

NIOBRARA COUNTY



ANNUAL FINANCIAL REPORT

JUNE 30, 2007



NIOBRARA COUNTY, WYOMING

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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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, 2007, 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 above 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, 2007, 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 a report dated February 27, 2008, 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.

Management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 37 through 44 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The accompanying basic financial statements, required supplementary information, other supplementary information, and our independent auditor's report 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 report 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

February 27, 2008

NIORARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007

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, 2007.

Financial Highlights

The assets of the Niobrara County exceeded its liabilities at the close of the most recent fiscal year by \$13,350,871 (*net assets*). Of this amount, \$2,109,622 (*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 \$3,759,772. Of this total amount, \$2,357,795 is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,024,133.

The Niobrara County Government's major debt is still the Niobrara County, Wyoming General Obligation Bond, Series 2003 in the aggregate principal amount of \$605,000. The purpose of said bonds was for funding the planning, reengineering, improving, upgrading, remodeling, construction, or reconstruction, equipping, furnishing and repairs to the Niobrara County Hospital. The bonds of the County will mature within 12 years of their date.

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 10-13 of this report.

NIORRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007

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 and closed two of those six by year end. 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 the general fund, the county road construction fund and the capital facilities-fair, library and courthouse fund, each of which are considered to be major funds. Other governmental funds include the capital construction fund, hospital renovation project fund and the debt service fund.

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 statements can be found on 14-18 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 pages 19-20 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 21-36 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 37-44 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, 74.9% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding.

NIOBRARA COUNTY, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007

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>2007</u> | <u>2006</u> |
|---|----------------------|----------------------|
| Assets: | | |
| Current and other assets | \$ 4,292,768 | \$ 4,260,863 |
| Capital assets | 10,105,349 | 10,100,490 |
| Total assets | <u>14,398,117</u> | <u>14,361,353</u> |
| Liabilities: | | |
| Long-term liabilities outstanding | 709,690 | 748,373 |
| Other liabilities | 337,556 | 378,355 |
| Total liabilities | <u>1,047,246</u> | <u>1,126,728</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 10,000,659 | 10,012,177 |
| Restricted for Road Construction | 1,240,590 | 1,754,755 |
| Unrestricted | 2,109,622 | 1,467,753 |
| Total net assets | <u>\$ 13,350,871</u> | <u>\$ 13,234,685</u> |

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