

UNIVERSITY OF WYOMING

THE BOND FUNDS

FINANCIAL REPORT

JUNE 30, 2008

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Trustees of the
University of Wyoming
Laramie, Wyoming

We have audited the accompanying statements of net assets of certain Bond Funds (the "Bond Funds") of the University of Wyoming (the "University"), described in Note 1, as of June 30, 2008 and 2007, and the related statements of revenue, expenses and changes in net assets and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Bond Funds of the University are intended to present the financial position, and the changes in net assets and cash flows of certain activities for the purpose of complying with bond ordinance requirements. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In our opinion, the Bond Funds financial statements referred to above present fairly, in all material respects, the financial position of the Bond Funds as of June 30, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Bond Funds of the University taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in our audit of the financial statements of the Bond Funds of the University and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees and management of the University of Wyoming, revenue bond investors, Financial Security Assurance, Inc., and Ambac Assurance Corporation and is not intended to be and should not be used by anyone other than these specified parties.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 6, 2008

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**STATEMENTS OF NET ASSETS
June 30, 2008 and 2007**

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents (Note 9)	\$ 25,305,860	\$ 26,223,637
Accounts receivable, net (Note 4)	1,851,989	1,541,923
Inventories	3,280,904	3,847,967
Investments (Note 9)	-	9,978
Prepaid expenses	270,251	265,872
Total current assets	30,709,004	31,889,377
Noncurrent Assets		
Bond issuance costs, net of accumulated amortization	665,989	730,148
Equipment, net of accumulated depreciation (Note 2)	1,004,220	1,252,621
Total assets	32,379,213	33,872,146
LIABILITIES AND NET ASSETS		
Current Liabilities		
Unexpended portion - revenue bonds payable (Note 3)	1,725,156	5,652,531
Accounts payable (Note 4)	981,166	1,603,209
Payroll and related liabilities	605,403	574,046
Accrued compensated absences	302,470	274,411
Other employee benefits	47,689	75,186
Accrued bond interest payable	170,849	180,856
Deferred income	79,005	46,257
Total current liabilities	3,911,738	8,406,496
Noncurrent Liabilities		
Other employee benefits	391,755	369,903
Accrued compensated absences	302,470	274,411
Total liabilities	4,605,963	9,050,810
NET ASSETS		
Invested in equipment	1,004,220	1,252,621
Restricted for maintenance required by bond resolution	500,000	500,000
Restricted for capital projects	2,957,731	2,551,866
Unrestricted	23,311,299	20,516,849
Total net assets	27,773,250	24,821,336
Total liabilities and net assets	\$ 32,379,213	\$ 33,872,146

See Notes to Financial Statements.

**UNIVERSITY OF WYOMING
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**STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
Years Ended June 30, 2008 and 2007**

	2008	2007
Revenue and Other Additions		
Sales:		
Merchandise	\$ 17,581,189	\$ 16,794,406
Utilities	281,008	129,938
Rents and fees:		
Residence hall and apartment rent	10,225,762	9,398,329
Telecommunications	4,011,195	3,889,230
Fees and games	749,439	839,233
Student fees	1,477,834	1,409,344
Nonenterprise revenue:		
Government royalties (Note 4)	13,365,000	13,365,000
Indirect cost recovery	900,000	900,000
Miscellaneous other funds	292,812	254,350
Total operating revenues	48,884,239	46,979,830
Operating Expenses		
Cost of sales	8,901,209	8,510,929
Operating expenses:		
Administrative assessment	1,636,939	1,303,270
Advertising	248,539	250,943
Contractual services	52,229	63,803
Credit card charges	108,949	107,108
Insurance	341,359	345,299
Laundry	59,771	73,206
Parts and supplies	1,056,878	1,094,490
Rent	140,434	124,744
Repairs and maintenance	802,176	855,076
Salaries	7,840,765	6,682,191
Salaries - benefits	2,859,288	2,243,934
Support services	1,431,059	1,798,270
Travel	135,587	91,163
Utilities	2,567,916	2,627,184
Utility reimbursement	(135,553)	(141,242)
Miscellaneous	223,674	230,825
Balance forward	28,271,219	26,261,193

**UNIVERSITY OF WYOMING
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**STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS (Continued)
Years Ended June 30, 2008 and 2007**

	2008	2007
Operating Expenses (continued)		
Balance forwarded	\$ 28,271,219	\$ 26,261,193
Amortization of bond issuance costs	65,384	65,383
Depreciation	370,601	304,815
Total operating expenses	28,707,204	26,631,391
Operating income	20,177,035	20,348,439
Nonoperating Revenues (Expenses) and Other Items		
Investment income:		
Plant funds	316,515	612,096
Other funds	7,060,413	5,334,891
Gain on sale of equipment	217	106
Interest on indebtedness	(2,242,779)	(2,378,929)
Retirement of indebtedness	(3,315,000)	(3,155,000)
Expended for plant facilities	(3,933,353)	(7,597,164)
Mandatory transfers	1,077,121	186,897
Nonmandatory transfers (Note 5)	(16,188,255)	(13,588,307)
Total nonoperating (expenses)	(17,225,121)	(20,585,410)
Increase (decrease) in net assets	2,951,914	(236,971)
Net Assets		
Beginning of year	24,821,336	25,058,307
End of year	\$ 27,773,250	\$ 24,821,336

See Notes to Financial Statements.

