Further, the university is poised to meet its constitutional charge to ***make undergraduate postsecondary education in Wyoming as free as possible to Wyoming high school graduates.***

UNIVERSITY OF WYOMING

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS	University of Wyoming	University of Wyoming Foundation	Reclassifications/ Eliminations	Total
Current Assets				
Cash and cash equivalents (Note 2)	$ 90,035,621	$ 180,731	$ (15,100,478)	$ 75,115,874
Accounts receivable, net (Note 3)	23,670,318	736,268	(6,482,348)	17,924,238
Current portion of pledges receivable (Note 3)	173,981	11,156,953	-	11,330,934
Receivable from the State of Wyoming	4,403,440	-	-	4,403,440
Investments (Note 2)	113,692,541	314,871,228	(102,058,213)	326,505,556
Investments with Trustee (Note 2)	1,518,056	-	-	1,518,056
Interest receivable	99,538	-	-	99,538
Current portion of student loans receivable, net (Note 3)	3,204,736	193,604	(70,557)	3,327,783
Inventories	4,253,514	-	-	4,253,514
Prepaid expenses	2,227,687	-	-	2,227,687
Total current assets	243,279,432	327,138,784	(123,711,596)	446,706,620
Noncurrent Assets				
Restricted cash and cash equivalents (Note 2)	53,984,709	-	-	53,984,709
Investments (Note 2)	150,099,996	452,101	-	150,552,097
Prepaid expenses	492,962	-	-	492,962
Receivable from State of Wyoming	108,333	-	-	108,333
Pledges receivable, net (Note 3)	-	10,894,200	-	10,894,200
Loans to students, net (Note 3)	20,178,997	-	-	20,178,997
Other investments	4,381,046	4,856,397	-	9,237,443
Capital assets, net of accumulated depreciation (Notes 4 and 5)	448,729,006	485,880	(202,783)	449,012,103
Total noncurrent assets	677,975,049	16,688,578	(202,783)	694,460,844
Total assets	921,254,481	343,827,362	(123,914,379)	1,141,167,464
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	19,650,106	6,851,440	(6,712,787)	19,788,759
Payroll and related liabilities	23,077,147	-	-	23,077,147
Liability under securities lending (Note 2)	1,518,056	-	-	1,518,056
Due to State of Wyoming	3,630	-	-	3,630
Deferred revenue	11,626,157	-	-	11,626,157
Deposits held in custody for others (Note 5)	7,460,493	117,158,698	(117,229,254)	7,389,937
Accrued compensated absences (Note 5)	6,382,712	-	-	6,382,712
Other post-employment benefits (Notes 5 and 10)	521,000	-	-	521,000
Current portion of revenue bonds payable (Note 5)	3,685,978	110,896	-	3,796,874
Current portion of capital lease obligations (Note 5)	273,394	-	-	273,394
Total current liabilities	74,198,673	124,121,034	(123,942,041)	74,377,666
Noncurrent Liabilities (Note 5)				
Accounts payable and accrued liabilities	-	21,925	-	21,925
Deposits held in custody for others	2,722,633	7,044,070	-	9,766,703
Accrued compensated absences	6,382,712	-	-	6,382,712
Other post-employment benefits (Note 10)	985,000	-	-	985,000
Revenue bonds payable	36,456,167	3,545,000	-	40,001,167
Capital lease obligations	628,373	-	-	628,373
U.S. Government loans refundable	6,993,473	-	-	6,993,473
Total noncurrent liabilities	54,168,358	10,610,995	-	64,779,353
Total liabilities	128,367,031	134,732,029	(123,942,041)	139,157,019
NET ASSETS				
Invested in Capital Assets, net of related debt	409,306,685	-	-	409,306,685
Restricted for:				
Nonexpendable	123,864,320	117,447,449	-	241,311,769
Expendable:				
Scholarships, research, instruction and other	91,472,328	74,374,492	-	165,846,820
Loans	21,953,203	-	-	21,953,203
Capital projects (Note 8)	77,500,367	-	-	77,500,367
Unrestricted	68,790,547	17,273,392	27,662	86,091,601
Total net assets	$ 792,887,450	$ 209,095,333	$ 27,662	$ 1,002,010,445

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2009

	University of Wyoming	University of Wyoming Foundation	Reclassifications/ Eliminations	Total
Operating Revenues (Note 12)				
Tuition and fees (net of scholarship allowances $17,638,851)	$ 40,009,463	$ -	$ -	$ 40,009,463
Federal appropriations	4,359,732	-	-	4,359,732
Federal grants and contracts	39,655,074	-	-	39,655,074
State and local grants and contracts	24,887,731	-	-	24,887,731
Nongovernmental grants and contracts	5,419,980	-	-	5,419,980
Mineral royalty	13,365,000	-	-	13,365,000
Sales and services of educational departments	10,263,845	-	-	10,263,845
Auxiliary enterprise charges (net of scholarship allowances $4,917,869)	37,461,733	-	-	37,461,733
Interest earned on loans to students	215,214	-	-	215,214
Investment income (loss)	-	(19,818,718)	19,818,718	-
Contributions	-	11,797,895	-	11,797,895
Other operating revenues	2,479,243	9,340,054	(3,714,035)	8,105,262
Total operating revenues	178,117,015	1,319,231	16,104,683	195,540,929
Operating Expenses (Note 11)				
Instruction	119,582,924	3,072,046	(2,476,863)	120,178,107
Research	53,909,650	331,174	(271,231)	53,969,593
Public service	32,280,053	474,423	(487,051)	32,267,425
Academic support	27,401,608	2,139,288	(1,541,070)	27,999,826
Student services	11,514,065	159,344	(132,780)	11,540,629
Institutional support	30,005,023	23,051,856	(18,396,537)	34,660,342
Operation and maintenance of plant	39,377,461	292,012	(278,161)	39,391,312
Scholarships	17,143,736	4,387,443	(2,547,592)	18,983,587
Auxiliary enterprises	52,428,738	109,608	(109,608)	52,428,738
Depreciation	19,519,633	65,228	(66,510)	19,518,351
Total operating expenses	403,162,891	34,082,422	(26,307,403)	410,937,910
Operating income (loss)	(225,045,876)	(32,763,191)	42,412,086	(215,396,981)
Nonoperating Revenues (Expenses)				
State appropriations	207,463,920	-	-	207,463,920
Gifts	19,370,436	-	(15,619,877)	3,750,559
Investment income (loss)	(25,736,658)	-	(26,548,711)	(52,285,369)
Interest expense	(2,060,516)	-	-	(2,060,516)
Other nonoperating	3,415,383	-	(269,287)	3,146,096
Net nonoperating revenues	202,452,565	-	(42,437,875)	160,014,690
Gain (loss) before other revenues, expenses, gains and losses	(22,593,311)	(32,763,191)	(25,789)	(55,382,291)
State Appropriations Restricted for Capital Purposes	85,416,955	-	-	85,416,955
Capital Grants and Gifts	2,970,792	-	-	2,970,792
Additions to Permanent Endowments	9,208,449	10,646,776	-	19,855,225
Net increase (decrease) in net assets	75,002,885	(22,116,415)	(25,789)	52,860,681
Net Assets				
Beginning of year	717,884,565	231,211,748	53,451	949,149,764
End of year	$ 792,887,450	$ 209,095,333	$ 27,662	$ 1,002,010,445

See Notes to Financial Statements.

