

NIOBRARA COUNTY, WYOMING

ANNUAL FINANCIAL REPORT

June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Niobrara County, Wyoming

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Niobrara County, Wyoming, as of and for the year ended June 30, 2011, which collectively comprise Niobrara County, Wyoming's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Niobrara County, Wyoming's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Niobrara County, Wyoming, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011, on our consideration of Niobrara County, Wyoming's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The budgetary information has been subjected to the auditing procedures applied during the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare financial statements, or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Niobrara County, Wyoming's basic financial statements. The other supplementary information on page 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedure, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying basic financial statements, required supplementary information, other supplementary information, and our independent auditor's reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities and the management and the Board of County Commissioners and should not be used or relied upon by any other party for any purpose. Additional users of these basic financial statements, required supplementary information, other supplementary information, and our independent auditor's reports are hereby advised that the liability of Porter, Muirhead, Cornia & Howard to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 27, 2011

NIOBRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

As management of the Niobrara County Government, we offer readers of the Niobrara County Government's financial statements this narrative overview and analysis of the financial activities of the Niobrara County Government for the fiscal year ended June 30, 2011.

Financial Highlights

The assets of the Niobrara County exceeded its liabilities at the close of the most recent fiscal year by \$16,000,563 (*net assets*). Of this amount, \$3,209,788 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Niobrara County Government's governmental funds reported combined ending fund balances of \$3,832,236. Of this total amount, \$1,901,321 is available for spending at the government's discretion (unassigned).

The County's debt decreased by \$66,487 due to regularly scheduled payments on lease purchase obligations.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Niobrara County Government's basic financial statements. The Niobrara County Government's basic financial Statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Niobrara County Government's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Niobrara County Government's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Niobrara County Government is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Niobrara County Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Niobrara County Government include general government, public safety and transportation, public works, health, welfare and recreation, and conservation of natural resources.

The government-wide financial statements can be found on pages 10-13 of this report.

NIOBRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Niobrara County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Niobrara County Government can be divided into two categories: governmental funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Niobrara County Government maintained six individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all six funds. The general fund, the county road construction fund and the capital facilities-fair, library and courthouse fund, the federal and state grants fund, the E-911 and the 1% fund are considered to be major funds.

The Niobrara County Government adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statement can be found on pages 14-17 of this report.

Fiduciary funds - Fiduciary funds (agency funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of the funds are not available to support the Niobrara County Government's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 19 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-35 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Niobrara County Government's budgets for the general fund. This information and the notes to the required supplementary information can be found on pages 37-45 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Niobrara County Government's net assets, 74.3% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding.

NIOBRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

The Niobrara County Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Niobrara County Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NIOBRARA COUNTY GOVERNMENT'S NET ASSETS
Governmental Activities

	<u>2011</u>	<u>2010</u>
Assets:		
Current and other assets	\$ 4,205,125	\$ 3,858,566
Capital assets	12,073,122	12,062,818
Total assets	<u>16,278,247</u>	<u>15,921,384</u>
Liabilities:		
Long-term liabilities outstanding	206,244	272,731
Other liabilities	71,440	102,088
Total liabilities	<u>277,684</u>	<u>374,819</u>
Net assets:		
Invested in capital assets, net of related debt	11,888,076	11,814,074
Restricted for road construction	902,699	551,939
Unrestricted	3,209,788	3,180,552
Total net assets	<u>\$ 16,000,563</u>	<u>\$ 15,546,565</u>

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NIOBRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

At the end of the current fiscal year, the Niobrara County Government is able to report positive balances in the two categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

The government's net assets increased by \$453,998 during the current fiscal year.

NIOBRARA COUNTY GOVERNMENT'S CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues		
Charges for services	\$ 89,950	\$ 65,532
Operating grants and contributions	329,345	552,710
Capital grants and contributions	18,040	-
General revenues:		
Property taxes - current and delinquent	1,027,750	1,198,698
Other taxes	1,697,283	1,826,438
Miscellaneous	206,224	250,270
Unrestricted investment earnings	28,788	36,326
Total Revenues	<u>3,397,380</u>	<u>3,929,974</u>
Expenses:		
General government	1,566,693	1,279,843
Public safety	559,578	777,492
Public works	627,547	984,239
Health, welfare, recreation	130,295	262,667
Conservation of natural resources	47,865	59,016
Interest on long-term debt	11,404	14,044
Total Expenses	<u>2,943,382</u>	<u>3,377,301</u>
Increase in net assets	453,998	552,673
Net assets - beginning of year	15,546,565	14,993,892
Net assets - end of year	<u>\$ 16,000,563</u>	<u>\$ 15,546,565</u>

Governments change in nets assets:

Increases in general government expenses occurred because of an increase in elected official's salaries. Every four years, elected official's salaries are required to be set pursuant to Wyoming statutes. In addition, depreciation increased as compared to the prior year. Travel expenses, funding for the library's portion of the county's deferred compensation program, IT expenses, unemployment compensation, and elections also contributed to increases in expenses.

Decreases in public safety expenses occurred because the WYOLink program had been completed in the prior fiscal year.

Public Safety and Health and Welfare expenses also decreased because less equipment was purchased with homeland security grant funds as compared to the prior year.

Decreases in public works expenses occurred because no new equipment was purchased in fiscal year 2011 and no major road projects were undertaken.

NIORARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Financial Analysis of the Government's Funds

As noted earlier, the Niobrara County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus on the Niobrara County Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Niobrara County Government's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Niobrara County Government's governmental funds reported ending fund balance of \$3,832,236, an increase \$394,953 in comparison with the prior year.

The general fund is the chief operating fund of the Niobrara County Government. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,901,321. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The fund balance of the Niobrara County Government's general fund increased by \$1,576 during the current fiscal year.

General Fund Budgetary Highlights

While Niobrara County's valuation continues to increase, the Commissioners remain prudent in spending. Last year, onetime bonuses were awarded to employees. The Commissioners realize how valuable and important their employees are and chose to award raises this year in lieu of the bonus. They were also tasked with setting wages for the Elected Officials for the next four years.

Consensus Block Grants continue to play a vital role in the improvement and construction of county buildings. The funds continue to be 100% funded by the State Lands and Investment Board (SLIB) and continue to provide the revenue necessary to construct new buildings and maintain our existing buildings.

The Hospital Roof project, which was funded with 2007-2008 Consensus Block Funds and required a 25% match, was completed.

Homeland Security Grants and Consensus Block Grants provided income needed to replace the locks in the jail.

The Energy Efficiency Conservation Block Grant (EECBG) Energy Retrofit program is in the engineering stage and will begin construction in 2012. This grant will provide for retrofit funds for the Courthouse, Library, Fairgrounds Auditorium and the Road and Bridge Shop to upgrade lighting, heating and make the buildings more energy efficient. In addition to this grant, Niobrara County was awarded Consensus Block Funding to rewire the courthouse in conjunction with the retrofit project.