**UNIVERSITY OF WYOMING
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**STATEMENTS OF CASH FLOWS
Years Ended June 30, 2008 and 2007**

	2008	2007
Cash Flows from Operating Activities		
Sales of merchandise	\$ 17,562,000	\$ 16,806,576
Utilities revenues	281,008	129,938
Housing revenues	10,158,362	9,493,014
Telecommunications	4,004,365	3,892,789
Student fees and fees and games	2,227,273	2,248,577
Government royalties	13,365,000	13,365,000
Indirect cost recovery	900,000	900,000
Payments to suppliers	(13,674,829)	(14,105,233)
Payments to employees and fringe benefits	(10,631,737)	(8,916,046)
Payments to other University funds	(4,124,657)	(3,798,767)
Other receipts	291,388	252,925
Net cash provided by operating activities	20,358,173	20,268,773
Cash Flows from Capital Financing Activities		
Bond proceeds expended	(3,927,375)	(7,567,393)
Retirement of indebtedness	(3,315,000)	(3,155,000)
Purchases of plant facilities	(3,933,353)	(7,597,161)
Interest paid on capital debt	(2,242,779)	(2,390,027)
Purchase of equipment	(122,200)	(514,394)
Proceeds from sale of equipment	217	106
Bond issuance costs paid	(1,225)	(1,225)
Net cash (used in) capital financing activities	(13,541,715)	(21,225,094)
Cash Flows from Noncapital Financing Activities		
Net transfers to other University funds	(15,111,134)	(13,401,411)
Cash Flows from Investing Activities		
Investment income	7,366,921	6,455,936
Redemption of investments	9,978	7,086,679
Net cash provided by investing activities	7,376,899	13,542,615
Net (decrease) in cash	(917,777)	(815,117)
Cash and Cash Equivalents		
Beginning of year	26,223,637	27,038,754
End of year	\$ 25,305,860	\$ 26,223,637
Reconciliation		
Operating income	\$ 20,177,035	\$ 20,348,439
Amortization of bond issuance costs	65,384	65,383
Depreciation expense	370,601	304,815
Change in operating assets and liabilities:		
Accounts receivable	(310,066)	68,860
Prepaid expenses	(4,379)	(215)
Inventory	567,063	(873,632)
Accounts payable	(622,043)	304,912
Accrued liabilities and deferred income	114,578	50,211
Net cash provided by operating activities	\$ 20,358,173	\$ 20,268,773

See Notes to Financial Statements.

**UNIVERSITY OF WYOMING
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NOTES TO FINANCIAL STATEMENTS

Note 1. The Reporting Entity, Description of Funds and Significant Accounting Policies

Reporting entity: The financial statements include certain assets, liabilities, net assets and activity related to the University of Wyoming Series September 1, 1999 Facilities Improvement and Refunding Revenue Bonds, the Series January 15, 2001 Facilities Improvement Revenue Bonds, the Series March 15, 2003 Facilities Refunding Revenue Bonds, the Series May 1, 2004 Facilities Improvement Revenue Bonds, and the Series May 13, 2005 Facilities Improvement Revenue Bonds (the “Bond Funds”).

The Bond Funds include operations from the following:

- The University Bookstore
- The Student Union
- Dining Service Facilities
- Residence Life Facilities
- Interest income on excess funds
- Government royalties
- Permanent land income
- Union - fees and games
- Utility and telecommunications income

The Bond Funds also include the following plant funds:

Project Acquisition Fund (unexpended funds): The Project Acquisition Funds were created to pay for all costs incidental to the financing and acquisition of the projects authorized by the bond resolutions.

Capital Fund (renewal and replacement fund): The Capital Fund, created by bond resolutions, is required to receive a minimum of 2% of net pledged revenue to maintain a continuing reserve of \$500,000.

Retirement of Indebtedness Funds: Reserve Fund – The Reserve Fund, created by bond resolutions, must be sufficient to fund the combined maximum annual principal and interest requirements of all first lien securities required to be paid from pledged revenue unless surety bonds are maintained to fund the reserve requirement. The surety bonds have been obtained by the University of Wyoming.

Financial statement presentation: The Bond Funds have adopted the financial statement presentation format required by Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35. Because the Bond Funds’ financial statements are prepared in compliance with bond agreements and include only certain assets, liabilities, and net assets of the University not all *provisions* of Statements No. 34 and No. 35 are applied to these financial statements. Specifically, intra-agency transactions have not been eliminated, and revenues from student fees and auxiliary enterprises have not been presented net of scholarships, discounts and allowances.

**UNIVERSITY OF WYOMING
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NOTES TO FINANCIAL STATEMENTS

Basis of accounting: The financial statements of the Bond Funds of the University of Wyoming reflect only the assets, liabilities and operating activities that relate to the bond resolutions and do not include any State of Wyoming funded activities. Since the bond resolutions do not require presentation of the investment in buildings and the associated bonds payable, they are not included within the accompanying statement of net assets. The statement of revenues, expenses and changes in net assets includes expenditures for plant facilities, debt service payments and transfers to and from other agencies. The accompanying financial statements are, therefore, not a complete presentation of the University of Wyoming.

For financial reporting purposes, the Bond Funds, like the University, is considered a special-purpose government engaged in business-type activities. Accordingly, the Bond Funds' 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.

The Bond Funds have not applied any Financial Accounting Standards Board pronouncements issued after November 30, 1989.

Cash, cash equivalents and investments: Cash and cash equivalents consist of deposits with the State Treasurer, cash on deposit with financial institutions and investments with original maturities of less than three months, which are commingled with University deposits.