UNIVERSITY OF WYOMING

STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

Cash Flows from Operating Activities	
Tuition, fees and grants received	$ 176,285,869
Payments to employees and fringe benefits	(268,013,837)
Payments to vendors and suppliers	(102,789,917)
Payments for scholarships	(17,143,736)
Loans issued to students	(4,937,622)
Collection of loans to students	2,414,021
Other receipts	15,447,045
Other payments	(12,277,857)
Net cash (used in) operating activities	(211,016,034)
Cash Flows from Noncapital Financing Activities	
State appropriations	203,154,185
Grants for other than capital purposes	3,352
Gifts for other than capital purposes	28,332,286
Net cash provided by noncapital financing activities	231,489,823
Cash Flows from Investing Activities	
Purchases of investments	(405,164,511)
Proceeds from sales and maturities of investments	396,539,014
Interest received on investments	9,403,364
Net cash provided by investing activities	777,867
Cash Flows from Capital and Related Financing Activities	
Cash paid for capital assets	(85,885,592)
Proceeds from sale of capital assets	(4,766,290)
Capital appropriations received	86,135,689
Proceeds of capital debt	8,023,841
Repayments of capital debt and leases	(11,708,886)
Interest paid on capital debt and leases	(2,060,516)
Net cash (used in) capital and related financing activities	(10,261,754)
Net increase in cash and cash equivalents	10,989,902
Cash and Cash Equivalents	
Beginning of year	133,030,428
End of year	$ 144,020,330

UNIVERSITY OF WYOMING

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2009

Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities	
Operating (loss)	$ (225,045,876)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation expense	19,519,633
Provision for uncollectable loans and write-offs	658,974
Miscellaneous nonoperating income	5,163,361
Changes in assets and liabilities:	
Receivables, net	(3,742,910)
Inventories	981,870
Prepaid expenses	(132,029)
Notes receivable, net	(2,523,601)
Accounts payable and accrued liabilities	(5,796,036)
Due to State of Wyoming	(3,150)
Deferred revenue	1,317,663
Deposits held in custody for others	(2,094,730)
U.S. Government grants refundable	100,558
Accrued compensated absences	580,239
Total adjustments	14,029,842
Net cash (used in) operating activities	$ (211,016,034)
Noncash Investing, Capital, and Financing Activities	
Change in fair value of investments	$ (35,183,588)
Assets acquired through gift	2,970,792
Equipment included in accounts payable	4,715,689

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Nature of operations: The University of Wyoming (the "University") is a public land grant research university dedicated to serving as a statewide resource for accessible and affordable higher education of the highest quality, rigorous scholarship, technology transfer, economic and community development, and responsible stewardship of the State's cultural, historical, and natural resources. The University is committed to outreach and service that extend our human talent and technological capacity to serve the people in our communities, our state, the nation, and the world.

Reporting entity: The University is a component unit of the State of Wyoming and is included in the basic financial statements of the State of Wyoming.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the primary government, as well as its component unit, the University of Wyoming Foundation (the "Foundation"). The Foundation is a legally separate, tax-exempt organization supporting the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 36-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University financial statements.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) Standards. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit-Organizations*. As such, certain revenue recognition criteria and presentation features may be different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The University has elected to present the Foundation on a combining basis including eliminating intra-entity activity because the University is included as a component unit of the State of Wyoming.

Financial statements for the Foundation can be obtained by contacting the Foundation at 1200 East Ivinson Avenue, Laramie, Wyoming 82070.

The Cowboy Joe Club is a component unit of the University because it is organized for the purpose of supporting University athletic programs and is managed by the University Athletic Department. Although it is a legally separate organization, it is reported as a blended component unit of the University.

The Alumni Association is a component unit of the University because they share common management and financial dependence. Although it is a legally separate organization, it is reported as a blended component unit of the University.

Basis of accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The University has the option to apply all FASB pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Cash equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments: The University accounts for its 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 net assets. All investments with original maturities of 12 months or less are accounted for at amortized cost.

The Foundation accounts for its investments at their fair values. Unrealized gains and losses are included in the change in net assets.

The Foundation's investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1: Quoted prices available in active markets for indicated investments as of the reporting date. The type of investments which would generally be included in Level 1 include listed equity securities and listed derivatives.

Level 2: Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly-traded securities with restrictions on disposition.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs in to the determination of fair value require significant judgment or estimation by Investment Manager. The types of investments which would generally be included in this category include debt and equity securities issued by private entities.

Other investments: Other investments consist of land not used in the operation of the University, the cash surrender value of life insurance policies, and other property held for investment. Other investments are accounted for at the lower of cost or fair value.

Accounts receivable: Accounts receivable consists of unpaid tuition and fee charges to students and unpaid auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the Federal Government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are presented net of estimated uncollectible amounts.

Inventories: Inventories of merchandise and supplies are carried at the lower of cost (first-in, first-out) or market. Livestock inventory is stated at estimated net realizable value.

Noncurrent cash and investments: Cash and investments, that are externally restricted to make debt service payments (for the noncurrent portion of debt), to make Advanced Payments of Higher Education Costs (for the noncurrent portion of the APHEC liability) or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

Capital assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. At management's discretion, certain bulk purchases of items that individually do not exceed $5,000 may be capitalized and depreciated over an estimated blended life of the items. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 10 to 30 years for infrastructure and land improvements, 10 years for library materials, and 3 to 10 years for equipment.

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

The University evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The University will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The University will recognize an impairment loss when the University considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value. During the current year, the University recognized $640,411 of impairment expense.

Deferred revenue: Deferred revenue consists primarily of amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement. Deferred revenue also includes amounts received in advance of an event, such as student tuition and advance ticket sales related to future fiscal years.

Compensated absences: Employee compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statement of net assets, and as a component of compensation and benefit expense within the operating expenses in the statement of revenues, expenses, and changes in net assets.

Noncurrent liabilities: Noncurrent liabilities include: (1) principal amounts of revenue bonds payable and capital lease obligations with contractual maturities greater than one year, and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Net assets: The University's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets – nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net assets – expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Classification of revenues: The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as state appropriations, investment income, and Federal non-exchange grants.

Scholarship allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net assets. Scholarship allowances are the difference between the stated charge for the goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs which can be recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance.

Contributions to the Foundation: The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the donor's restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to give to the Foundation: Promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits with Financial Institutions and Investments

Wyoming Statute 9-4-817 authorizes agencies of the State to deposit public funds in financial institutions authorized to do business in the State of Wyoming. These deposits must be fully insured by Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. Alternatively, a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one (1½:1) of the value of public funds secured by the securities.

University investment policy specifies that internally invested funds may be invested in a combination of fixed-income, minimal risk instruments and money market funds. Investment goals for internally invested funds are designed to achieve a return to provide income, protect assets from risk and maintain liquidity to meet spending requirements. Investments are limited to collateralized bank certificates of deposit, money market funds or federally guaranteed or insured securities that mature in less than one year. Custodial services are utilized to safeguard the assets and provide monthly reports.

It is the policy of the University to invest endowment funds under a memorandum of agreement with the University of Wyoming Foundation. Investment goals for these funds are designed to achieve donor objectives, protect assets from excessive risk, provide program income and growth of the endowment and preserve the purchasing power of both the principal and the income. The Foundation Board of Directors reviews and establishes limits on market segment investment concentration, maximum investment in any company, and maximum share of portfolio per manager.

The University oversees the investment of funds for the Advance Payment of Higher Education Costs (APHEC) program through the use of an external investment firm selected by the Board of Trustees. The investment goal for APHEC is the same as for the endowments.

The University also has investments managed by the State of Wyoming Treasurer's Office. These investments are managed under the State of Wyoming Master Investment Policy.

The University has funds on deposit with the Wyoming State Treasurer's pooled investments. Deposits with the State Treasurer's pooled investments are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments. The University's participation in the pooled investments and mutual funds may indirectly expose it to risks associated with using, holding or writing derivatives. However, specific information about any such transactions is not available to the University. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Deposits:

At June 30, 2009, the carrying amount of the University's demand deposits in financial institutions was \$30,704,141 and the bank balances were \$33,001,829. The demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the University. All deposits were held by a qualified depository as outlined in the state statutes.

At June 30, 2009, the University had \$98,215,710 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

At June 30, 2009, the University had \$15,100,479 on deposit with the Foundation. Detailed information on the Foundation's pooled cash and investments is available from the Foundation.

Investments:

As of June 30, 2009, the University had investments with weighted average maturities as shown in the following table.

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
U.S. Government Sponsored Enterprise Discount Notes	$ 139,340,509	$ 139,493,410	.45
Certificate of Deposit	2,400,000	2,400,000	.26
Mutual Funds	970,170	1,029,484	n/a
	$ 142,710,679	$ 142,922,894	

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from interest rate changes on internally invested funds is to limit the maturity of all securities to less than one year.