The County Road Fund continues to provide funding necessary to upgrade and maintain Niobrara County roads and bridges.

The budget was amended to account for unanticipated revenue in the 1% Option budget and to balance the Commissioners' budget overage as a result of increased travel.

NIOBRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

Capital Asset and Debt Administration

The Niobrara County Government's investment in capital assets for its governmental type activities as of June 30, 2011, amounts to \$12,073,122. This investment in capital assets included land, buildings, machinery and equipment, infrastructures, and roads, highways and bridges. The total increase in Niobrara County's investment in capital assets for the current year was \$10,304.

The County Road Fund continues to provide funding necessary to upgrade and maintain Niobrara County roads and bridges.

NIOBRARA COUNTY GOVERNMENT'S CAPITAL ASSETS

	<u>2011</u>	<u>2010</u>
Land	\$ 4,064	\$ 4,064
Buildings and system	3,816,818	3,905,860
Machinery and equipment	1,587,279	1,509,226
Infrastructure	6,664,961	6,643,668
Total	<u>\$ 12,073,122</u>	<u>\$ 12,062,818</u>

Additional information on the Niobrara County Government's capital assets can be found in the Notes to Financial Statements on pages 30-32.

The Niobrara County Government's major debt was the Tax-Exempt Lease /Purchase Series 2008 for \$170,494 to lease/purchase a D6T XL Caterpillar Tractor. It is estimated that this debt will be satisfied by 2013.

Requests for Information

The financial report is designed to provide a general overview of the Niobrara County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Clerk, 424 S. Elm, Lusk, WY 82225.

BASIC FINANCIAL STATEMENTS

NIOBRARA COUNTY, WYOMING

STATEMENT OF NET ASSETS

June 30, 2011

	Primary Government	
	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 3,954,176	\$ 3,954,176
Investments, at fair value	-	-
Receivables	164,348	164,348
Inventory	86,601	86,601
Restricted assets		
Cash and cash equivalents	-	-
Beneficial interest in assets held by others	-	-
Capital assets not being depreciated		
Land	4,064	4,064
Capital assets net of accumulated depreciation		
Buildings	3,816,818	3,816,818
Machinery and equipment	1,587,279	1,587,279
Infrastructure	6,664,961	6,664,961
Total assets	<u>16,278,247</u>	<u>16,278,247</u>
LIABILITIES		
Accounts payable and other current liabilities	38,908	38,908
Funds held in trust	16,267	16,267
Deferred revenue	16,265	16,265
Long-term debt due within one year	72,778	72,778
Long-term debt due in more than one year	133,466	133,466
Total liabilities	<u>277,684</u>	<u>277,684</u>
NET ASSETS		
Invested in capital assets, net of related debt	11,888,076	11,888,076
Restricted for		
Road construction	902,699	902,699
Library foundation:		
Expendable	-	-
Permanent endowment for the library (nonexpendable)	-	-
Unrestricted	3,209,788	3,209,788
Total net assets	<u>\$ 16,000,563</u>	<u>\$ 16,000,563</u>

See accompanying notes to the financial statements

Component Units

Weed and Pest Control Board	County Library	County Fair Board	Predator Management District
\$ 167,938	\$ 49,299	\$ 141,437	\$ 173,658
550,265	-	-	139,440
12,696	25,204	1,740	4,140
55,021	-	-	-
-	88,478	-	-
-	1,098,825	-	-
16,906	550	11,635	-
413,264	313,241	687,386	-
37,567	212,830	13,044	-
-	-	-	-
<u>1,253,657</u>	<u>1,788,427</u>	<u>855,242</u>	<u>317,238</u>
59,744	-	5,556	4,972
-	-	-	-
-	-	-	-
-	-	-	-
<u>59,744</u>	<u>-</u>	<u>5,556</u>	<u>4,972</u>
467,737	526,621	712,065	-
-	-	-	-
-	88,478	-	-
-	1,098,825	-	-
726,176	162,981	137,621	312,266
<u>\$ 1,193,913</u>	<u>\$ 1,788,427</u>	<u>\$ 849,686</u>	<u>\$ 312,266</u>

NIOBRARA COUNTY, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,566,693	\$ 71,908	\$ -	\$ -
Public safety and transportation	559,578	16,182	81,748	-
Public works	627,547	-	211,162	18,040
Health, welfare, and recreation	130,295	1,860	36,435	-
Conservation of natural resources	47,865	-	-	-
Interest on long-term debt	11,404	-	-	-
Total governmental activities	<u>2,943,382</u>	<u>89,950</u>	<u>329,345</u>	<u>18,040</u>
Total primary government	<u>2,943,382</u>	<u>89,950</u>	<u>329,345</u>	<u>18,040</u>
Component units				
Weed and Pest Control	347,733	155,928	20,858	-
County Library	254,822	3,643	60,118	-
County Fair Board	88,057	-	-	-
Predator Management District	161,395	-	68,200	-
Total component units	<u>\$ 852,007</u>	<u>\$ 159,571</u>	<u>\$ 149,176</u>	<u>\$ -</u>

General revenues
 Property taxes
 Sales taxes
 Special purpose taxes
 Gas and coal tax
 Automobile taxes
 Grants and contributions not restricted to specific programs
 Miscellaneous revenues and reimbursements
 Contribution to permanently restricted endowment
 Change in permanently restricted endowment
 Unrestricted investment earnings
 Total general revenues
 Change in net assets
 Net assets - beginning of year
 Net assets - ending of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government		Component Units			
Governmental Activities	Total	Weed and Pest Control Board	County Library	County Fair Board	Predator Management District
\$ (1,494,785)	\$ (1,494,785)	\$ -	\$ -	\$ -	\$ -
(461,648)	(461,648)	-	-	-	-
(398,345)	(398,345)	-	-	-	-
(92,000)	(92,000)	-	-	-	-
(47,865)	(47,865)	-	-	-	-
(11,404)	(11,404)	-	-	-	-
(2,506,047)	(2,506,047)	-	-	-	-
-	-	-	-	-	-
(2,506,047)	(2,506,047)	-	-	-	-
-	-	(170,947)	-	-	-
-	-	-	(191,061)	-	-
-	-	-	-	(88,057)	-
-	-	-	-	-	(93,195)
-	-	(170,947)	(191,061)	(88,057)	(93,195)
1,027,750	1,027,750	168,923	124,374	60,678	-
419,656	419,656	-	-	-	-
92,173	92,173	-	-	-	-
1,106,056	1,106,056	-	-	-	-
79,398	79,398	-	-	-	-
-	-	-	145,633	10,030	56,278
206,224	206,224	1,364	-	27,179	3,469
-	-	-	190,570	-	-
-	-	-	168,647	-	-
28,788	28,788	7,200	902	1,246	4,243
2,960,045	2,960,045	177,487	630,126	99,133	63,990
453,998	453,998	6,540	439,065	11,076	(29,205)
15,546,565	15,546,565	1,187,373	1,349,362	838,610	341,471
\$ 16,000,563	\$ 16,000,563	\$ 1,193,913	\$ 1,788,427	\$ 849,686	\$ 312,266