State statutes authorize investment 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.

For purposes of the statement of cash flows, the Bond Funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Bond Funds account for its investment at fair value 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.

Accounts receivable: Accounts receivable consists of fee charges to students, auxiliary enterprise services provided to students, faculty and staff, telecommunication charges to University departments, and government royalties. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories: Inventories are stated at the lower of cost (first-in, first-out) or market.

Bond issuance cost: Bond issuance costs are presented net of accumulated amortization. Bond issuance costs are amortized on a straight-line basis over the life of the related bonds.

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NOTES TO FINANCIAL STATEMENTS

Compensated absences for annual leave: University employees may accrue annual leave based on the length of service, subject to certain limitations regarding the amount which will be paid upon termination. The estimated accrued compensated absences related to annual leave earned by the Bond Funds' employees as of June 30, 2008 and 2007 were \$585,480 and \$536,379, respectively.

All vested vacation is recorded as an expense and a liability at the time the liability vests.

Net assets: The Bond Funds' net assets are classified as follows:

Invested in equipment: This represents the Bond Funds investment in equipment.

Restricted net assets: Restricted 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 revenue sources as defined in the bond agreements. These resources are to be used for operation and maintenance of the defined activities and for debt service. Excess resources, as defined by the bond agreements, may be used for transactions relating to the educational and general operations of the University.

Classification of revenues: The Bond Funds 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 fees, (2) sales and services of auxiliary enterprises, (3) government royalties, and (4) indirect cost recovery, representing revenue earned by the Bond Funds for its contribution to overhead costs of the University that are reimbursed under state and Federal contracts and grants.

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, such as investment income.

Reclassification of certain liabilities: Certain liabilities on the statements of net assets for the year ended June 30, 2007 have been reclassified, with no effect on net assets, to be consistent with the classification adopted for the year ended June 30, 2008.

UNIVERSITY OF WYOMING
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NOTES TO FINANCIAL STATEMENTS

Note 2. Equipment

Following are the changes in equipment for the years ended June 30, 2008 and 2007:

	2008			
	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$ 3,442,626	\$ 122,200	\$ (21,158)	\$ 3,553,938
Less accumulated depreciation	(2,190,005)	(370,601)	21,158	(2,549,718)
Equipment, net	\$ 1,252,621	\$ (248,401)	\$ -	\$ 1,004,220

	2007			
	Beginning Balance	Additions	Retirements	Ending Balance
Equipment	\$ 2,934,632	\$ 514,394	\$ (6,400)	\$ 3,442,626
Less accumulated depreciation	(1,891,590)	(304,815)	6,400	(2,190,005)
Equipment, net	\$ 1,043,042	\$ 209,579	\$ -	\$ 1,252,621

Equipment is recorded at cost at the date of acquisition, or fair market value at the date of donation. The Bond Funds capitalization policy for equipment includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. 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, three to seven years for equipment.

Note 3. Revenue Bonds Payable

The University had the following revenue bond issues outstanding during the year ended June 30, 2008:

Series September 1, 1999 Facilities Improvement and Refunding Revenue Bonds: The proceeds of these bonds, net of the underwriter's discount and cost of issuance, were used to redeem the July 15, 1991 facilities revenue bonds, to finance the purchase of the Spanish Walk Apartment building, and to finance the renovation and expansion of the University's Student Union building. The outstanding principal balance at June 30, 2008 is \$8,490,000. The bonds mature through 2019. Interest rates on the outstanding principal balance vary from 4.85% to 5.5%.

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Series January 15, 2001 Facilities Improvement Revenue Bonds: The proceeds from these bonds, net of the underwriter's discount and cost of issuance, were used to fund renovation and expansion of the University's Student Union building and to finance the renovation of Washakie Food Service complex. The outstanding principal balance at June 30, 2008 is \$6,855,000. The bonds mature through 2020. Interest rates on the outstanding principal balance vary from 4.0% to 5.5%.

Series March 15, 2003 Facilities Refunding Revenue Bonds: The proceeds of these bonds net of the underwriter's discount and cost of issuance, were used to redeem the May 15, 1993 facilities refunding revenue bonds. The outstanding principal balance at June 30, 2008 is \$2,755,000. The bonds mature through 2010. Interest rates on the outstanding principal balance vary from 2.1% to 3.5%.

Series May 1, 2004 Facilities Improvement Revenue Bonds: The proceeds from these bonds, net of the underwriter's discount and cost of issuance, were used to fund the construction and renovation of the health sciences complex and the renovation of certain residence halls. The outstanding principal balance at June 30, 2008 is \$10,235,000. The bonds mature through 2024. Interest rates on the outstanding principal balance vary from 3.25% to 5.0%.

Series May 13, 2005 Facilities Improvement Revenue Bonds: The proceeds from these bonds, net of the underwriter's discount and cost of issuance, were used to fund the construction of a new archeology and anthropology facility. The outstanding principal balance at June 30, 2008 is \$14,390,000. The bonds mature through 2025. Interest rates on the outstanding principal balance vary from 3.5% to 5.0%.