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows quality ratings of investments that are rated.

Investment Type	Fair Value	Quality Rating AAA
U.S. Government Sponsored Enterprise Discount Notes	$ 139,493,410	$ 139,493,410

Custodial credit risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The University does not have a formal investment policy for custodial credit risk. Investments are held in safekeeping by external custodians in the University's name.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2009, the University held securities from the following issuers in excess of 5% of the total portfolio: Federal Home Loan Bank 29.37%, Federal Home Loan Mortgage Corporation 8.45% and Federal National Mortgage Corporation 14.60%.

***University of Wyoming Investments Held by the Foundation*:**

University owned endowment funds are held by the Foundation for investment purposes. The investment committee, following the Prudent Expert Rule, carries out the Foundation's investment policy. The Prudent Expert Rule states that a fiduciary shall manage the portfolio "with the care, skill, prudence and diligence, under circumstances then prevailing, and that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and like aims." External managers have been hired to invest in the following asset classes: equities, fixed income, absolute return, private equity/venture capital, hedged equity and real estate. A long-term target asset allocation strategy has been implemented to achieve required returns while minimizing risk. All investment vehicles selected must be in compliance with the laws of the State of Wyoming, Internal Revenue Code prohibitions on self-dealing or vehicles that would jeopardize the carrying out of the exempt purpose of the Foundation and restrictions on Unrelated Business Taxable Income.

As of June 30, 2009, the University of Wyoming investments held by the Foundation, primarily in mutual funds, had weighted average maturities, where applicable, as shown in the following table.

Investment Type	Historical Cost	Fair Value	Weighted Average Maturity in Years
Cash funds	$ 1,392,347	$ 1,411,184	n/a
Real assets	9,479,860	9,885,109	n/a
Private equity	17,943,392	15,862,421	n/a
Absolute return	13,129,964	16,625,697	n/a
Fixed income	9,181,421	12,114,680	5.37
Hedged equity	6,442,504	7,934,229	n/a
International equity	15,630,065	14,701,133	n/a
Domestic equity	26,831,743	23,523,760	n/a
	$ 100,031,296	$ 102,058,213	

<u>Interest rate risk</u>: The Foundation has no formal policy addressing interest rate risk.

<u>Credit risk</u>: The high yield and fixed income bond mutual fund investments are not rated.

<u>Custodial credit risk</u>: The Foundation does not have a formal investment policy for custodial credit risk. Investments are held in safekeeping by external custodians in the Foundation's name.

<u>Concentration of credit risk</u>: The Foundation's investment policy limits concentrations as follows:

1. The initial investment in any one issuer should not exceed 10% of a manager's portfolio (with the exception of U.S. Government securities);

2. The investment with any one issuer should not exceed 15% of a manager's portfolio (with the exception of U.S. Government securities);

3. No purchases of securities of the portfolio manager's organization or of any firm with controlling interest in said organization are to be made.

At June 30, 2009, there were no single issuer investments that exceeded 5% of the total holdings of the Foundation.

The summarized investments of the Foundation at June 30, 2009 are as follows:

	Carrying Value	Market Value
Money Market Funds	$ 22,492,140	$ 22,492,140
Corporate Stocks	116,328,702	111,901,974
Corporate Bonds and Notes	69,792,198	69,113,399
Alternative Investments	103,443,199	109,282,323
Government Obligations	2,097,228	2,081,392
Cash Value of Life Insurance Policies	241,016	241,016
Real Estate	4,856,397	4,856,397
Other Investments	204,205	211,085
	$ 319,455,085	$ 320,179,726

The University and Foundation have invested in alternative investments defined as hedge funds, private equity, venture capital and other investments for which the fair market value is not readily attainable. Because the alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. At June 30, 2009, the alternative investments held by the Foundation were $109,282,323.

***University of Wyoming Investments Held by the State of Wyoming*:**

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 University investments held by the State Treasurer's Office at June 30, 2009 are presented as follows:

Investment Type		Fair Value	Percentage
Fixed income:			
Agency Backed Bonds	$	874,858	4.12%
Asset Backed Securities		123,797	0.58%
CMO/REMIC		141,339	0.67%
Commercial Mortgage Backed Securities		55,572	0.26%
Convertible Fund		397,938	1.88%
Corporate Bonds		1,217,985	5.74%
Discounted Notes		103	0.00%
Government Bond Sovereign Debt		192,908	0.91%
International Authority		8,727	0.04%
Money Markets		312,176	1.47%
Mortgage Backed Securities		1,525,081	7.20%
Municipal Bonds		18,202	0.09%
Repurchase Agreement Pools		6,830	0.03%
Step Ups - Corporate Bonds		1,150	0.01%
Step Ups - Agency Backed Bonds		400,823	1.89%
Step Ups - Asset Backed Securities		2,829	0.01%
Step Ups Government Bond Sovereign Debt		13,479	0.06%
U.S. Government Bonds		45,543	0.21%
U.S. Treasury Securities		230,498	1.09%
Total fixed income investments		5,569,838	26.26%
Equities:			
Domestic Equities		6,469,698	30.50%
Foreign Equities		3,907,363	18.42%
Foreign Spot/Forward Currency Contracts		467	0.00%
Mutual Fund		662,858	3.13%
U.S. Dollar Denominated Foreign Equities		570,865	2.69%
U.S. Dollar Denominated Forward Currency Contracts		(497)	0.00%
Total equity investments		11,610,754	54.74%
Alternative investments:			
Absolute Return		1,986,827	9.38%
Foreign Fixed Forward Currency Contracts		(201,067)	-0.95%
Foreign Futures/Swaps		18,000	0.08%
Futures/Swaps		37,119	0.17%
Options		(5,009)	-0.02%
Private Equity		719,714	3.39%
Real Estate		1,209,308	5.70%
U.S. Dollar Forward Currency Contracts		200,251	0.94%
Total alternative investments		3,965,143	18.69%
Currency:			
Currency		835	0.00%
Foreign Currency		72,680	0.35%
Total currency		73,515	0.35%
Other		(7,820)	-0.04%
Total investments	$	21,211,430	100.00%

Credit risk: The credit risk disclosures for the University's portion of the State's fixed income investments are presented as follows:

Category	Credit Rating		Market Value	% of Total Investments
Agency Backed Bonds	AAA	$	865,086	15.53%
Agency Backed Bonds	A		9,772	0.18%
Asset Backed Securities	AAA		70,022	1.26%
Asset Backed Securities	AA		3,667	0.07%
Asset Backed Securities	A		2,608	0.05%
Asset Backed Securities	BBB		13,458	0.24%
Asset Backed Securities	BB		8,713	0.16%
Asset Backed Securities	B		8,352	0.15%
Asset Backed Securities	CCC		6,553	0.12%
Asset Backed Securities	CC		1,239	0.02%
Asset Backed Securities	C		4	0.00%
Asset Backed Securities	D		27	0.00%
Asset Backed Securities	NR		9,153	0.16%
CMO / Remic - Commercial	AAA		33,085	0.59%
CMO / Remic - Commercial	AA		7,104	0.13%
CMO / Remic - Commercial	A		9,099	0.16%
CMO / Remic - Commercial	BBB		7,702	0.14%
CMO / Remic - Commercial	BB		9,468	0.17%
CMO / Remic - Commercial	B		23,402	0.42%
CMO / Remic - Commercial	CCC		16,029	0.29%
CMO / Remic - Commercial	CC		555	0.01%
CMO / Remic - Commercial	C		564	0.01%
CMO / Remic - Commercial	NR		5,033	0.09%
CMO / Remic - FHLMC	AAA		15,022	0.27%
CMO / Remic - FNMA	AAA		14,003	0.25%
CMO / Remic - GNMA	AAA		272	0.00%
Commercial Mortgage Bonds	AAA		52,222	0.94%
Commercial Mortgage Bonds	A		213	0.00%
Commercial Mortgage Bonds	NR		3,137	0.06%
Convertible Funds	NR		397,938	7.14%
Corporate Bonds	AAA		70,990	1.27%
Corporate Bonds	AA		61,909	1.11%
Corporate Bonds	A		234,503	4.21%
Corporate Bonds	BBB		388,630	6.98%
Corporate Bonds	BB		31,621	0.57%
Corporate Bonds	B		6,212	0.11%
Corporate Bonds	CCC		3,123	0.06%
Corporate Bonds	CC		726	0.01%
Corporate Bonds	C		121	0.00%
Corporate Bonds	NR		420,150	7.54%
Discount Notes	A-1		103	0.00%
Government Bonds	AAA		4,089	0.07%
Government Bonds Sovereign Debt	AAA		15,182	0.27%
Government Bonds Sovereign Debt	AA		12,737	0.23%
Government Bonds Sovereign Debt	A		9,460	0.17%
Government Bonds Sovereign Debt	BBB		27,141	0.49%
Government Bonds Sovereign Debt	BB		82,660	1.48%

