

THOMPSON PALMER AND ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**RAFTER J IMPROVEMENT AND
SERVICE DISTRICT**

**Financial Statements and
Supplementary Information**

FOR THE YEAR ENDED JUNE 30, 2017

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Financial Statements
June 30, 2017

Table of Contents

	Page
Independent Auditor's Report.....	1
Basic Financial Statements:	
Statement of Net Position.....	3
Statement of Activities.....	4
Balance Sheet – Governmental Fund.....	5
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position.....	6
Statement of Revenues, Expenditures, and Changes in Fund- Balance - Governmental Fund.....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities.....	8
Notes to the Financial Statements.....	9
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in fund Balances – Budget and Actual (unaudited).....	16
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	17

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INDEPENDENT AUDITOR'S REPORT

December 26, 2017

To the Directors, Rafter J Improvement and Service District
2951 Big Trail Drive
Jackson, Wyoming 83001

We have audited the accompanying financial statements of Rafter J Improvement and Service District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2017, the respective changes in net position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 16 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. The information is the representation of management. We have not audited the required supplementary information, and, accordingly, we do not express an opinion or provide any assurance on it.

Omitted Required Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.



Thompson Palmer & Associates, P.C.
Certified Public Accountants

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Government-Wide Statement of Net Position
 June 30, 2017

Assets

Current Assets

Cash and investments	\$ 978,553
Inventory	7,842
Receivables	
Trade receivables	25,808
Prepaid expenses	7,828
Total Current Assets	<u>1,020,031</u>

Noncurrent Assets

Capital Assets:

Depreciable capital assets	8,167,364
Accumulated depreciation and amortization	<u>(3,295,448)</u>
Total Noncurrent Assets	<u>4,871,916</u>
Total Assets	<u>5,891,947</u>

Liabilities

Current Liabilities

Accounts payable	5,163
Current portion of long term liabilities	81,329
Prepaid Assessments	3,557
Total Current Liabilities	<u>90,049</u>

Noncurrent Liabilities

Notes payable	81,329
Current maturities	<u>(81,329)</u>
Total Noncurrent Liabilities	<u>-</u>
Total Liabilities	<u>90,049</u>

Net Position

Invested in capital assets	4,790,587
Unrestricted	<u>1,011,311</u>
Total Net Position	<u>\$ 5,801,898</u>

The accompanying notes are an integral part of these statements.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Government-Wide Statement of Activities
 Year Ended June 30, 2017

Program Expenses

Maintenance and Operation District:	
General and administrative	\$ 101,584
Interest	5,552
Road, water, and sewer system repair	119,123
Depreciation and amortization	538,900
Professional services	15,060
Total Program Expenses	<u>780,219</u>

Program Revenues

Charges for Services:	
Property tax assessments	312,246
Water fees, and meter charges	131,575
Total Program Revenues	<u>443,821</u>

Net Program Revenues (Loss)	<u>(336,398)</u>
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General Revenues

Interest income	907
Total General Revenues	<u>907</u>

Change in Net Position	(335,491)
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Net Position – Beginning	<u>6,137,389</u>
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Net Position – Ending	<u>\$ 5,801,898</u>
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The accompanying notes are an integral part of these statements.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Balance Sheet – Governmental Fund
June 30, 2017

Assets	
Cash and investments	\$ 978,553
Inventory	7,842
Receivable:	
Trade receivable	25,808
Prepaid expenses	7,828
Total Assets	<u>\$ 1,020,031</u>
Liabilities and Fund Equity	
Accounts Payable	\$ 5,163
Prepaid Assessments	<u>3,557</u>
Total Liabilities	8,720
Fund Balances:	
Non-spendable	7,842
Committed	623,921
Assigned	354,609
Unassigned	<u>24,939</u>
Total Fund Balance	<u>1,011,311</u>
Total Liabilities and Fund Balance	<u>\$ 1,020,031</u>

The accompanying notes are an integral part of these statements.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 June 30, 2017

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

Total Fund Balance – Governmental Fund	\$ 1,011,311
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$8,167,364 and the accumulated depreciation and amortization is \$3,295,448.

4,871,916

Long term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(81,329)

Total Net Position – Governmental Activities	<u>\$ 5,801,898</u>
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The accompanying notes are an integral part of these statements.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Statement of Revenues, Expenditures and Change in Fund Balance
 Government Fund
 Year Ended June 30, 2017

Revenues	
Property taxes – special assessment	\$ 312,246
Interest income	907
Water fees, and meter charges	<u>131,575</u>
 Total Revenues	 <u>444,728</u>
Expenditures	
Current	
Capital outlay	50,362
General and administrative	101,584
Road, water, and sewer system repair	119,123
Professional Services	15,060
Debt Service	
Principal	78,200
Interest	<u>5,552</u>
 Total Expenditures	 <u>369,881</u>
 Excess of Revenue and other sources over Expenditures and other uses	 <u>74,847</u>
 Fund Balance at Beginning of Year	 <u>936,464</u>
 Fund Balance at End of Year	 <u>\$ 1,011,311</u>

The accompanying notes are an integral part of these statements.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of the Governmental Fund to the Statement of Activities
 Year Ended June 30, 2017

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 74,847
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays are reduced by depreciation in the current period.</p>	
Capital expenditures capitalized as fixed assets	50,362
Depreciation and amortization expense	(538,900)
<p>Expenses in the Statement of Activities that do not provide current financial resources are not reported as expenses in the funds.</p>	
Principal payments on loan	<u>78,200</u>
Change in Net Position of Governmental Activities	<u>\$ (335,491)</u>

The accompanying notes are an integral part of these statements.