Revenue bonds payable activity for the years ended June 30, 2008 and 2007 was as follows:

2008					
	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due Within One Year
Revenue bonds payable	\$ 46,899,517	\$ 1,225	\$ (3,383,719)	\$ 43,517,023	\$ 3,362,505

2007					
	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due Within One Year
Revenue bonds payable	\$ 50,122,012	\$ 1,225	\$ (3,223,720)	\$ 46,899,517	\$ 3,382,495

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NOTES TO FINANCIAL STATEMENTS

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

	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,430,000	\$ 2,048,544
2010	3,545,000	1,914,774
2011	2,245,000	1,773,311
2012	2,345,000	1,672,761
2013	2,460,000	1,559,486
2014-2018	14,240,000	5,872,129
2019-2023	11,235,000	2,326,280
2024-2025	3,225,000	221,250
	<u>42,725,000</u>	<u>\$ 17,388,535</u>
Original issue discount/premium	792,023	
	<u>\$ 43,517,023</u>	

At June 30, 2008, the unexpended amount of revenue bond proceeds was \$1,725,156.

Note 4. Major Source of Revenue, Accounts Receivable and Related-Party Receivable and Payable

The University Pledged Revenue Fund received \$13,365,000 from the State of Wyoming for its share of Federal mineral royalties for each of the years ended June 30, 2008 and 2007. This represents approximately 24% and 26%, respectively, of the total revenue pledged to secure the Bond Funds for the years ended June 30, 2008 and 2007.

Accounts receivable has been reduced by an allowance for uncollectible accounts of \$141,052 and \$117,323 as of June 30, 2008 and 2007, respectively.

Accounts receivable include \$469,239 and \$377,809 due from various departments within the University and accounts payable include \$512,582 and \$529,211 due to various departments within the University as of June 30, 2008 and 2007, respectively.

Note 5. Nonmandatory Transfers

The University may transfer net operating income in excess of bond requirements to general University operations, as permitted by the bond resolutions.

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NOTES TO FINANCIAL STATEMENTS

Note 6. Commitments

Housing Facilities has a contract for services with Bresnan Communications for cable television programming and other related services. Future minimum payment requirements under this contract are as follows:

Fiscal Year:	
2009	\$ 159,062
2010	79,531
Total	\$ 238,593

Note 7. Retirement and Pension Plans

Eligible University Bond Funds' 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 the employee and employer portions funded primarily through appropriations from the State Legislature.

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.

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NOTES TO FINANCIAL STATEMENTS

Actual contributions have been equal to the required contribution for each of the last three years:

	<u>WRS</u>	<u>TIAA-CREF</u>
Year ended June 30,		
2008	\$ 311,726	\$ 366,200
2007	314,262	306,900
2006	314,473	288,460

The University has an additional program called “Board Retirees.” To qualify for the program, an employee must meet one of the following two criteria at the time of retirement:

1. Be age 60 or over and have 15 years or more of immediately preceding service, or
2. 25 years of accumulative service.

Board retiree status allows an individual with unused sick leave at the time of retirement to convert up to 120 days of unused accrued sick leave to be applied toward the State contribution for group health insurance if elected. The conversion is at a rate of 1.5 months of coverage for each five days of sick leave (a maximum of 36 months of premiums). The maximum per month premium currently is \$610 a month for individuals and \$1,446 a month for family participants in the plan. The premium is paid by the University as it is incurred on a monthly basis. The total amount charged to expense for the years ended June 30, 2008 and 2007 was \$21,486 and \$48,983, respectively, and the total liability accrued as of June 30, 2008 and 2007 is \$386,499 and \$393,325, respectively. Effective June 7, 2007, the policy was changed such that any employee who retires and has completed 25 years of service or has 15 years of service immediately preceding the date of retirement shall receive the same sick leave conversion benefit as Board Retirees have in the past.

Board retiree status also allows an individual who has been enrolled in the State life insurance plan to have the University pay one-half the premium for the remainder of the time the individual holds the policy. The share of the premium is paid by the University as it is incurred on a monthly basis. The total amount charged to expense for the years ended June 30, 2008 and 2007 was \$26,203 and \$26,203, respectively, and the total liability accrued as of June 30, 2008 and 2007 is \$52,945 and \$51,764, respectively.

Note 8. Risk Management

The University Bond Funds and the University are 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 which include insurance for property and liability. The uninsured risk retention per occurrence/aggregate is \$100,000/\$200,000 for property and ranges from \$100,000/\$1,000,000 for various liability risks.

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NOTES TO FINANCIAL STATEMENTS

The University Bond Funds participate in the State of Wyoming employee medical, life and dental insurance program which 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 per month \$489 for a single participant, \$969 for a participant plus his/her spouse or children, \$1,107 per participating family or \$554 for married couples both of which are employed by the University 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 \$.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 Bond Funds also participate 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 Bond Funds to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. The University pays on behalf of the University Bond Funds the State expense reimbursement for unemployment claims brought against the University Bond Funds.

Note 9. Cash

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 the 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.

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

NOTES TO FINANCIAL STATEMENTS

Deposits: At June 30, 2008 and 2007, the carrying amount of the Bond Funds participation in the University's cash and cash equivalents was \$25,305,860 and \$26,223,637, respectively. Of this amount, \$9,666,930 and \$10,055,927 was on deposit with State Treasurer through the University and \$20,731,661 and \$21,091,211 was the bank balance on deposits with financial institutions for the years ended June 30, 2008 and 2007, respectively.

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. All cash equivalents were collateralized at 102% with government agency securities. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Cash equivalents of \$3,025,330 and \$6,765,015 are restricted to be used in accordance with the 2004 and 2005 bond resolutions for the years ended June 30, 2008 and 2007, respectively.