Continued

Category	Credit Rating	Market Value	% of Total Investments
Government Bonds Sovereign Debt	B	$ 19,056	0.34%
Government Bonds Sovereign Debt	NR	22,585	0.41%
International Authority	AAA	7,778	0.14%
International Authority	A	949	0.02%
Money Markets	AAA	312,176	5.60%
Mortgage Backed Securities FHLMC	AAA	369,503	6.63%
Mortgage Backed Securities FNMA	AAA	956,744	17.18%
Mortgage Backed Securities GNMA	AAA	198,834	3.57%
Municipal Bonds	AAA	5,386	0.10%
Municipal Bonds	AA	5,128	0.09%
Municipal Bonds	A	6,433	0.12%
Municipal Bonds	BBB	664	0.01%
Municipal Bonds	NR	591	0.01%
Repurchase Agreement Pools	A-1	6,830	0.12%
Step Ups Agency Backed Bonds	AAA	400,823	7.20%
Step Ups Asset Backed Securities	BB	2,829	0.05%
Step Ups Corporates	NR	1,150	0.02%
Step Ups Govt Bond Sovereign Debt	BBB	13,479	0.24%
U.S. Treasury Bills	A-1	37,883	0.68%
U.S. Treasury Bonds	AAA	45,543	0.82%
U.S. Treasury Notes	AAA	192,615	3.46%
		$ 5,569,838	100.00%

Custodial credit risk: Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The State does not have a formal investment policy for custodial credit risk. Investments are held in safekeeping by external custodians in the State's name.

Interest rate risk: The interest rate disclosure for the University's portion of the State fixed income investments is presented below.

Administratively, the State manages interest rate risk of decreasing market value on its fixed investment portfolio arising from increasing interest rates by managing the average life of the fixed income portfolio. These securities have a concentration of U.S. Government agency securities holding AAA ratings.

Category	Market	Less Than 1 Year	1 - 5 Years	6-10 Years	Over 10 Years
Agency Backed Bonds	$ 874,858	$ 171,176	$ 691,297	$ 12,385	$ -
Asset Backed Securities	123,797	45,793	57,672	19,164	1,168
CMO / Remic - Commercial	112,042	9,706	66,227	35,135	974
CMO / Remic - FHLMC	15,022	1,202	11,258	2,562	-
CMO / Remic - FNMA	14,003	1,554	7,183	-	5,266
CMO / Remic - GNMA	272	-	272	-	-
Commercial Mortgage Bonds	55,572	3,666	11,418	40,488	-
Convertible Bonds	397,938	-	-	397,938	-
Corporate Bonds	1,217,985	414,946	268,986	345,175	188,878
Discount Notes	103	103	-	-	-
Government Bonds	4,089	-	-	4,054	35
Government Bonds Sovereign Debt	188,819	14,505	30,594	81,750	61,970
International Authority	8,727	-	-	8,727	-
Money Markets	312,176	312,176	-	-	-
Mortgage Backed Securities FHLMC	369,503	189	297,051	72,263	-
Mortgage Backed Securities FNMA	956,744	104	825,357	149,373	(18,090)
Mortgage Backed Securities GNMA	198,834	-	169,374	36,518	(7,058)
Municipal Bonds	18,202	5,796	-	626	11,780
Repurchase Agreement Pools	6,830	6,830	-	-	-
Step Ups Agency Backed Bonds	400,823	-	400,823	-	-
Step Ups Asset Backed Securities	2,829	-	2,829	-	-
Step Ups Corporate Bonds	1,150	1,150	-	-	-
Step Ups Government Bonds Sovereign Debt	13,479	-	-	13,479	-
U.S. Treasury Bills	37,883	37,883	-	-	-
U.S. Treasury Bonds	45,543	-	-	2,762	42,781
U.S. Treasury Notes	192,615	14,608	123,314	54,653	40
	$ 5,569,838	$ 1,041,387	$ 2,963,655	$ 1,277,052	$ 287,744

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 following represents the University's balances relating to the securities lending transactions at the financial statement date:

Securities Lent	Fair Value Underlying Securities	Cash Collateral Received/ Securities Collateral Value
Lent for cash collateral:		
U.S. Governments	$ 83,963	$ 85,886
U.S. Government Agencies	262,198	267,857
Corporate Securities	144,370	149,291
Equities	979,857	1,015,022
Total lent for cash collateral	1,470,388	1,518,056
Lent for securities collateral:		
U.S. Governments	75,132	77,004
U.S. Government Agencies	547	561
Total lent for bulk (securities) collateral	75,679	77,565
Total securities lending	$ 1,546,067	$ 1,595,621

Credit risk: The credit risk disclosures for the University's share of the State's securities lending program are presented as follows:

Category	Credit Rating	Cash Collateral Purchased	Percentage of Total Investments
Agency Backed Bonds	A-1	$ 52,936	3.49%
Asset Backed Securities	AAA	43,169	2.84%
Asset Backed Securities	A	29,280	1.93%
Asset Backed Securities	BBB	2,716	0.18%
Asset Backed Securities	BB	54,122	3.57%
Asset Backed Securities	B	89,205	5.88%
Asset Backed Securities	CCC	40,017	2.64%
Bank Note	A-1	29,330	1.93%
Certificate of Deposit	A-1	382,121	25.17%
Master Note	A-1	29,387	1.94%
Medium Term Notes	AA	11,723	0.77%
Medium Term Notes	A-1	262,758	17.31%
Medium Term Notes	A	31,180	2.05%
Medium Term Notes	NR	1,331	0.09%
Money Market	AAA	440,800	29.04%
Repurchase Agreement Pools	A-1	17,981	1.18%
		$ 1,518,056	100.00%

Concentration of credit risk: The State's securities lending program does not have any concentration of credit risk exposure.

Interest rate risk: The State has chosen the segmented time distribution method for its Interest Rate Disclosure. This method most closely matches how the State manages interest rate risk. There is minimal interest rate risk due to the average life of the security lending portfolio. The maturity assumptions of average life of the University's portion of the security lending portfolio are displayed in the following table:

Category	Market	Less Than 1 Year	Over 10 Years
Agency Backed Bonds	$ 52,936	$ 52,936	$ -
Asset Backed Securities	258,509	-	258,509
Bank Note	29,330	29,330	-
Certificate of Deposit	382,121	382,121	-
Master Note	29,387	29,387	-
Medium Term Notes	306,992	306,992	-
Money Markets	440,800	440,800	-
Repurchase Agreement Pools	17,981	17,981	-
	$ 1,518,056	$ 1,259,547	$ 258,509

Note 3. Loans, Accounts Receivable and Pledges Receivable

Loans receivable: Approximately 66% of the University's loans receivable are loans made under medical, dental and nursing school contracts. These are loans made to students for the completion of medical, dental and nursing schools and contain special clauses regarding repayment. The standard repayment terms under the medical, dental and psychiatric nursing school contracts are as follows:

Medical contracts prior to the 1993-1994 school year: Payments consist of 96 equal monthly installments with no interest accruing unless a scheduled payment is missed, and then the interest accrues at the maximum rate allowed by law.

Medical contracts for the 1993-1994 school year through the 2003-2004 school year: Payments consist of 96 equal monthly installments with interest accruing at an annual rate equal to the effective interest rate for Federal Stafford loans, with a maximum of 8% starting four years after the student enters into an agreement. If any scheduled payment is missed, the interest accrues at the maximum rate allowed by law.