NIOBRARA COUNTY, WYOMING

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

	General	County Road Construction
ASSETS		
Cash and cash equivalents	\$ 2,187,884	\$ 899,444
Delinquent property taxes receivable	23,282	-
Interest receivable	9,921	372
Taxes receivable	-	2,883
Due from other governments	32,266	-
Inventory	86,601	-
Total assets	\$ 2,339,954	\$ 902,699
LIABILITIES		
Accounts payable	\$ 34,316	\$ -
Funds held in trust	16,267	-
Deferred revenue	301,449	-
Total liabilities	352,032	-
FUND BALANCES		
Non-spendable	86,601	-
Restricted	-	902,699
Committed for Capital Projects	-	-
Committed for 1% Projects	-	-
Unassigned	1,901,321	-
Total fund balances	1,987,922	902,699
Total liabilities and fund balances	\$ 2,339,954	\$ 902,699

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Long-term liabilities, including bonds and lease purchase obligations are not due and payable in the current period and therefore, are not reported in the funds.

Other assets are not available to apply to current-period expenditures and therefore, are deferred in the funds.

Net assets of governmental activities

See accompanying notes to the financial statements

Capital Facilities Fair, Library, Courthouse	Federal and State Grants Fund	E-911 Fund	1% Fund	Total Governmental Funds
\$ 805,300	\$ -	\$ 77,393	\$ 32,268	\$ 4,002,289
-	-	-	-	23,282
611	-	-	-	10,904
-	-	-	-	2,883
-	82,424	5,334	7,256	127,280
-	-	-	-	86,601
<u>\$ 805,911</u>	<u>\$ 82,424</u>	<u>\$ 82,727</u>	<u>\$ 39,524</u>	<u>\$ 4,253,239</u>
\$ -	\$ 52,706	\$ -	\$ -	\$ 87,022
-	-	-	-	16,267
-	16,265	-	-	317,714
-	68,971	-	-	421,003
-	-	-	-	86,601
-	13,453	82,727	-	998,879
805,911	-	-	-	834,699
-	-	-	39,524	39,524
-	-	-	-	1,901,321
<u>805,911</u>	<u>13,453</u>	<u>82,727</u>	<u>39,524</u>	<u>3,832,236</u>
<u>\$ 805,911</u>	<u>\$ 82,424</u>	<u>\$ 82,727</u>	<u>\$ 39,524</u>	
				12,073,122
				(206,244)
				301,449
				<u>\$ 16,000,563</u>

NIOBRARA COUNTY, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011**

	General	County Road Construction
Revenues		
Taxes	\$ 1,523,949	\$ -
Licenses and permits	730	-
Intergovernmental revenues	698,906	420,178
Charges for services	88,090	-
Investment earnings	7,824	4,208
Miscellaneous revenues and reimbursements	204,160	-
Total revenues	2,523,659	424,386
Expenditures		
Current		
General government	1,012,592	-
Public safety and transportation	402,698	-
Public works	332,184	23,626
Health, welfare, and recreation	20,267	-
Conservation of natural resources	47,545	-
Capital outlay	733,517	-
Debt service		
Principal	10,836	-
Interest	2,668	-
Total expenditures	2,562,307	23,626
Excess (deficiency) of revenues over expenditures	(38,648)	400,760
Other financing sources (uses)		
Proceeds from lease/purchase obligations	10,826	-
Transfers in	50,000	-
Transfers out	-	(50,000)
Total other financing sources (uses)	60,826	(50,000)
Net change in fund balance	22,178	350,760
Fund balances - beginning of year	1,986,346	551,939
Decrease in reserve for inventory	(20,602)	-
Fund balances - end of year	\$ 1,987,922	\$ 902,699

See accompanying notes to the financial statements

Capital Facilities Fair, Library, Courthouse	Federal and State Grants Fund	E-911 Fund	1% Fund	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,523,949
-	-	-	-	730
-	324,473	22,912	92,173	1,558,642
-	-	-	-	88,090
6,877	-	14	22	18,945
-	-	-	-	204,160
<u>6,877</u>	<u>324,473</u>	<u>22,926</u>	<u>92,195</u>	<u>3,394,516</u>
33	-	-	-	1,012,625
-	6,269	17,876	-	426,843
-	22,123	-	-	377,933
-	33,739	-	-	54,006
-	-	-	-	47,545
-	271,992	-	-	1,005,509
-	-	-	63,688	74,524
-	-	-	8,736	11,404
<u>33</u>	<u>334,123</u>	<u>17,876</u>	<u>72,424</u>	<u>3,010,389</u>
<u>6,844</u>	<u>(9,650)</u>	<u>5,050</u>	<u>19,771</u>	<u>384,127</u>
-	-	-	-	10,826
-	-	-	-	50,000
-	-	-	-	(50,000)
-	-	-	-	10,826
6,844	(9,650)	5,050	19,771	394,953
799,067	23,103	77,677	19,753	3,457,885
-	-	-	-	(20,602)
<u>\$ 805,911</u>	<u>\$ 13,453</u>	<u>\$ 82,727</u>	<u>\$ 39,524</u>	<u>\$ 3,832,236</u>

NIOBRARA COUNTY, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011**

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

Net change in fund balances - total governmental funds	\$ 394,953
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation.	10,304
The governmental funds report the purchase of inventory using the purchase method. However, in the statement of activities the change in inventory has been accounted for using the consumption method. This is the net effect of this difference in the treatment of inventory.	(20,602)
The change in long-term liabilities (compensated absences and lease purchase obligations) does not require the use of current financial resources of governmental funds. Thus the change is not recorded in the governmental funds. This is the net effect of these differences in the statement.	66,487
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>2,856</u>
Change in net assets of governmental activities	<u><u>\$ 453,998</u></u>

See accompanying notes to the financial statements

NIOBRARA COUNTY, WYOMING

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,893,179
Investments, at fair value	1,000
Accounts receivable	29,902
Taxes receivable	<u>140,453</u>
Total assets	<u>\$ 2,064,534</u>
LIABILITIES	
Due to other agencies	\$ 248,369
Due to other taxing units	<u>1,816,165</u>
Total liabilities	<u>\$ 2,064,534</u>

See accompanying notes to the financial statements

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NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

The Reporting Entity

Niobrara County, Wyoming (the "County") (primary government) is a municipal corporation governed by three elected commissioners. The County provides the following services as authorized by statute: public safety, road and bridge maintenance and operation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from those units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the County. Each discretely presented component unit has a June 30 year end. The County has no blended component units.