1. Summary of Significant Accounting Policies

The financial statements of Rafter J Improvement and Service District (ISD) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Rafter J Improvement and Service District are described below.

Reporting Entity

Rafter J Improvement and Service District was created in 1998 as a separate legal entity to provide for improvements and services of local necessity and convenience for the Rafter J Subdivision located in Teton County, Wyoming. These improvements are funded through grants and property tax levies on the Rafter J Subdivision residents. The District is governed by a three member board.

The criteria used to determine the reporting entity are consistent with Section 2100 “Defining the Reporting Entity” of the codification of Governmental Accounting and Financial Reporting Standards published by Governmental Accounting Standards Board (GASB).

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 meet 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.

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 proprietary fund and 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.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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 or soon enough thereafter to pay liabilities of the current 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, early retirement, arbitrage rebates, and post-employment healthcare benefits, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be accrued as revenue of the current period. All other revenue items are considered to be measurable and available only when Rafter J ISD receives cash.

Rafter J ISD reports the following major governmental fund:

- The General Fund is the District's primary operating fund and is used for all financial resources of the District.

Property, Plant and Equipment

Property, plant and equipment are defined as assets with an initial individual cost of more than \$5,000, and an estimated useful life in excess of two years. Depreciation is provided on property, plant and equipment using the straight-line method over the estimated useful lives of the related assets:

Infrastructure..... 15-20 years

Inventory

Inventory, is defined as assets utilized as rotatable parts in repairs and maintenance and are presented at historical cost.

Receivables

All receivables are considered collectible. The District uses the direct write-off method and, therefore, only recognizes bad debt expense when an account is considered uncollectible.

Budgetary Policy

Rafter J ISD must prepare a budget showing in reasonable detail the various functions and matters proposed to be covered by the budget, establishing the estimated income and costs for the year. The budget shall be filed with and shall follow a format acceptable to the director of the State Audit Department. The Budgetary Comparison Schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

Cash Equivalents

Cash and investments are combined on the statement of net position. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Cash and cash equivalents are all cash deposits and highly liquid investments with an original maturity of three months or less.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt principal and interest payments are reported as expenditures.

Use of Estimates

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

2. Cash and Short-Term Investments

The District adopted the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosures for the prior fiscal year ended June 30, 2016. This statement establishes and modifies disclosure requirements related to investment and deposit risk; accordingly, the note disclosures on cash and investments are in conformity with the provisions of GASB Statement No. 40.

1. Deposits – At June 30, 2017, the carrying amount of the District's deposits was \$978,530 and the respective bank balances totaled \$980,337. Of the bank balances \$250,000 were insured. The remaining balances were secured by pledged securities at the Bank of Jackson Hole.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2017, \$730,337 of the District's total deposits of \$980,337 was not covered by federal depository insurance. Bank of Jackson Hole has securities pledged to cover the remaining balances in the event that a failure occurs.
3. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of the investments. The District has most of its funds in cash or cash equivalents which are secured by either federal depositor insurance or securities pledged by the bank

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Notes to the Financial Statements
 June 30, 2017

2. Cash and Short-Term Investments (continued)

- 4. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations.
- 5. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District’s policy to limit investments to the safest types of securities and to diversify the District’s investment portfolio so that potential losses on securities will be minimized. The District follows Wyoming statute that outlines qualifying investment options.

The following is a reconciliation of the District’s deposit and investment balance as of June 30, 2017:

Cash and Investments reported on the statement of net position	<u>\$ 978,553</u>
Deposits	\$ 978,530
Petty cash	23
Total cash and investments	<u>\$ 978,553</u>

3. Property Taxes

Property taxes of Rafter J ISD are based on the assessments against property owners. Tax levies on such assessed values are certified to the County prior to the commencement of the fiscal year. Taxes are collected by Teton County and remitted to the ISD throughout the year. Accordingly, the tax revenues for the fiscal year ended June 30, 2017, are based on a flat rate assessment. Such amounts will be recognized as revenues in the fiscal year they become available.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
 Notes to the Financial Statements
 June 30, 2017

4. Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Dispositions	Balance June 30, 2017
Sewer System	\$1,542,241	\$ -	\$ -	\$1,542,241
Drinking Water	3,053,221	-	-	3,053,221
Water System / Tanks / Wells	1,659,730	50,362	-	1,710,092
Roads	1,803,008	-	-	1,803,008
Other Improvements	56,522	-	-	56,522
Office Equipment	2,280	-	-	2,280
	<u>\$8,117,002</u>	<u>\$ 50,362</u>	<u>\$ -</u>	<u>\$8,167,364</u>
Accumulated Depreciation and Amortization	<u>\$2,756,548</u>	<u>\$ 538,900</u>	<u>\$ -</u>	<u>\$3,295,448</u>

There are no completed capital assets not being depreciated.