The outstanding principal balance of loans made under medical school contracts is canceled upon practicing full-time medicine in the State of Wyoming. The balance is canceled at a rate of one-third outstanding balance the first year, one-half of the outstanding balance the second year, and the remaining balance for the third year of practicing full-time medicine.

Medical contracts for the 2004-2005 school year and thereafter and Dental contracts for the 2007-2008 school year and thereafter: Payments consist of 96 equal monthly installments with interest accruing at an annual rate equal to the effective interest rate for Federal Stafford loans, with a maximum of 8% beginning the earlier of completion of the residency program or eight years after the student enters into an agreement. If any scheduled payment is missed, the interest accrues at the maximum rate allowed by law.

The outstanding balance of loans made under medical and dental school contracts is canceled upon practicing full-time medicine or dentistry in the State of Wyoming. The balance is canceled at a rate of one-third outstanding balance for the first year, one-half of the outstanding balance the second year and the remaining balance for the third year of practicing full-time medicine or dentistry.

Psychiatric Nursing contracts for the 2007-2008 school year and thereafter: Payments consist of 48 equal monthly installments with interest accruing at an annual rate equal to the effective interest rate for Federal Stafford loans, with a maximum of 8% beginning at the end of the program or when the student drops out of or fails to make satisfactory progress toward the degree.

The outstanding balance of loans made under the nursing school contract is canceled upon practicing full-time as a psychiatric nurse in the State of Wyoming. The balance is canceled at a rate of one-half for the first year and the remaining balance for the second year of full-time psychiatric nursing practice.

Under all contracts, repayment is to begin one year subsequent to the student failing to be enrolled in a fully accredited medical, dental or nursing school, a qualifying internship, or a residency program.

Medical, dental, and nursing student loan cancellations are considered a reduction in the net assets when the student completes the contractual responsibilities for in-state service.

The balance of loans receivable also include other types of student loans which may contain similar repayment and cancellation features.

An allowance for doubtful accounts is provided for the estimated amount of loans which the University will be unable to collect, excluding any cancellation under programs noted above.

Accounts receivable and pledges receivable: The University accounts receivable and pledges receivable are shown net of allowances for doubtful accounts in the accompanying statement of net assets at June 30, 2009 as follows:

	Accounts Receivable	Pledges Receivable
Total receivable	$ 24,741,664	$ 226,002
Less allowance for doubtful accounts	(1,071,346)	(52,021)
Net receivable	$ 23,670,318	$ 173,981

Included in the amounts above is $5,928,202, which is due from the U.S. Government at June 30, 2009.

Foundation pledges receivable represent promises to give which have been made by donors but have not yet been received. Pledges which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Due to the nature of these pledges, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are pledged, but the expenses incurred with such contributions occur in a different fiscal period.

Total promises to give were as follows at June 30, 2009:

Due within 1 year	$ 11,156,953
Due 1 to 5 years	10,669,708
Due 5 years and later	2,269,288
	24,095,949
Less allowance for uncollectible pledges	983,545
Less discount to present value	1,061,251
Total pledges receivable	$ 22,051,153

Note 4. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Additions	Transfers	Retirements	Balance June 30, 2009
Capital assets not being depreciated:					
Land	$ 7,367,807	$ 3,016,297	$ -	$ -	$ 10,384,104
Land improvements	2,475,439	-	-	-	2,475,439
Construction in progress	67,017,778	76,149,014	(53,965,279)	-	89,201,513
Total capital assets not being depreciated	$ 76,861,024	$ 79,165,311	$ (53,965,279)	$ -	$ 102,061,056
Other capital assets:					
Infrastructure	$ 12,378,850	$ 189,058	$ -	$ -	$ 12,567,908
Land improvements	11,218,703	-	-	-	11,218,703
Buildings	405,758,927	1,462,416	53,912,946	(2,765,927)	458,368,362
Furniture, fixtures and equipment	90,283,592	8,475,013	52,333	(10,248,572)	88,562,366
Library materials	68,759,988	4,308,408	-	-	73,068,396
Total other capital assets	588,400,060	14,434,895	53,965,279	(13,014,499)	643,785,735
Less accumulated depreciation for:					
Infrastructure	(10,264,164)	(195,942)	-	-	(10,460,106)
Land improvements	(4,142,329)	(519,408)	-	-	(4,661,737)
Buildings	(148,772,795)	(8,893,169)	-	1,779,197	(155,886,767)
Furniture, fixtures and equipment	(66,975,153)	(7,323,248)	-	9,294,817	(65,003,584)
Library materials	(58,489,591)	(2,616,000)	-	-	(61,105,591)
Total accumulated depreciation	(288,644,032)	(19,547,767)	-	11,074,014	(297,117,785)
Other capital assets, net	$ 299,756,028	$ (5,112,872)	$ 53,965,279	$ (1,940,485)	$ 346,667,950
Capital asset summary:					
Capital assets not being depreciated	$ 76,861,024	$ 79,165,311	$ (53,965,279)	$ -	$ 102,061,056
Other capital assets, at cost	588,400,060	14,434,895	53,965,279	(13,014,499)	643,785,735
Total cost of capital assets	665,261,084	93,600,206	-	(13,014,499)	745,846,791
Less accumulated depreciation	(288,644,032)	(19,547,767)	-	11,074,014	(297,117,785)
Capital assets, net	$ 376,617,052	$ 74,052,439	$ -	$ (1,940,485)	$ 448,729,006

During the year ended June 30, 2009, plans were made for the removal of the Summit View Apartments over three phases. As a result, an impairment loss of $640,411 was recognized in fiscal year 2009 in accordance with GASB 42. Additions to accumulated depreciation include $28,134 which relates to reinstated idle equipment from the prior year and is not included in current year depreciation expense.

Note 5. Long-Term Liabilities, Bonds Payable and Capital Leases

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Bonds and capital lease obligations:					
Revenue bonds payable	$ 43,517,023	$ 8,023,841	$ 11,398,719	$ 40,142,145	$ 3,685,978
Capital lease obligations	1,211,934	-	310,167	901,767	273,394
Total bonds and capital leases	44,728,957	8,023,841	11,708,886	41,043,912	3,959,372
Other liabilities:					
Accrued compensated absences	12,185,184	8,033,456	7,453,216	12,765,424	6,382,712
Deposits held in custody for others	12,277,856	-	2,094,730	10,183,126	7,460,493
Other post-employment benefits	8,938,823	1,506,000	8,938,823	1,506,000	521,000
U.S. Government loans refundable	6,892,915	100,558	-	6,993,473	-
Total other liabilities	40,294,778	9,640,014	18,486,769	31,448,023	14,364,205
Total long-term liabilities	$ 85,023,735	$ 17,663,855	$ 30,195,655	$ 72,491,935	$ 18,323,577

Revenue bonds payable represent the remaining principal payments on bonds used for construction of facilities. Revenue from the operations of residence halls, apartments, cafeterias, dining halls, other food service facilities, bookstore and telecommunications; income from other sales and services; income from the University Permanent Land Fund and mineral royalties from the University Government Royalty Fund are pledged for the retirement of the Facilities Improvement Revenue Bonds Series 2001, the Facilities Refunding Revenue Bonds Series 2003, the Facilities Improvement Revenue Bonds Series 2004, the Facilities Improvement Revenue Bonds Series 2005, and the Revenue Refunding Bond Series 2009. The proceeds of the 2009 Revenue Refunding Bonds were used to redeem the 1999 Facilities Improvement and Refunding Revenue Bonds. The refunding resulted in a loss of approximately $41,200 and an estimated reduction in cash flow to service the debt of approximately $1,081,000. The economic gain on the refunding is approximately $931,000.