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF NET PLEDGED REVENUE
Year Ended June 30, 2008**

	Bookstore	Union	Dining Services
Gross Pledged Revenue			
Sales:			
Merchandise	\$ 8,345,690	\$ 404,118	\$ 8,825,039
Utilities	-	-	-
Rents and fees:			
Residence hall and apartment rent	-	-	-
Telecommunications	-	-	-
Fees and games	-	-	-
Student fees	-	1,477,834	-
Nonenterprise revenue:			
Government royalties	-	-	-
Indirect cost recovery	-	-	-
Miscellaneous	74,803	-	-
Investment income	-	11,328	-
Total revenue	8,420,493	1,893,280	8,825,039
Operation and Maintenance Expenses			
Cost of sales	6,122,154	75,896	2,394,037
Operating expenses:			
Administrative assessment	415,264	9,541	96,114
Advertising	79,356	148,834	20,349
Contractual services	-	-	-
Credit card charges	108,949	-	-
Insurance	17,636	38,580	48,700
Laundry	-	-	59,771
Parts and supplies	50,139	166,400	318,077
Rent	128,579	-	2,469
Repairs and maintenance	52,938	102,585	139,999
Salaries	924,250	825,433	2,831,869
Salaries - benefits	278,358	320,427	1,069,834
Support services	-	-	-
Travel	20,159	29,034	9,932
Utilities	26,225	166,531	279,090
Utility reimbursement (1)	-	(135,553)	-
Miscellaneous	117,819	21,382	72,141
Plant funds	-	-	-
Depreciation	4,831	9,155	43,798
Total expenses	8,346,657	1,778,245	7,386,180
(Gain) from sale of assets	-	-	-
Interest	-	-	48,813
	8,346,657	1,778,245	7,434,993
Pledged net revenue	\$ 73,836	\$ 115,035	\$ 1,390,046

Residence Life	Non- Enterprise Revenue	Totals
\$ -	\$ 6,341	\$ 17,581,188
162,707	118,301	281,008
10,221,557	4,205	10,225,762
-	4,011,195	4,011,195
-	749,439	749,439
-	-	1,477,834
-	13,365,000	13,365,000
-	900,000	900,000
91,796	126,213	292,812
-	7,049,085	7,060,413
10,476,060	26,329,779	55,944,651
286,939	22,183	8,901,209
1,116,020	-	1,636,939
-	-	248,539
50,075	2,154	52,229
-	-	108,949
236,443	-	341,359
-	-	59,771
522,262	-	1,056,878
9,386	-	140,434
506,654	-	802,176
2,487,350	771,863	7,840,765
925,366	265,303	2,859,288
64,495	1,366,564	1,431,059
64,636	11,826	135,587
2,096,070	-	2,567,916
-	-	(135,553)
10,905	1,427	223,674
-	5,977	5,977
99,751	213,066	370,601
8,476,352	2,660,363	28,647,797
(217)	-	(217)
35,347	-	84,160
8,511,482	2,660,363	28,731,740
\$ 1,964,578	\$ 23,669,416	\$ 27,212,911

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF NET PLEDGED REVENUE (Continued)
Year Ended June 30, 2008**

	Totals
Net Pledged Revenue	<u>\$ 27,212,911</u>
Maximum Annual Debt Service Requirement (Fiscal 2009)	
Principal	3,430,000
Interest	<u>2,048,545</u>
	<u>5,478,545</u>
Excess of Net Pledged Revenue over Maximum Debt Service Requirement	<u>\$ 21,734,366</u>
Percentage of Net Pledged Revenue to Maximum Debt Service Requirement	497%
Percentage of Net Pledged Revenue to Debt Service Requirement for Fiscal Year Ending June 30, 2009	497%

(1) The University utility contribution represents utility expenses not charged to the Union by the University in lieu of a cash contribution.

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**DEBT SERVICE REQUIREMENTS OF THE SEPTEMBER 1, 1999, JANUARY 15, 2001,
MARCH 15, 2003, MAY 1, 2004 AND MAY 13, 2005 BOND RESOLUTIONS
June 30, 2008**

Year Ended	September 1, 1999 Bond Resolution (Series 1999)			January 15, 2001 Bond Resolution (Series 2001)			March 15, 2003 Bond Resolution (Series 2003)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 590,000	\$ 455,708	\$ 1,045,708	\$ 430,000	\$ 355,588	\$ 785,588	\$ 1,365,000	\$ 93,012	\$ 1,458,012
2010	620,000	425,913	1,045,913	450,000	335,162	785,162	1,390,000	48,649	1,438,649
2011	650,000	393,362	1,043,362	470,000	316,038	786,038	-	-	-
2012	685,000	359,237	1,044,237	490,000	295,475	785,475	-	-	-
2013	725,000	323,275	1,048,275	515,000	268,525	783,525	-	-	-
2014	755,000	285,213	1,040,213	505,000	240,200	745,200	-	-	-
2015	805,000	245,575	1,050,575	535,000	212,425	747,425	-	-	-
2016	840,000	201,300	1,041,300	605,000	183,000	788,000	-	-	-
2017	890,000	155,100	1,045,100	690,000	149,725	839,725	-	-	-
2018	940,000	106,150	1,046,150	705,000	111,775	816,775	-	-	-
2019	990,000	54,450	1,044,450	710,000	73,000	783,000	-	-	-
2020	-	-	-	750,000	37,500	787,500	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
Total	\$ 8,490,000	\$ 3,005,283	\$ 11,495,283	\$ 6,855,000	\$ 2,578,413	\$ 9,433,413	\$ 2,755,000	\$ 141,661	\$ 2,896,661