Discretely Presented Component Units

The component unit columns in the basic financial statements include the financial data of the County's other component units. They are reported in a separate column to emphasize that they are legally separate from the County. The governing boards of all of these component units are appointed by the Board of County Commissioners.

The *Weed and Pest Control District* was established for the purpose of implementing and pursuing an effective program for the control of weeds and pests within the County. The District is fiscally dependent upon the County because the Board of Commissioners approves the District's budget and levies taxes (if necessary) on behalf of the District. The District is presented as a governmental fund type component unit. The District does not issue separate financial statements.

The *County Fair Board* maintains and manages the operations of the County Fair and conducts agricultural, industrial and other fairs and exhibitions within the County. The Fair Board is fiscally dependent upon the County because the Board of Commissioners approves the Fair's budget, levies taxes (if necessary), and must approve any debt issuances. The Fair's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Fair is presented as a governmental fund type component unit. The Board does not issue separate financial statements.

The *County Library Board* maintains and manages the operations of the County Library and library system. The Library Board is fiscally dependent upon the County because the Board of Commissioners approves the Library's budget, levies taxes (if necessary), and must approve any debt issuances. The Library's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Library is presented as a governmental fund type component unit. The Board does not issue separate financial statements. Also included in the Board is the financial data of the Library's fund-raising association (the "Foundation"). Although the Library Board does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds or invests, is restricted to the activities of the Library by the donors. Because the restricted resources held by the Foundation can only be used by, or for the benefit of, the Library, the Foundation is considered a component unit of the Library and is included in the Library's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

The *Predator Management District* was established for the purpose of exercising general supervision over the eradication and extermination of predatory animals that prey upon and destroy livestock, pigs, poultry, other domestic animals and wild game. In prior years the County provided significant subsidies to the District; however, none have been necessary in recent years. The District is considered a component unit of the County due to its nature and significance of its relationship to the County, and in the opinion of the Commissioners its exclusion would render the financial statements of the County incomplete. The District is presented as a governmental fund type component unit. The District does not issue separate financial statements.

The accounting policies of Niobrara County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the most significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The County Road Construction fund is a *capital project fund* and is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The Capital Facilities – Fair, Library, Courthouse fund is a *capital project fund* and is used to account for acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The Federal and State Grants fund is a *special revenue fund* used to account for the revenue and expenditures of various federal and state grants.

The E-911 fund is a *special revenue fund* used to account for the revenue and expenditures of E-911 monies.

The 1% fund is a *special revenue fund* used to account for the revenue and expenditures of 1% monies.

Additionally, the government reports the following fund types:

The *agency fund* (a fiduciary fund) is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

The County defines its cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and investments in WYOSTAR and WGIF. However, the Predator Management District considers its investment in WYOSTAR to be an investment.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Deposits and Investments (Continued)

Wyoming Statutes authorize the types of investments in which counties may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, and repurchase agreements involving U.S. Government securities. The County's investments consist of certificates of deposit, US. Agencies' obligations, all of which are carried at fair value, and participation in two governmental investment pools. A portion of the County's investment activity is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYOSTAR) operates in accordance with appropriate state laws and regulations. The County also invests in the Wyoming Government Investment Fund (WGIF). WGIF is a comprehensive cash management program available to Wyoming public entities. WGIF provides a full range of programs to meet participants' needs. The investments purchased by the WGIF are comprised of governmental securities meeting state statutory requirements. The reported value of WYOSTAR and WGIF is the same as the fair value of the pool shares. Investments for the County are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net assets date.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County. Collections and remittances of these taxes for other taxing districts are accounted for in the respective agency funds of the County.

County property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The County is permitted by Wyoming Statutes to levy taxes up to 12 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2011, was 12 mills, which means that the County has levied to the maximum amount available.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed (purchases method), within the fund level financial statements. On the other hand, the consumption method is used for reporting these inventories at the government-wide level.

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as all tangible assets, regardless of cost, with a useful life in excess of one year to provide more accurate inventory of County assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, governmental fund types recognize proceeds from bonds and lease purchase obligations and are reported as other financing sources. Repayments of long-term debt (bonds and lease purchase obligations) are reported as debt service expenditures.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the government's board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the government's board. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity (Continued)

For the government-wide financial statements, net assets are reported as restricted when constraints placed on net assets are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The details of this \$(206,244) difference are as follows:

Lease purchase obligations	\$ (185,046)
Accrued compensated absences	<u>(21,198)</u>
Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (206,244)</u>

Another element of that reconciliation states that “other assets are not available to apply to current-period expenditures and, therefore, are deferred in the funds.” The details of this \$301,449 are as follows:

Property taxes	<u>\$ 301,449</u>
Net adjustments to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 301,449</u>

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$10,304 difference are as follows:

Capital outlay	\$ 1,005,509
Loss on disposal of assets	(836)
Depreciation expense	<u>(994,369)</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 10,304</u>

Another element of that reconciliation states that "governmental funds report the purchase of inventory using the purchase method. However, in the statement of activities the change in inventory has been accounted for using the consumption method." The details of this \$(20,602) difference are as follows:

General Fund	
General Government	\$ 15,750
Federal and state grants fund	282,482
Net budget change	<u>\$ 298,232</u>

Another element of that reconciliation states that the change in long-term liabilities does not require the use of current financial resources and is not recognized in the governmental funds; however, it is recognized in the statement of activities. The details of this \$66,487 difference are as follows:

Principal paid on long-term debt obligations	\$ 74,524
Lease proceeds	(10,826)
Decrease in compensated absences	<u>2,789</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 66,487</u>

Another element of that reconciliation states revenues reported in the statement of activities do not provide current financial resources and are reported as deferred revenue in the governmental funds. The details of this \$2,856 difference are as follows:

Deferred revenue - June 30, 2011	\$ 301,449
Deferred revenue - June 30, 2010	<u>(298,593)</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 2,856</u>

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to May 15, the County Clerk submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted on the third Monday in July to obtain public comments.

The budget is adopted on the third Thursday of July.

At the request of the County Clerk or upon its own motion after publication of notice, the Board of County Commissioners may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. Expenditures cannot exceed appropriations at the department level and any unexpended or unencumbered appropriations lapse at year end.

Formal legally adopted budgets are prepared as a management control device during the year for the General Fund, Special Revenue Funds and Capital Project Funds.

Budgets for the General Fund are adopted on a cash basis (Budgetary). Capital Projects Fund expenditures are budgeted within the General Fund. Such basis is not consistent with generally accepted accounting principles (GAAP).