Revenue bonds payable consist of the following at June 30, 2009:

	Authorized and Issued	Interest Rates	Bonds Outstanding at June 30, 2009
Facilities Improvement Revenue Bonds:			
Series 2001	9,120,000	4.25-5.5%	6,425,000
Facilities Refunding Revenue Bonds:			
Series 2003	4,340,000	3.5%	1,390,000
Facilities Improvement Revenue Bonds:			
Series 2004	11,100,000	3.75-5.0%	9,785,000
Facilities Improvement Revenue Bonds:			
Series 2005	16,000,000	3.25-5.0%	13,795,000
Revenue Refunding Bonds:			
Series 2009	7,755,000	3.00-4.00%	7,755,000
	48,315,000		39,150,000
Original issue discount/premium			992,145
			40,142,145

Maturities and interest on bonds payable for the next five years and thereafter is as follows:

	Principal	Interest
2010	$ 3,580,000	$ 1,769,334
2011	2,285,000	1,626,711
2012	2,385,000	1,539,586
2013	2,485,000	1,440,524
2014	2,530,000	1,336,524
2015-2019	14,720,000	4,891,433
2020-2024	9,965,000	1,762,790
2025	1,200,000	60,000
	$ 39,150,000	$ 14,426,902

The University leases an airplane under a capital lease. The asset and related liability were recorded at the present value of the future payments due under the lease as determined using a 4.5% interest rate. The University is leasing scoreboards for the football and basketball venues. The assets and related liabilities were recorded at the present value of the future payments due under the lease as determined using a 5.75% interest rate. The University is also leasing other physical plant equipment under capital lease agreements. The assets and related liabilities of the other equipment were recorded at the present value of future payments due under the lease as determined using a 10.8% interest rate.

The following is a schedule of future minimum lease payments due under the capital leases, together with the net present value of the minimum lease payments, as of June 30, 2009:

	Airplane	Scoreboards	Other Equipment	Total
2010	$ 135,907	$ 161,224	$ 11,832	$ 308,963
2011	135,907	-	2,958	138,865
2012	135,907	-	-	135,907
2013	135,907	-	-	135,907
2014	135,907	-	-	135,907
2015-2016	158,574	-	-	158,574
Total minimum lease payments	838,109	161,224	14,790	1,014,123
Less amount representing interest	(107,437)	(3,792)	(1,127)	(112,356)
Net present value of minimum lease payments	$ 730,672	$ 157,432	$ 13,663	$ 901,767

The cost of assets acquired under capital lease is $3,172,348. Accumulated amortization as of June 30, 2009 is $3,172,348. Amortization of leased assets is included in depreciation expense.

Bonds payable: The Foundation issued revenue bonds in the aggregate principal amount of $3,700,000, pursuant to an Indenture of Trust, dated November 2007, by and between the Foundation and Wells Fargo Bank, N.A. The aggregate amount includes $1,155,000 of serial bonds and $2,545,000 of term bonds. The proceeds were used by the Foundation to help finance the cost of constructing and equipping the Conference Center located at 22nd Street and Grand Avenue in Laramie, Wyoming. The bonds bear interest from the date of issue to maturity or earlier redemption with interest payable semi-annually on May 1 and November 1 of each year. Accrued interest on the bonds was $35,896 at June 30, 2009. The Foundation has made all required debt payments.

The debt service requirements for the Bonds are as follows:

Year	Principal Due November 1	Interest	Interest Rate	Annual Debt Service
2009	$ 75,000	$ 215,379	5.15%	$ 290,379
2010	80,000	211,516	5.25%	291,516
2011	80,000	207,316	5.30%	287,316
2012	85,000	203,076	5.40%	288,076
2013	90,000	198,486	5.45%	288,486
2014-2018	540,000	911,009	5.55-5.79%	1,451,009
2019-2023	710,000	735,956	5.84-6.15%	1,445,956
2024-2027	1,960,000	416,970	6.15%	2,376,970
	$ 3,620,000	$ 3,099,708		$ 6,719,708

The bonds maturing on or after November 1, 2018 are redeemable by the Foundation on any date after November 1, 2017, in whole or in part, at a redemption price equal to 100% of the principal amount of the bonds being redeemed and accrued interest to the redemption date.

The bonds maturing on November 1, 2022 and November 1, 2027 are subject to mandatory sinking fund redemptions at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

Since the Foundation no longer has an interest in the Conference Center, they were required by the Bond Counsel to transfer funds in the amount of $3.7 million to certain “permitted investments” to satisfy future obligations on the bonds.

Note 6. Risk Management

The University is exposed to various risks of loss including torts, theft of, damage to, or destruction of assets and teachers’ liability. The University has purchased commercial insurance for these risks that include insurance for property and liability. Settlements have not exceeded insurance coverage in any of the last three fiscal years. The uninsured risk retention per occurrence is $100,000/$200,000 for property and $100,000/$1,000,000 for various liability risks.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

Following is a reconciliation of the unpaid claims liability for the years ended June 30, 2009 and 2008:

	2009	2008
Unpaid claims, beginning of fiscal year	**$ 750,000**	$ 750,000
Claims incurred	**223,566**	598,454
Claims paid	**(223,566)**	(598,454)
Unpaid claims liability, end of fiscal year	**$ 750,000**	$ 750,000

The University participates in the State of Wyoming employee medical, life and dental insurance program that is co-administered with a third-party health provider/claim service company. The State self-insures medical and dental costs and assumes all the risk for claims incurred by plan participants. The State does not retain any risk of loss for the life insurance plan as the insurance provider assumes all the risk for claims incurred by participants.

The State contributes $501 per month for a single participant, $993 for a participant plus his/her spouse or children, $1,134 per participating family or $567 for married couples both of which are employed by the University or another State agency for insurance premiums for covered participants towards these plans. Participants are responsible for paying premium charges in excess of this amount.

The University participates in a long-term disability program and contributes 100% of the premium per month for each eligible employee at the rate of $0.32 per $100 of payroll. The University does not retain any risk of loss for the long-term disability program as the insurance carrier assumes all the risk for claims incurred by participants.

The University also participates in two State of Wyoming risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act which is administered as an enterprise fund by the State of Wyoming. This Act requires the University to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. Amounts paid to the State for workers' compensation during fiscal year 2009 were $1,813,559.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. The University pays the State expense reimbursement for unemployment claims brought against the University. Changes in the balance of claims liability during fiscal years 2009 and 2008 are as follows for the University's participation in the Unemployment Compensation Act program:

	2009	2008
Unpaid claims, beginning of fiscal year	**$ -**	$ -
Claims incurred	**154,126**	141,977
Claims paid	**(154,126)**	(141,977)
Unpaid claims liability, end of fiscal year	**$ -**	$ -

Note 7. Related Organization

The Board of Trustees is responsible for appointing the members of the Board of Directors of The University of Wyoming Research Corporation d/b/a Western Research Institute (WRI), but as the University's accountability does not extend beyond making these appointments, WRI is not included in these financial statements.

Note 8. Commitments and Contingencies

The University has contracted and/or appropriated funds for the planning and construction or maintenance of several facilities with an aggregate cost of approximately $212,080,000. As of June 30, 2009, the remaining commitment to complete these projects totaled approximately $87,194,000. These completion costs will be financed by a combination of State appropriations and private gifts and grants.

The University is a defendant in several lawsuits including various claims related to its normal operations. The University believes that final settlement of matters not covered by insurance will not materially affect its financial condition.

Note 9. Retirement and Pension Plans

Eligible University employees have the option of participating in either the Wyoming Retirement System (WRS) or Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). WRS is a cost-sharing, multiple-employer public employee defined benefit, contributory retirement plan. TIAA-CREF is a defined contribution plan.

Participants in WRS who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. WRS also provides death and disability benefits. Benefits are established by State statutes. The WRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Wyoming Retirement System, Herschler Building, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

Statutes require that 11.25% of the covered employee's salary be contributed to the plan, one-half by the employee and the other half by the employer. The University contributes both the employee and employer portions funded primarily through appropriations from the State Legislature. For the years ended June 30, 2007, 2008 and 2009, the University's contributions to the WRS were $5,596,376, $5,999,462 and $6,417,228, respectively, which equals the required contribution for the years then ended.