Year Ended	May 1, 2004 Bond Resolution (Series 2004)			May 13, 2005 Bond Resolution (Series 2005)			Combined Annual Requirement
	Principal	Interest	Total	Principal	Interest	Total	
2009	\$ 450,000	\$ 479,999	\$ 929,999	\$ 595,000	\$ 664,238	\$ 1,259,238	\$ 5,478,545
2010	470,000	463,126	933,126	615,000	641,925	1,256,925	5,459,775
2011	490,000	441,973	931,973	635,000	621,938	1,256,938	4,018,311
2012	510,000	419,924	929,924	660,000	598,125	1,258,125	4,017,761
2013	530,000	397,611	927,611	690,000	570,075	1,260,075	4,019,486
2014	555,000	373,761	928,761	720,000	540,750	1,260,750	3,974,924
2015	585,000	348,093	933,093	750,000	510,150	1,260,150	3,991,243
2016	610,000	321,768	931,768	780,000	478,275	1,258,275	4,019,343
2017	640,000	294,318	934,318	815,000	443,175	1,258,175	4,077,318
2018	665,000	264,878	929,878	850,000	406,500	1,256,500	4,049,303
2019	700,000	233,290	933,290	895,000	364,000	1,259,000	4,019,740
2020	730,000	200,040	930,040	940,000	319,250	1,259,250	2,976,790
2021	765,000	165,000	930,000	985,000	272,250	1,257,250	2,187,250
2022	805,000	126,750	931,750	1,035,000	223,000	1,258,000	2,189,750
2023	845,000	86,500	931,500	1,085,000	171,250	1,256,250	2,187,750
2024	885,000	44,250	929,250	1,140,000	117,000	1,257,000	2,186,250
2025	-	-	-	1,200,000	60,000	1,260,000	1,260,000
	\$ 10,235,000	\$ 4,661,281	\$ 14,896,281	\$ 14,390,000	\$ 7,001,901	\$ 21,391,901	\$ 60,113,539

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
June 30, 2008**

1. Policy Number: 4300990	
Insurer: Lexington Insurance Company	
Expiration date: March 17, 2009	
Risks covered and amount:	\$ 500,000,000
Real and personal property; accounts receivable; business interruption/ extra expense/tuition fees; EDP equipment including media and extra expense; plant specimens; animals; automobile physical damage; aircraft equipment; automatic builders risk, renovations, installation (owners interest), and equipment breakdown.	
Sublimits:	
Flood, aggregate	100,000,000
Flood, SFHA (100 year)	2,000,000
Earthquake, aggregate	100,000,000
Miscellaneous unnamed locations (U.S.)	10,000,000
Miscellaneous unnamed locations (non-U.S.)	5,000,000
Errors and omissions	10,000,000
Personal property, legally liable	1,000,000
Leasehold interest	10,000,000
Mobile equipment	5,000,000
Equipment in aircraft	2,000,000
Transportation	2,000,000
Demolition and increased cost of construction	50,000,000
Service interruption property damage	10,000,000
Data, programs, and software	30,000,000
Exhibition property	1,000,000
Plant specimens	2,030,183
Neighbor's recourse and tenant's liability	5,000,000
Research animals (any single animal \$75,000)	3,000,000
Land and water contaminant or pollutant cleanup	1,000,000
Accounts receivable and valuable papers	500,000,000
Automatic acquisition	25,000,000
Property in course/construction/renovation	25,000,000
Vehicles except	6,000,000
Auto physical damage	250,000
Watercraft	25,000
Boiler/Machinery	
Equipment breakdown	100,000,000
Hazardous substance	5,000,000
Spoilage	5,000,000
Valuable papers, Coe Library/Library Annex	500,000,000
Property in transit (worldwide)	2,000,000
Ocean cargo	100,000

Continued

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)
June 30, 2008**

<p>2. Policy Number: BLX200800049900 Type: Third Party Liability (Buffer Excess) Insurer: United Educators Risk Retention Group Effective and expiration dates: March 17, 2008 - March 17, 2009 Risks covered and amount:</p>	<p>\$ 900,000 3,600,000</p>
<p>Annual aggregate Personal injury/property damage; includes general liability, liquor liability; automobile liability, employee benefit liability; professional liability; broadcasting liability</p>	
<p>3. Policy Number: GLF200800049900 Type: Excess Liability Insurer: United Educators Risk Retention Group Effective and expiration dates: March 17, 2008 - March 17, 2009 Risks covered and amount:</p>	<p>\$ 25,000,000</p>
<p>Excess of underlying \$900,000; \$36,000,000 aggregate Personal injury/property damage; advertising injury</p>	
<p>4. Policy Number: ELA200800049900 Type: Educators Legal Liability Insurer: United Educators Risk Retention Group Effective and expiration dates: March 17, 2008 - March 17, 2009 Risks covered and amount: each claim/aggregate</p>	<p>\$ 5,000,000</p>
<p>Errors and omissions; breach of duty</p>	
<p>5. Policy Number: PHFD36844310 Type: Foreign Liability, Automobile Liability and Foreign Workers' Compensation Insurer: ACE American Insurance Company Effective and expiration dates: March 17, 2008 - March 17, 2009 Risks covered and amount: (liability)</p>	<p>\$ 1,000,000 statutory limits</p>
<p>(Workers' Compensation) Bodily injury/property damage; premises/operations; products/competed operations; hired/owned autos; foreign personal injury and advertising injury liability; foreign contractual liability; incidental medical malpractice liability; medical expense</p>	
<p>6. Policy Number: 008BY103301280BCM Type: Public Dishonesty Bond and Crime Insurer: Travelers Property Casualty & Surety Effective and expiration dates: June 17, 2006 - June 17, 2009 Risks covered and amount:</p>	<p>\$ 1,000,000</p>
<p>Public dishonesty (blanket); forgery or alteration; theft; disappearance; computer fraud</p>	