5. Long-Term Obligations

Rafter J Improvement and Service District’s long-term debt consists of one contract payable to Teton County, Wyoming. The specifics on each loan are as follows:

The agreement dated July 16, 2002, in the amount of \$940,410, was for road improvements and water meter installation. The loan calls for annual payments of \$83,753 over a 15 year term. The loan is paid through a special property tax assessment. The collection of the taxes and loan payments are managed by Teton County, Wyoming. The current balance is \$81,329.

Long-term obligations activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Dispositions	Balance June 30, 2017	Current Portion
Teton County	<u>\$ 159,529</u>	<u>\$ -</u>	<u>\$ 78,200</u>	<u>\$ 81,329</u>	<u>\$ 81,329</u>

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2017

5. Long-Term Obligations (Continued)

Annual debt services to maturity are as follows:

Year Ending June 30th	Governmental Activities	
	Principal	Interest
2018	\$ 81,329	\$ 2,424
Total	\$ 81,329	\$ 2,424

6. Subsequent Events

In preparing the financial statements, the District has evaluated events and transaction for potential recognition or disclosure through December 26, 2017, the date the financial statements were issued.

7. Budget

The District expenditures were within budget in the general fund during the year ended June 30, 2017.

8. Management Discussion and Analysis

The omission of the Management Discussion and Analysis is a common practice among entities that are similar in size and operations to that of the District. Management does not feel that the omission has a material effect on the presentation of the financial statements as a whole.

9. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The District's insurance program includes commercial insurance for property, general liability, public official liability, theft and other miscellaneous bonds.

The District's attorney estimates that the amount of actual or potential claims against the District as of June 30, 2017 will be covered by liability insurance coverage and will not materially affect the financial condition of the District. There were no significant reductions in insurance form the previous year and there were no settlements in excess of insurance coverage for each of the past three years.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2017

10. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Non-spendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government’s highest level of decision making authority.

Assigned fund balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

Detail of constraints on fund balances of governmental funds:

Fund Balances:

Non-spendable:

Inventory	\$ 7,842
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Committed:

Infrastructure improvement project	623,921
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Assigned:

Money market and checking	354,609
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Unassigned:

24,939

Total fund balance

<u>\$ 1,011,311</u>

**Rafter J Improvement and Service District
Required Supplementary Information (Unaudited)
June 30, 2017**

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgeted Basis</u>	<u>Variance with Final Budget</u>
Revenues				
Assessments	\$308,767	\$308,767	\$312,246	\$ 3,479
Water fees	116,091	116,091	131,575	15,484
Interest Income	600	600	907	307
Total Revenue	<u>425,458</u>	<u>425,458</u>	<u>444,728</u>	<u>19,270</u>
Expenditures				
Capital improvements	5,000	5,000	50,362	(45,362)
Loan principal payments	78,200	78,200	78,200	-
General and administrative	103,250	103,250	101,584	1,666
Road, water, and sewer system repairs	87,400	87,400	119,123	(31,723)
Interest	5,783	5,783	5,552	231
Professional services	31,000	31,000	15,060	15,940
Miscellaneous and Contingency	86,200	86,200	-	86,200
Total Expenditures	<u>396,833</u>	<u>396,833</u>	<u>369,881</u>	<u>26,952</u>
Operating Income	<u>28,625</u>	<u>28,625</u>	<u>74,847</u>	<u>46,222</u>
Other Financing Sources	-	-	-	-
Other Financing Uses	-	-	-	-
Excess of Revenues and Other Sources Over expenditures and Other Uses	<u>28,625</u>	<u>28,625</u>	<u>74,847</u>	<u>46,222</u>
Fund Balance at Beginning of Year	<u>936,464</u>	<u>936,464</u>	<u>936,464</u>	<u>-</u>
Fund Balance at End of Year	<u>\$965,089</u>	<u>\$965,089</u>	<u>\$1,011,311</u>	<u>\$46,222</u>

Thompson, Palmer & Associates, PC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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

December 26, 2017

To the Directors, Rafter J Improvement and Service District
2951 Big Trail Drive
Jackson, Wyoming 83001

We have audited, 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, the financial statements of Rafter J Improvement and Service District as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rafter J Improvement and Service District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rafter J Improvement and Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rafter J Improvement and Service District's internal control.

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. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rafter J Improvement and Service District'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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Certified Public Accountants