As previously noted, some employees opt to participate in TIAA-CREF, which is a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. TIAA-CREF also requires contributions of 11.25% of participating employees' salaries. Like WRS, statutes require that contributions be funded by both the employer and employee, and the University has elected to fund both portions. Contributions are funded as accrued and are immediately vested. The contributions for the years ended June 30, 2007, 2008 and 2009 were $10,426,390, $11,591,015 and $12,603,101, respectively.

Additionally, the University contributed 1% of benefited payroll to the State as a subsidy for retiree benefits. The contributions for the year ended June 30, 2009 were $1,024,905. This amount included $411,014 in excess contributions for the fiscal year.

Note 10. Postemployment Benefits Other Than Pensions

Plan description*:* The University of Wyoming participates in one single-employer postemployment plan, for healthcare and life insurance. The Board of Trustees (the "Board") has the authority for establishing and amending this plan. This plan does not have a separate report.

Under the healthcare plan, any employee who retires and has completed twenty-five (25) years of service with the University or has fifteen (15) years of University service immediately preceding the date of retirement shall receive a benefit of conversion of up to 960 hours of accrued sick leave to a state contribution for group health insurance. The conversion is a rate of 1.5 months of coverage for each five (5) days of sick leave (a maximum of 36 months of premiums). There are 3001 active employees and 605 retirees that are participating in the plan as of August 2009, the census date used for actuarial valuation.

Under the life insurance plan, any employee who retires and has completed twenty-five (25) years of service with the University or who has attained the age of 60 with fifteen (15) years of immediately preceding University service can also have a one-half of his/her life insurance premium paid by the University.

Funding policy*:* The University finances this program on a pay-as-you-go basis. The Board has the authority for establishing and amending the funding policy.

Annual OPEB cost and OPEB obligation*:* The major component of the University's annual other postemployment benefit (OPEB) cost is the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC is the sum of the normal cost and the amortization of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over the maximum allowable period of 30 years on an open basis.

The other components of the annual OPEB cost are one year's interest on the net OPEB obligation at the beginning of the year and adjustment to the ARC. The adjustment to the ARC is the discounted present value of the net OPEB obligation at the beginning of the year. Since the University is adopting GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions,* a new standard requiring an actuarial approach to OPEB's this year, the net OPEB obligation at the beginning of the year is zero and the annual OPEB cost is equal to the ARC.

The table below shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

Annual required contribution	$ 2,027,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	2,027,000
Employer contributions	(521,000)
Increase in net OPEB obligation	1,506,000
Net OPEB obligations, beginning of year	-
Net OPEB obligations, end of year	$ 1,506,000

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2009 was as follows:

Year ended June 30, 2009:	
Annual OPEB cost	$ 2,027,000
Percentage of annual OPEB cost contributed	25.70%
Net OPEB obligation	$ 1,506,000

Funded status and funding progress: As of July 1, 2008, the actuarial valuation date, the actuarial accrued liability for benefits was $15,130,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $168,254,382, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Methods and assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date – July 1, 2008

Discount rate – 4.50% annual

Census data – as of August 2009

Actuarial cost method – projected unit credit with benefits attributed from the date of hire to expected retirement age.

Amortization method – the unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll.

Health care cost trend rate – the following annual trend rates are applied on a select and ultimate basis:

Benefit	Select	Ultimate
Medical	11.0%	5.0%
Dental	5.0%	5.0%

Select trends are reduced by 0.5% each year until reaching the ultimate trend.

Retiree contributions – these are assumed to increase with health care cost trend.

Retirement age – Annual retirement probabilities have been determined based on the Wyoming Retirement System (WRS) actuarial valuation as of January 1, 2008.

Mortality – RP-2000 Table, applied on a gender-specific basis.

Termination – The rate of withdrawal for reasons other than death and retirement has been developed from the WRS actuarial valuation as of January 1, 2008. These rates are dependent on an employee's age, year of service and gender.

Plan participation percentage – It is assumed that 95% of all future retirees and their dependents who are eligible for benefits participate in the postemployment benefit plan.

Spousal coverage – The assumed number of eligible spouses is based on the current census information.

Salary increase assumption – 3.5% per annum.

In the prior fiscal years, a simplified, non-actuarial estimate of the other postemployment benefit liability was used. This resulted in a reduction in the liability of $7,432,823 from June 30, 2008 to June 30, 2009.

Note 11. Natural Classifications with Functional Classifications

The University's operating expenses by natural classification were as follows:

	Natural Classification				
Functional Classification	Compensation and Benefits	Supplies and Services	Depreciation	Scholarships	Total
Instruction	$ 108,675,777	$ 10,907,147	$ -	$ -	$ 119,582,924
Research	38,372,887	15,536,763	-	-	53,909,650
Public service	23,459,741	8,820,312	-	-	32,280,053
Academic support	18,338,030	9,063,578	-	-	27,401,608
Student services	8,688,295	2,825,770	-	-	11,514,065
Institutional support	27,373,749	2,631,274	-	-	30,005,023
Operation of plant	12,543,675	26,833,786	-	-	39,377,461
Scholarships	-	-	-	17,143,736	17,143,736
Auxiliary enterprises	25,312,424	27,116,314	-	-	52,428,738
Depreciation	-	-	19,519,633	-	19,519,633
Total expenses	$ 262,764,578	$103,734,944	$ 19,519,633	$ 17,143,736	$ 403,162,891

Note 12. Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirements of GASB Statement No. 35. Included in this segment, are operations of residence halls, apartments, cafeterias, dining halls, other food service facilities, bookstore and telecommunications in addition to revenues from other sales and services, University Permanent Fund, and mineral royalties.

Condensed Statement of Net Assets	
Assets:	
Current assets	$ 28,925,335
Noncurrent assets	1,374,213
Total assets	$ 30,299,548
Liabilities:	
Current liabilities	$ 2,134,706
Noncurrent liabilities	395,471
Total liabilities	$ 2,530,177
Net assets:	
Invested in equipment	$ 826,766
Restricted for maintenance required by bond resolution	500,000
Restricted for capital projects	3,054,975
Unrestricted	23,387,630
Total net assets	$ 27,769,371

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues:	
Sales	$ 19,014,044
Rents and fees	16,876,005
Nonenterprise revenue	14,265,000
Miscellaneous	546,347
Total operating revenues	50,701,396
Operating expenses:	
Operating expenses	30,434,773
Depreciation	321,112
Total operating expenses	30,755,885
Operating income	19,945,511
Nonoperating revenues, investment income	2,904,467
Nonoperating expenses and other items:	
Interest on indebtedness	(2,114,034)
Retirement of indebtedness	(4,357,119)
Expanded for plant facilities	(600,562)
Mandatory transfers	1,760,062
Nonmandatory transfers	(17,542,204)
Total nonoperating expenses and other items	(22,853,857)
(Decrease) in net assets	(3,879)
Net assets, beginning of year	27,773,250
Net assets, end of year	$ 27,769,371

Condensed Statement of Cash Flows

Net cash provided by operating activities	$ 20,815,998
Net cash (used in) capital financing activities	(8,902,046)
Net cash (used in) noncapital financing activities	(15,782,142)
Net cash provided by investing activities	2,912,012
Net (decrease) in cash	(956,178)
Cash and cash equivalents, beginning of year	25,305,860
Cash and cash equivalents, end of year	$ 24,349,682