Budget Amendments

During the 2011 fiscal year, it was necessary to amend the originally adopted budget. The following general fund departments and funds were amended through transfers between departments or funds and from unanticipated revenues:

General Fund	
General Government	\$ 15,750
Federal and state grants fund	282,482
Net budget change	<u>\$ 298,232</u>

NIORARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Detailed Notes on All Funds

Deposits and Investments

As of June 30, 2011, the County had the following deposits and investments:

Type	Fair Value	Interest Rate	Investment Maturity (in Years)				Investment Rating
			Less Than 1	1-5	6-10	More Than 10	
Deposits							
Cash in banks	\$ 3,128,778	N/A	\$ 3,128,778	\$ -	\$ -	\$ -	N/A
WGIF	1,232,702	N/A	1,232,702	-	-	-	AAA
WYOSTAR Investment Pool	1,485,875	N/A	1,485,875	-	-	-	N/A
Total deposits	5,847,355		5,847,355	-	-	-	
Investments							
Certificates of Deposit (term greater than 3 months)	1,000	2.35%	-	1,000	-	-	N/A
Total investments	1,000		-	1,000	-	-	
Total deposits and investments	\$ 5,848,355		\$ 5,847,355	\$ 1,000	\$ -	\$ -	

Deposits and investments of the County are reported under the following captions:

Cash and cash equivalents in the government-wide statement of net assets	\$ 3,954,176
Cash and cash equivalents in the statement of fiduciary net assets - fiduciary funds	1,893,179
Total deposits	5,847,355
Investments in the government-wide statement of net assets	-
Investments in the statement of fiduciary net assets - fiduciary funds	1,000
Total investments	1,000
Total deposits and investments	\$ 5,848,355

As of June 30, 2011, the component units of the County had the following deposits and investments:

Type	Fair Value	Interest Rate	Investment Maturity (in Years)				Investment Rating
			Less Than 1	1-5	6-10	More Than 10	
Deposits							
Cash in banks	\$ 620,810	N/A	\$ 620,810	\$ -	\$ -	\$ -	N/A
Total deposits	620,810		620,810	-	-	-	
Investments							
Certificates of deposit (term greater than 3 months)	550,265	1.00%-1.75%	124,214	426,051	-	-	N/A
WYOSTAR Investment Pool	139,440		139,440	-	-	-	N/A
Total investments	689,705		263,654	426,051	-	-	
Total deposits and investments	\$ 1,310,515		\$ 884,464	\$426,051	\$ -	\$ -	

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Deposits and investments of the component units are reported under the following captions:

Cash and cash equivalents in the government-wide statement of net assets - Weed and Pest Control	\$ 167,938
Cash and cash equivalents in the government-wide statement of net assets - County Library	49,299
Cash and cash equivalents in the government-wide statement of net assets - County Library (Restricted)	88,478
Cash and cash equivalents in the government-wide statement of net assets - County Fair Board	141,437
Cash and cash equivalents in the government-wide statement of net assets - Predator Management District	173,658
Total deposits	<u>620,810</u>
Investments in the government-wide statement of net assets - Weed and Pest Control	550,265
Investments in the government-wide statement of net assets - Predator Management District	139,440
Total investments	<u>689,705</u>
Total deposits and investments	<u>\$ 1,310,515</u>

N/A - not available, investment is unrated

Interest rate risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Some of the County's investments are held in an external pooled investment account, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the County attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

Credit risk Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYOSTAR and WGIF, the County has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such an investment, however, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations.

Concentration of credit risk The County does not have a formal policy that allows or limits an investment in any one issuer to a specified percentage of the County's total investments. The composition of the investment portfolio of the County at June 30, 2011 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
Certificates of deposit	\$ 1,000	0.04%
WGIF	1,232,702	45.33%
WYOSTAR Investment Pool	1,485,875	54.65%
	<u>\$ 2,719,577</u>	<u>100%</u>

Custodial credit risk - deposits In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that the County's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2011, the County's deposits were fully collateralized as required by statutes.

Custodial credit risk - investments For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the County can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the County's exposure to custodial credit risk for its investments.

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Adjustments and Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,064	\$ -	\$ -	\$ 4,064
Total capital assets, not being depreciated	4,064	-	-	4,064
Capital assets, being depreciated				
Buildings	5,658,959	62,643	-	5,721,602
Vehicles, machinery and equipment	3,120,522	421,804	(26,410)	3,515,916
Infrastructure	15,367,399	521,062	-	15,888,461
Total capital assets, being depreciated	24,146,880	1,005,509	(26,410)	25,125,979
Less accumulated depreciation for				
Buildings	1,753,099	151,685	-	1,904,784
Vehicles, machinery and equipment	1,611,296	342,915	(25,574)	1,928,637
Infrastructure	8,723,731	499,769	-	9,223,500
Total accumulated depreciation	12,088,126	994,369	(25,574)	13,056,921
Total capital assets, being depreciated, net	12,058,754	11,140	(836)	12,069,058
Total capital assets, net	<u>\$ 12,062,818</u>	<u>\$ 11,140</u>	<u>\$ (836)</u>	<u>\$ 12,073,122</u>

Depreciation expense was charged to function / programs of the primary government as follows:

Governmental activities	
General government	\$ 184,624
Public safety	131,770
Public works	675,714
Conservation of natural resources	2,261
Total depreciation expense - governmental activities	<u>\$ 994,369</u>

Leased Equipment

Machinery and equipment that was purchased by a lease purchase obligation is included in machinery and equipment of the governmental activities. The purchase price of that equipment was \$334,292 with accumulated depreciation of \$142,055 and current year depreciation expense of \$7,003 expensed in general government activities and \$42,186 expensed in public works activities.

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

Discretely Presented Component Units

Activity for the Weed and Pest Control for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 16,906	\$ -	\$ -	\$ 16,906
Total capital assets, not being depreciated	16,906	-	-	16,906
Capital assets, being depreciated				
Buildings	475,445	-	-	475,445
Vehicles, machinery and equipment	164,882	7,000	5,790	166,092
Total capital assets, being depreciated	640,327	7,000	5,790	641,537
Less accumulated depreciation for				
Buildings	49,978	12,203	-	62,181
Vehicles, machinery and equipment	117,715	14,670	3,860	128,525
Total accumulated depreciation	167,693	26,873	3,860	190,706
Total capital assets, being depreciated, net	472,634	(19,873)	1,930	450,831
Total capital assets, net	<u>\$ 489,540</u>	<u>\$ (19,873)</u>	<u>\$ 1,930</u>	<u>\$ 467,737</u>

Activity for the County Library for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 550	\$ -	\$ -	\$ 550
Total capital assets, not being depreciated	550	-	-	550
Capital assets, being depreciated				
Buildings	407,685	28,860	-	436,545
Machinery and equipment	816,505	65,568	8,055	874,018
Total capital assets, being depreciated	1,224,190	94,428	8,055	1,310,563
Less accumulated depreciation for				
Buildings	109,980	13,324	-	123,304
Machinery and equipment	608,324	59,551	6,687	661,188
Total accumulated depreciation	718,304	72,875	6,687	784,492
Total capital assets, being depreciated net	505,886	21,553	1,368	526,071
Total capital assets, net	<u>\$ 506,436</u>	<u>\$ 21,553</u>	<u>\$ 1,368</u>	<u>\$ 526,621</u>