Continued

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)
June 30, 2008**

7.	Policy Number: 400AC-51910 Type: Aircraft Hull and Liability Insurer: United States Aircraft Insurance Group Effective and expiration dates: June 20, 2008 - June 20, 2009 Risks covered and amount: Aircraft Liability	\$ 10,000,000
	Sublimits:	
	Aircraft: Physical damage	
	Beech Super King Air 200	1,000,000
	Beech King Air B200	1,400,000
	Single limit BI/PD liability	10,000,000
	Personal injury liability	10,000,000
	Non-owned aircraft liability	10,000,000
	Non-owned physical damage liability	500,000
	Guest voluntary settlement	250,000
	Spare parts physical damage	500,000
	Rental expense replacement aircraft	300,000
	Extra expense replacement parts	25,000
	Medical coverage, each person	5,000
	Baggage liability, each person	10,000
	Search and rescue, each occurrence	250,000
	Cargo liability for property damage, each occurrence	100,000
8.	Policy Number: ALO 32189 Type: Airport Premises Insurer: United States Aircraft Insurance Group Effective and expiration dates: June 20, 2008 - June 20, 2009 Risks covered and amount:	\$ 10,000,000
	Sublimits:	
	General liability	10,000,000
	Products/completed operations	10,000,000
	Hangerkeepers liability	1,000,000
	Personal and advertising injury liability	10,000,000
9.	Policy Number: T5MP-P-50747 Type: Athletic Play, Practice and Travel for Intercollegiate Sports Insurer: Summit America Insurance Services Effective and expiration dates: August 1, 2007 - August 1, 2008 Risks covered and amount:	
	Aggregate per air accident	\$ 5,000,000
	Aggregate per land accident	unlimited
	Maximum medical per insured	75,000

Continued

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)
June 30, 2008**

10.	Policy Number: NCAA/University of Wyoming Type: Blanket Sports Catastrophic Accident and Sickness Insurer: Mutual of Omaha Insurance Company This policy provided by NCAA at no cost to University Effective and expiration dates: August 1, 2007 - August 1, 2008 Risks covered and amount:	\$ -
	Coverage has \$65,000 deductible and is determined by the type of incident in which insured is involved	
11.	Policy Number: SRG 009103478 Type: Death/Dismemberment - Cheerleaders/Dancers Insurer: AIG - National Union Fire Insurance Company Effective and expiration dates: March 17, 2008 - March 17, 2009 Risks covered and amount:	
	Loss of life or limbs or sight	\$ 10,000
	Medical/dental expense	5,000
12.	Policy Number: 83WECPP2689 Type: Workers' Compensation (other states) Insurer: The Hartford, Twin City Fire Insurance Company Effective and expiration dates: March 17, 2008 - March 17, 2009 Risks covered and amount:	
	Policy covers various University employees working in 'other' states in order to comply with the various states' laws	
	Sublimits:	
	Bodily injury by accident, each accident	\$ 100,000
	Bodily injury by disease, policy limit	500,000
	Bodily injury by disease, each employee	100,000
13.	Policy Number: KR 584272842 Type: Kidnap and Ransom Insurer: Great American Insurance Group Effective and expiration dates: March 17, 2007 - March 17, 2010 Risks covered and amount:	
	Kidnap and/or ransom including death or dismemberment	
	Sublimits:	
	Ransom, death, total disability	\$ 5,000,000
	Personal accident, per insured person	250,000
	Transit	5,000,000
	Additional expense; legal liability	5,000,000
	Personal accident, per annual accident	1,250,000

Continued

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED) (Continued)
June 30, 2008**

14.	Policy Number: ADD NO4212344		
	Type: Accidental Death/Dismemberment for Trustees		
	Insurer: ACE American Insurance Company		
	Effective and expiration dates: April 1, 2008 - April 1, 2011		
	Risks covered and amount:		
	Accidental death/dismemberment	\$	500,000
	Accident medical benefit		25,000
15.	Policy Number: SRG 9107404		
	Type: Accidental Death/Dismemberment for Campers		
	Insurer: American International Companies		
	Effective and expiration dates: May 1, 2008 - May 1, 2009		
	Risks covered and amount:		
	Accidental death/dismemberment	\$	10,000
	Accident and sickness medical benefit		5,000
	Catastrophic benefit		35,000
16.	Policy Number: UM0001308SP08A		
	Type: Fine Arts		
	Insurer: XL Specialty Insurance Company		
	Effective and expiration dates: March 17, 2008 - March 17, 2009		
	Risks covered and amount:		
	Fine art/papers, Centennial	\$ 18,000,000	p/o \$ 60,000,000
	Unnamed location, worldwide	3,000,000	p/o 10,000,000
	Transit, worldwide	3,000,000	p/o 10,000,000
	Terrorism (cert and non-cert)	10,500,000	p/o 35,000,000
	Aggregate	96,000,000	p/o 320,000,000