UNIVERSITY OF WYOMING

COMPARATIVE SCHEDULE OF NET ASSETS - UNIVERSITY OF WYOMING

June 30, 2009 and 2008

ASSETS	**2009**	2008
Current Assets		
Cash and cash equivalents	**$ 90,035,621**	$ 78,392,470
Accounts receivable, net	**23,670,318**	14,677,985
Current portion of pledges receivable, net	**173,981**	218,007
Receivable from the State of Wyoming	**4,403,440**	93,705
Investments	**113,692,541**	112,903,683
Investments with Trustee	**1,518,056**	4,455,843
Interest receivable	**99,538**	143,934
Current portion of student loans receivable, net	**3,204,736**	3,702,967
Inventories	**4,253,514**	5,235,384
Prepaid expenses	**2,227,687**	1,826,832
Total current assets	**243,279,432**	221,650,810
Noncurrent Assets		
Restricted cash and cash equivalents	**53,984,709**	54,637,958
Investments	**150,099,996**	177,019,652
Prepaid expenses	**492,962**	601,829
Receivable from State of Wyoming	**108,333**	827,067
Loans to students, net	**20,178,997**	17,816,139
Other investments	**4,381,046**	4,720,377
Capital assets, net of accumulated depreciation	**448,729,006**	376,617,052
Total noncurrent assets	**677,975,049**	632,240,074
Total assets	**921,254,481**	853,890,884
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**19,650,106**	14,736,804
Payroll and related liabilities	**23,077,147**	21,478,015
Liability under securities lending	**1,518,056**	4,455,843
Due to State of Wyoming	**3,630**	6,780
Deferred revenue	**11,626,157**	10,305,142
Deposits held in custody for others	**7,460,493**	6,886,548
Accrued compensated absences	**6,382,712**	6,092,592
Other post-employment benefits	**521,000**	596,493
Current portion of revenue bonds payable	**3,685,978**	3,497,495
Current portion of capital lease obligations	**273,394**	310,166
Total current liabilities	**74,198,673**	68,365,878
Noncurrent Liabilities		
Deposits held in custody for others	**2,722,633**	5,391,308
Accrued compensated absences	**6,382,712**	6,092,592
Other post-employment benefits	**985,000**	8,342,330
Revenue bonds payable	**36,456,167**	40,019,528
Capital lease obligations	**628,373**	901,768
U.S. Government loans refundable	**6,993,473**	6,892,915
Total noncurrent liabilities	**54,168,358**	67,640,441
Total liabilities	**128,367,031**	136,006,319
NET ASSETS		
Invested in Capital Assets, net of related debt	**409,306,685**	335,041,848
Restricted for:		
Nonexpendable	**123,864,320**	136,152,293
Expendable:		
Scholarships, research, instruction and other	**91,472,328**	86,780,293
Loans	**21,953,203**	19,775,239
Capital projects	**77,500,367**	75,272,900
Unrestricted	**68,790,547**	64,861,992
Total net assets	**$ 792,887,450**	$ 717,884,565

UNIVERSITY OF WYOMING

COMPARATIVE SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - UNIVERSITY OF WYOMING
Years Ended June 30, 2009 and 2008

	2009	2008
Operating Revenues		
Tuition and fees (net of scholarship allowances 2009 $17,638,851; 2008 $16,941,647)	**$ 40,009,463**	$ 35,210,222
Federal appropriations	**4,359,732**	3,502,598
Federal grants and contracts	**39,655,074**	47,194,045
State and local grants and contracts	**24,887,731**	18,111,863
Nongovernmental grants and contracts	**5,419,980**	5,485,888
Mineral royalty	**13,365,000**	13,365,000
Sales and services of educational departments	**10,263,845**	11,328,703
Auxiliary enterprise charges (net of scholarship allowances 2009 $4,917,869; 2008 $4,719,843)	**37,461,733**	33,207,331
Interest earned on loans to students	**215,214**	180,510
Other operating revenues	**2,479,243**	6,077,494
Total operating revenues	**178,117,015**	173,663,654
Operating Expenses		
Instruction	**119,582,924**	115,513,356
Research	**53,909,650**	46,535,449
Public service	**32,280,053**	31,286,250
Academic support	**27,401,608**	28,844,766
Student services	**11,514,065**	11,470,010
Institutional support	**30,005,023**	33,869,719
Operation and maintenance of plant	**39,377,461**	24,372,863
Scholarships	**17,143,736**	14,277,240
Auxiliary enterprises	**52,428,738**	47,528,701
Depreciation	**19,519,633**	17,568,564
Total operating expenses	**403,162,891**	371,266,918
Operating (loss)	**(225,045,876)**	(197,603,264)
Nonoperating Revenues (Expenses)		
State appropriations	**207,463,920**	184,671,759
Gifts	**19,370,436**	15,445,240
Investment income (loss)	**(25,736,658)**	5,175,737
Interest expense	**(2,060,516)**	(2,158,619)
Other nonoperating revenues	**3,415,383**	810,208
Net nonoperating revenues	**202,452,565**	203,944,325
Gain (loss) before other revenues, expenses, gains and losses	**(22,593,311)**	6,341,061
State Appropriations Restricted for Capital Purposes	**85,416,955**	8,734,470
Capital Grants and Gifts	**2,970,792**	4,938,000
Additions to Permanent Endowments	**9,208,449**	6,418,730
Net increase in net assets	**75,002,885**	26,432,261
Net Assets		
Beginning of year	**717,884,565**	691,452,304
End of year	**$ 792,887,450**	$ 717,884,565

UNIVERSITY OF WYOMING

COMPARATIVE SCHEDULES OF CASH FLOWS - UNIVERSITY OF WYOMING
Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Tuition, fees and grants received	**$ 176,285,869**	$ 174,396,018
Payments to employees and fringe benefits	**(268,013,837)**	(236,345,356)
Payments to vendors and suppliers	**(102,789,917)**	(96,028,392)
Payments for scholarships	**(17,143,736)**	(14,277,241)
Loans issued to students	**(4,937,622)**	(4,287,200)
Collection of loans to students	**2,414,021**	2,356,578
Other receipts	**15,447,045**	13,408,552
Other payments	**(12,277,857)**	(13,757,224)
Net cash (used in) operating activities	**(211,016,034)**	(174,534,265)
Cash Flows from Noncapital Financing Activities		
State appropriations	**203,154,185**	191,187,560
Grants for other than capital purposes	**3,352**	6,276
Gifts for other than capital purposes	**28,332,286**	21,212,202
Net cash provided by noncapital financing activities	**231,489,823**	212,406,038
Cash Flows from Investing Activities		
Purchases of investments	**(405,164,511)**	(367,801,091)
Proceeds from sales and maturities of investments	**396,539,014**	346,647,094
Interest received on investments	**9,403,364**	16,167,658
Net cash provided by (used in) investing activities	**777,867**	(4,986,339)
Cash Flows from Capital and Related Financing Activities		
Cash paid for capital assets	**(85,885,592)**	(70,171,561)
Proceeds from sale of capital assets	**(4,766,290)**	294,352
Capital appropriations received	**86,135,689**	8,209,045
Proceeds of capital debt	**8,023,841**	1,225
Repayments of capital debt and leases	**(11,708,886)**	(3,677,345)
Interest paid on capital debt and leases	**(2,060,516)**	(2,158,619)
Net cash (used in) capital and related financing activities	**(10,261,754)**	(67,502,903)
Net increase (decrease) in cash and cash equivalents	**10,989,902**	(34,617,469)
Cash and Cash Equivalents		
Beginning of year	**133,030,428**	167,647,897
End of year	**$ 144,020,330**	$ 133,030,428

UNIVERSITY OF WYOMING

COMPARATIVE SCHEDULES OF CASH FLOWS - UNIVERSITY OF WYOMING (Continued)
Years Ended June 30, 2009 and 2008

	2009	2008
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities		
Operating (loss)	$ (225,045,876)	$ (197,603,264)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	19,519,633	17,568,564
Provision for uncollectable loans and write-offs	658,974	582,852
Miscellaneous nonoperating income	5,163,361	1,060,514
Changes in assets and liabilities:		
Receivables, net	(3,742,910)	(775,207)
Inventories	981,870	548,625
Prepaid expenses	(132,029)	158,592
Notes receivable, net	(2,523,601)	(1,930,622)
Accounts payable and accrued liabilities	(5,796,036)	5,776,867
Due to State of Wyoming	(3,150)	6,780
Deferred revenue	1,317,663	787,219
Deposits held in custody for others	(2,094,730)	(1,479,368)
U.S. Government loans refundable	100,558	70,181
Accrued compensated absences	580,239	694,002
Total adjustments	14,029,842	23,068,999
Net cash (used in) operating activities	$ (211,016,034)	$ (174,534,265)
Noncash Investing, Capital, and Financing Activities		
Change in fair value of investments	$ (35,183,588)	$ (12,276,332)
Assets acquired through gift	2,970,792	4,938,000
Equipment included in accounts payable	4,715,689	4,085,803