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

Discretely Presented Component Units (Continued)

Activity for the County Fair for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 11,635	\$ -	\$ -	\$ 11,635
Construction in progress	17,631	-	17,631	-
Total capital assets, not being depreciated	29,266	-	17,631	11,635
Capital assets, being depreciated				
Buildings	957,221	49,595	-	1,006,816
Machinery and equipment	32,192	5,300	-	37,492
Total capital assets, being depreciated	989,413	54,895	-	1,044,308
Less accumulated depreciation for				
Buildings	290,440	28,990	-	319,430
Machinery and equipment	22,718	1,730	-	24,448
Total accumulated depreciation	313,158	30,720	-	343,878
Total capital assets, being depreciated net	676,255	24,175	-	700,430
Total capital assets, net	\$ 705,521	\$ 24,175	\$ 17,631	\$ 712,065

Activity for the Predator Management District for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated				
Buildings	\$ 16,619	\$ -	\$ -	\$ 16,619
Total capital assets, being depreciated	16,619	-	-	16,619
Less accumulated depreciation for				
Buildings	16,619	-	-	16,619
Total accumulated depreciation	16,619	-	-	16,619
Total capital assets, net	\$ -	\$ -	\$ -	\$ -

NIOBRARA COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Long-Term Debt

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Primary Government					
Lease purchase obligations	\$ 248,744	\$ 10,826	\$ 74,524	\$ 185,046	\$ 72,778
Compensated absences	23,987	-	2,789	21,198	-
Total primary government	\$ 272,731	\$ 10,826	\$ 77,313	\$ 206,244	\$ 72,778

A summary of the long-term debt as of June 30, 2011 is as follows:

Primary government

Capital Leases Payable

Capital lease obligations collateralized by the assets noted as of June 30, 2011 are as follows:

Lease purchase obligation on caterpillar tractor, due in 9 semiannual installments varying from \$36,066 to \$36,408, including interest of 4%, through December 2013, serviced by the 1% fund.	\$ 170,494
Lease purchase obligation on a copier, due in monthly installments of \$241, including interest of 12%, through June 2015, serviced by the general fund.	9,024
Lease purchase obligation on a copier, due in monthly installments of \$185, including interest of 10.3%, through November 2011, serviced by the general fund.	902
Lease purchase obligation on a copier, due in monthly installments of \$265, including interest of 12.4%, through January 2012, serviced by the general fund.	1,780
Lease purchase obligation on a postage machine, due in monthly installments of \$260, including interest of 21.8%, through October 2012, serviced by the general fund.	2,846
	<u>185,046</u>

Less current maturities of capital lease obligations

72,778
\$ 112,268

Future minimum lease payment under capital leases together with the present value of net minimum lease payments as of June 30, 2011 are as follows:

Year ending June 30,

2012	\$ 80,443
2013	75,880
2014	39,298
2015	2,695
Total minimum lease payments	<u>198,316</u>
Less: amount representing interest	<u>13,270</u>
Present value of minimum lease payments	<u>\$ 185,046</u>

NIOBRARA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Other Information

Interfund Transfers

Interfund transfers at June 30, 2011 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 50,000	\$ -
Capital Project Funds		
County road construction	-	50,000
	\$ 50,000	\$ 50,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In the fiscal year ended June 30, 2011, the County Road Construction fund transferred money to the General Fund.

Net Assets Restricted by Legislation

The government-wide statement of net assets reports \$902,699 of restricted net assets which are restricted for road construction by State legislation.

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2011, the County contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage under each type of insurance policy varies in amounts and deductibles. The County has not had significant settlements exceeding insurance coverage in any of the past three years. The County has had no significant reductions in insurance coverage from coverage in the prior years.

The County pays into the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative costs.

Currently, Niobrara County is unable to offer health insurance to its employees. However, the County does offer some supplemental insurance coverages.

Niobrara County paid no quarterly unemployment benefits in the year ended June 30, 2011. The County is classified as a reimbursable employer; therefore, a monthly fee is not paid. Payment is made when a claim is filed.

NIOBRARA COUNTY, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 4. Detailed Notes on All Funds (Continued)

Beneficial Interest

The Library Foundation transferred investments to the Wyoming Community Foundation specifying itself as the beneficiary. The Wyoming Community Foundation ("WCF") is a Wyoming not-for-profit organization. The WCF receives contributions that are specifically designated for the benefit of the Foundation. The WCF established an endowment fund to account for these permanently restricted contributions. Distributions of interest and dividend income to the Foundation for unrestricted use are to be made not less than annually, and distributions of \$35,538 occurred during the year ended June 30, 2011. Per professional accounting standards, the Foundation recorded its beneficial interest in the fund and recorded as permanently restricted those contributions received by the WCF for the benefit of the Foundation. The Foundation's beneficial interest in WCF was \$1,098,825 as of June 30, 2011.

Donors have also given funds directly to WCF which are held by WCF for the benefit of the Library. Per professional accounting standards, the amount of the endowment as of June 30, 2011 is not recorded in the County's financial statement. The fair market value of these assets as of June 30, 2011 was \$1,161,885.

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REQUIRED SUPPLEMENTARY INFORMATION

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NIORARA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
 Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PROPERTY TAXES AND OTHER TAXES				
Property taxes - current and delinquent	\$ 727,434	\$ 727,434	\$ 741,733	\$ 14,299
Vehicle fees	76,000	76,000	79,959	3,959
Payments in lieu of property taxes	292,385	292,385	301,449	9,064
Sales and use taxes	228,336	228,336	263,619	35,283
1% optional tax	143,954	159,704	159,704	-
	<u>1,468,109</u>	<u>1,483,859</u>	<u>1,546,464</u>	<u>62,605</u>
LICENSES AND PERMITS	750	750	700	(50)
INTERGOVERNMENTAL REVENUES				
State gasoline tax	64,268	64,268	63,161	(1,107)
Car company tax	13,000	13,000	11,169	(1,831)
Severance tax	602,185	602,185	508,175	(94,010)
Special fuel tax	109,975	109,975	106,267	(3,708)
	<u>789,428</u>	<u>789,428</u>	<u>688,772</u>	<u>(100,656)</u>
CHARGES FOR SERVICES				
Clerk of Court fees	6,000	6,000	6,929	929
Treasurer	4,000	4,000	5,535	1,535
Assessor	3,750	3,750	5,916	2,166
County Clerk fees	35,000	35,000	50,190	15,190
County Sheriff fees	15,000	15,000	17,174	2,174
Public health nurse	2,500	2,500	1,819	(681)
Commissions and fees	155,700	155,700	133,167	(22,533)
	<u>221,950</u>	<u>221,950</u>	<u>220,730</u>	<u>(1,220)</u>
MISCELLANEOUS REVENUES				
Interest earnings	20,000	20,000	9,884	(10,116)
Interest on delinquent taxes	1,500	1,500	9,242	7,742
Other income	63,590	63,590	71,775	8,185
	<u>85,090</u>	<u>85,090</u>	<u>90,901</u>	<u>5,811</u>
Total revenues	<u>2,565,327</u>	<u>2,581,077</u>	<u>2,547,567</u>	<u>(33,510)</u>