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**STATEMENT OF NET ASSETS: FUND GROUP PERSPECTIVE
June 30, 2008**

	Current Unrestricted Funds	Plant Funds			Total
		Unexpended	Funds for Renewal and Replacement	Funds for Retirement of Indebtedness	
ASSETS					
Cash and cash equivalents	\$ 20,119,521	\$ 3,308,620	\$ 1,874,267	\$ 3,452	\$ 5,186,339
Accounts receivable	1,851,989	-	-	-	-
Due from other funds	-	-	-	170,712	170,712
Inventories	3,280,904	-	-	-	-
Prepaid expenses	270,251	-	-	-	-
Bond issuance costs	-	-	-	665,989	665,989
Equipment, net of accumulated depreciation	1,004,220	-	-	-	-
	<u>\$ 26,526,885</u>	<u>\$ 3,308,620</u>	<u>\$ 1,874,267</u>	<u>\$ 840,153</u>	<u>\$ 6,023,040</u>
LIABILITIES					
Unexpended portion	\$ -	\$ 1,725,156	\$ -	\$ -	\$ 1,725,156
Accounts payable	981,166	-	-	-	-
Payroll and related liabilities	605,403	-	-	-	-
Accrued compensation absences	604,940	-	-	-	-
Other employee benefits	439,444	-	-	-	-
Accrued interest payable	-	-	-	170,849	170,849
Due to other bond funds	170,712	-	-	-	-
Deferred income	76,156	-	-	2,849	2,849
	<u>\$ 2,877,821</u>	<u>\$ 1,725,156</u>	<u>\$ -</u>	<u>\$ 173,698</u>	<u>\$ 1,898,854</u>
NET ASSETS					
Invested in equipment	\$ 1,004,220	\$ -	\$ -	\$ -	\$ -
Restricted	-	1,583,464	1,874,267	-	3,457,731
Unrestricted	22,644,844	-	-	666,455	666,455
	<u>\$ 23,649,064</u>	<u>\$ 1,583,464</u>	<u>\$ 1,874,267</u>	<u>\$ 666,455</u>	<u>\$ 4,124,186</u>

**UNIVERSITY OF WYOMING
THE BOND FUNDS**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS: FUND GROUP PERSPECTIVE
Year Ended June 30, 2008**

	Current Unrestricted Funds	Plant Funds			Total
		Unexpended	Funds for Renewal and Replacement	Funds for Retirement of Indebtedness	
Operating Revenues					
Sales	\$ 17,862,196	\$ -	\$ -	\$ -	\$ -
Rents and fees	16,464,230	-	-	-	-
Government royalties	13,365,000	-	-	-	-
Indirect cost recovery	900,000	-	-	-	-
Miscellaneous	291,388	-	-	1,424	1,424
	<u>48,882,814</u>	<u>-</u>	<u>-</u>	<u>1,424</u>	<u>1,424</u>
Operating Expenditures					
Cost of sales	8,901,209	-	-	-	-
Administrative assessments	1,636,939	-	-	-	-
Salaries and benefits	10,700,053	-	-	-	-
Utilities	2,432,363	-	-	-	-
Other operating expenses	4,971,256	-	-	65,384	65,384
	<u>28,641,820</u>	<u>-</u>	<u>-</u>	<u>65,384</u>	<u>65,384</u>
Operating income (loss)	<u>20,240,994</u>	<u>-</u>	<u>-</u>	<u>(63,960)</u>	<u>(63,960)</u>
Nonoperating Revenues (Expenses) and Other Items					
Investment income	7,060,413	177,712	69,945	68,858	316,515
Gain on sale of assets	218	-	-	-	-
Interest on indebtedness	(84,160)	-	-	(2,158,619)	(2,158,619)
Retirement of indebtedness	-	-	-	(3,315,000)	(3,315,000)
Expenditures for plant facilities	(5,977)	(3,927,376)	-	-	(3,927,376)
Transfers in (out)	(24,602,842)	3,927,376	158,208	5,406,124	9,491,708
	<u>(17,632,348)</u>	<u>177,712</u>	<u>228,153</u>	<u>1,363</u>	<u>407,228</u>
Net increase (decrease) in net assets	<u>2,608,646</u>	<u>177,712</u>	<u>228,153</u>	<u>(62,597)</u>	<u>343,268</u>
Net Assets, beginning of year	<u>21,040,418</u>	<u>1,405,752</u>	<u>1,646,114</u>	<u>729,052</u>	<u>3,780,918</u>
Net Assets, end of year	<u>\$ 23,649,064</u>	<u>\$ 1,583,464</u>	<u>\$ 1,874,267</u>	<u>\$ 666,455</u>	<u>\$ 4,124,186</u>

**INDEPENDENT AUDITOR'S REPORT
ON DEBT COMPLIANCE**

To the Board of Trustees of the
University of Wyoming
Laramie, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of certain Bond Funds of the University of Wyoming (the "University") as of and for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008.

In connection with our audit, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions, or conditions, as listed in Article VIII, of each of the bond resolutions and the Financial Guaranty Agreement related to each of the Surety Bonds, insofar as they relate to accounting matters. It should be noted, however, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Trustees, management of the University, bondholders, Financial Security Assurance, Inc., and Ambac Assurance Corporation and is not intended to be and should not be used by anyone other than the specified parties.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
November 6, 2008