(Continued)

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
 Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
County Commissioners				
Salaries	\$ 38,250	\$ 38,250	\$ 38,250	\$ -
Other expenditures	9,100	10,390	10,390	-
	<u>47,350</u>	<u>48,640</u>	<u>48,640</u>	<u>-</u>
County Clerk				
Salaries	95,605	95,605	88,466	7,139
Other expenditures	13,375	12,085	16,328	(4,243)
Capital outlay	1,000	1,000	1,413	(413)
	<u>109,980</u>	<u>108,690</u>	<u>106,207</u>	<u>2,483</u>
County Treasurer				
Salaries	83,258	83,258	83,008	250
Other expenditures	5,335	5,335	4,766	569
Capital outlay	1,200	1,200	1,556	(356)
	<u>89,793</u>	<u>89,793</u>	<u>89,330</u>	<u>463</u>
County Assessor				
Salaries	92,847	92,847	89,716	3,131
Other expenditures	7,850	7,850	3,984	3,866
Capital outlay	500	500	636	(136)
	<u>101,197</u>	<u>101,197</u>	<u>94,336</u>	<u>6,861</u>
County Attorney				
Salaries	82,281	82,281	78,728	3,553
Other expenditures	21,200	21,200	18,200	3,000
	<u>103,481</u>	<u>103,481</u>	<u>96,928</u>	<u>6,553</u>
Clerk of District Court - Administration				
Salaries	71,610	71,610	71,522	88
Other expenditures	35,500	35,500	25,860	9,640
Capital outlay	2,500	2,500	1,942	558
	<u>109,610</u>	<u>109,610</u>	<u>99,324</u>	<u>10,286</u>

(Continued)

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
 Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Justice Court				
Other expenditures	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Elections				
Other expenditures	32,850	32,850	31,163	1,687
Capital outlay	1,750	1,750	-	1,750
	<u>34,600</u>	<u>34,600</u>	<u>31,163</u>	<u>3,437</u>
Facilities				
Other expenditures	216,160	216,160	227,548	(11,388)
Capital outlay	43,780	43,780	29,102	14,678
	<u>259,940</u>	<u>259,940</u>	<u>256,650</u>	<u>3,290</u>
Other general accounts				
Community and economic development	950	950	1,000	(50)
Unemployment and FICA	129,000	129,000	106,326	22,674
Retirement match	165,000	165,000	139,035	25,965
Health coalition/mental health	1,500	1,500	1,500	-
Financial administration	15,000	15,000	15,265	(265)
Printing and publishing	8,500	8,500	14,820	(6,320)
Insurance	105,000	105,000	84,546	20,454
Litigation	5,000	5,000	-	5,000
Other miscellaneous	139,150	139,150	128,954	10,196
Information technology	4,000	4,000	14,460	(10,460)
	<u>573,100</u>	<u>573,100</u>	<u>505,906</u>	<u>67,194</u>
Optional 1% Tax				
Intergovernmental expenditures	143,954	159,704	159,704	-
	<u>1,585,005</u>	<u>1,600,755</u>	<u>1,500,188</u>	<u>100,567</u>

(Continued)

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
Year Ended June 30, 2011**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC SAFETY				
County Sheriff				
Salaries	\$ 167,272	\$ 167,272	\$ 169,043	\$ (1,771)
Other expenditures	84,250	84,250	80,648	3,602
Capital outlay	3,500	3,500	5,069	(1,569)
	<u>255,022</u>	<u>255,022</u>	<u>254,760</u>	<u>262</u>
County Coroner				
Salaries	6,359	6,359	6,118	241
Other expenditures	21,100	21,100	9,349	11,751
	<u>27,459</u>	<u>27,459</u>	<u>15,467</u>	<u>11,992</u>
Detention				
Salaries	224,143	224,143	177,863	46,280
Other expenditures	72,825	72,825	51,344	21,481
Capital outlay	3,000	3,000	7,709	(4,709)
	<u>299,968</u>	<u>299,968</u>	<u>236,916</u>	<u>63,052</u>
Emergency Management				
Salaries	3,710	3,710	3,210	500
Other expenditures	1,675	1,675	858	817
Capital outlay	600	600	-	600
	<u>5,985</u>	<u>5,985</u>	<u>4,068</u>	<u>1,917</u>
911 Dispatch				
Salaries	138,075	138,075	139,378	(1,303)
Other expenditures	19,350	19,350	14,200	5,150
Capital outlay	2,750	2,750	1,922	828
	<u>160,175</u>	<u>160,175</u>	<u>155,500</u>	<u>4,675</u>
Total public safety	<u>748,609</u>	<u>748,609</u>	<u>666,711</u>	<u>81,898</u>

(Continued)

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
Year Ended June 30, 2011**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Road and Bridge				
Salaries	\$ 162,973	\$ 162,973	\$ 162,251	\$ 722
Other expenditures	168,200	168,200	169,178	(978)
Capital outlay	50,000	50,000	2,419	47,581
Total public works	<u>381,173</u>	<u>381,173</u>	<u>333,848</u>	<u>47,325</u>
HEALTH, WELFARE AND RECREATION				
Health Officer				
Salaries	748	748	-	748
	<u>748</u>	<u>748</u>	<u>-</u>	<u>748</u>
Public Health Nurse				
Contractual services	32,222	32,222	24,584	7,638
	<u>32,222</u>	<u>32,222</u>	<u>24,584</u>	<u>7,638</u>
Total health, welfare and recreation	<u>32,970</u>	<u>32,970</u>	<u>24,584</u>	<u>8,386</u>
CONSERVATION OF NATURAL RESOURCES				
Agriculture department				
Salaries	32,472	32,472	25,353	7,119
Other expenditures	24,800	24,800	21,745	3,055
Capital outlay	1,500	1,500	2,624	(1,124)
Total conservation of natural resources	<u>58,772</u>	<u>58,772</u>	<u>49,722</u>	<u>9,050</u>
Total expenditures	<u>2,806,529</u>	<u>2,822,279</u>	<u>2,575,053</u>	<u>247,226</u>
Excess (deficiency) of revenues over expenditures	<u>(241,202)</u>	<u>(241,202)</u>	<u>(27,486)</u>	<u>213,716</u>
Other financing sources				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	(191,202)	(191,202)	22,514	213,716
Fund balance - beginning of year	<u>2,132,609</u>	<u>2,132,609</u>	<u>2,132,609</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,941,407</u>	<u>\$ 1,941,407</u>	<u>\$ 2,155,123</u>	<u>\$ 213,716</u>

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 FEDERAL AND STATE GRANTS FUND
 Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 716,297	\$ 716,297	\$ 303,197	\$ (413,100)
Total revenues	<u>716,297</u>	<u>716,297</u>	<u>303,197</u>	<u>(413,100)</u>
Expenditures				
Public safety and transportation	243,467	243,467	5,724	237,743
Public works	637,500	637,500	283,610	353,890
Health, welfare, and recreation	143,144	143,144	76,032	67,112
Total expenditures	<u>972,709</u>	<u>1,255,191</u>	<u>365,366</u>	<u>658,745</u>
Excess (deficiency) of revenues over expenditures	<u>(256,412)</u>	<u>(538,894)</u>	<u>(62,169)</u>	<u>476,725</u>
Net change in fund balance	<u>(256,412)</u>	<u>(538,894)</u>	<u>(62,169)</u>	<u>476,725</u>
Fund balance - beginning of year	<u>14,056</u>	<u>14,056</u>	<u>14,056</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ (242,356)</u>	<u>\$ (524,838)</u>	<u>\$ (48,113)</u>	<u>\$ 476,725</u>

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

E-911 FUND

Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 23,000	\$ 23,000	\$ 23,325	\$ 325
Total revenues	23,000	23,000	23,325	325
Expenditures				
Public safety and transportation	94,945	94,945	17,876	77,069
Total expenditures	94,945	94,945	17,876	77,069
Excess (deficiency) of revenues over expenditures	(71,945)	(71,945)	5,449	77,394
Net change in fund balance	(71,945)	(71,945)	5,449	77,394
Fund balance - beginning of year	71,945	71,945	71,945	-
Fund balance - end of year	\$ -	\$ -	\$ 77,394	\$ 77,394

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

1% FUND

Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 80,000	\$ 80,000	\$ 92,629	\$ 12,629
Total revenues	80,000	80,000	92,629	12,629
Expenditures				
Public safety and transportation	92,063	92,063	72,424	19,639
Total expenditures	92,063	92,063	72,424	19,639
Excess (deficiency) of revenues over expenditures	(12,063)	(12,063)	20,205	32,268
Net change in fund balance	(12,063)	(12,063)	20,205	32,268
Fund balance - beginning of year	12,063	12,063	12,063	-
Fund balance - end of year	\$ -	\$ -	\$ 32,268	\$ 32,268

See accompanying note to required supplementary information

NIOBRARA COUNTY, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011

Note 1. Explanation of Differences between Budgetary Basis and GAAP Basis

	<u>General Fund</u>	<u>Federal and State Grants Fund</u>	<u>E-911 Fund</u>	<u>1% Fund</u>
Revenues				
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 2,547,567	\$ 303,197	\$ 23,325	\$ 92,629
Differences - Budget Basis to GAAP				
Accrual of property taxes receivable	(15,994)	-	-	-
Accrual of accounts receivable	(2,856)	25,345	(399)	(434)
Accrual of deferred revenue	(2,856)	(4,069)	-	-
Miscellaneous reconciling items	(2,202)	-	-	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 2,523,659</u>	<u>\$ 324,473</u>	<u>\$ 22,926</u>	<u>\$ 92,195</u>
Expenditures				
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 2,575,053	\$ 365,366	\$ 17,876	\$ 72,424
Differences - Budget Basis to GAAP				
Accrual of accounts payable	(12,746)	(31,243)	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 2,562,307</u>	<u>\$ 334,123</u>	<u>\$ 17,876</u>	<u>\$ 72,424</u>

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OTHER SUPPLEMENTARY INFORMATION

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NIOBRARA COUNTY, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 COUNTY ROAD CONSTRUCTION
 Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 432,248	\$ 432,248	\$ 417,295	\$ (14,953)
Investment earnings	-	-	4,766	4,766
Total revenues	<u>432,248</u>	<u>432,248</u>	<u>422,061</u>	<u>(10,187)</u>
Expenditures				
Current				
Public works	930,949	930,949	27,961	902,988
Total expenditures	<u>930,949</u>	<u>930,949</u>	<u>27,961</u>	<u>902,988</u>
Excess (deficiency) of revenues over expenditures	<u>(498,701)</u>	<u>(498,701)</u>	<u>394,100</u>	<u>892,801</u>
Other financing (uses)				
Operating transfer out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(548,701)	(548,701)	344,100	892,801
Fund balance - beginning of year	<u>548,701</u>	<u>548,701</u>	<u>548,701</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892,801</u>	<u>\$ 892,801</u>

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COMPLIANCE SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Board of County Commissioners
Niobrara County, Wyoming

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Niobrara County, Wyoming as of and for the year ended June 30, 2011, which collectively comprise Niobrara County's basic financial statements and have issued our report thereon dated December 27, 2011. 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.

Internal Control Over Financial Reporting

Management of Niobrara County, Wyoming is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Niobrara County, Wyoming's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Niobrara County, Wyoming's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Niobrara County, Wyoming's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses as item IC 2011-1, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item IC 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Niobrara County, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated December 12, 2011.

Niobrara County, Wyoming's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Niobrara County, Wyoming's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, its oversight audit agency and other agencies granting funds to the County, and should not be used by anyone other than these specified parties.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 27, 2011

NIORARA COUNTY, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011

IC 2011-1.

Financial Reporting

Criteria

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal controls over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles [GAAP] and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements including the related footnotes. Statement on Auditing Standards (SAS) No. 115 emphasizes that the auditor cannot be part of the entity's system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

Condition

The County has controls in place and operating over the preparation of budget-basis financial reports, including in-depth review by management and the Commissioners and a high level of awareness of all transactions being reported. However, budgetary basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. In our judgment, the County's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP and to prevent, detect and correct a material misstatement, if present.

Recommendation

In our judgment, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. While accounting personnel, management, and those charged with governance has the skills to understand non-GAAP financial reports, we recommend accounting personnel attend training to improve their understanding of GAAP basis financial reporting specifically geared towards reporting for governmental organizations. We also recommend accounting personnel receive additional training to improve utilization of the software to produce accounting information on a GAAP basis in addition to the budgetary basis. Management may also mitigate this weakness by utilizing the services of another accounting firm to assist in compiling or reviewing the external financial statements.

Response

While the County understands the guidelines under SAS No. 115, the County does not see a significant value from the technical compliance with this new statement. The County feels that there is no justifiable benefit to employ a certified public accountant for the sole purpose of converting the County's budgetary basis reporting to the GAAP based annual financial statement. The County's accounting personnel have the skills and understand the County's finances to find and correct material misstatements on the budgetary basis. The lack of familiarity with all required disclosures for formal financial reporting in accordance with GAAP reflects more on the esoteric nature of many required disclosures than the management/oversight capabilities of the County's personnel.

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