

RAFTER J IMPROVEMENT & SERVICE DISTRICT

Financial Statements with Independent
Accountant's Review Report

FOR THE YEAR ENDED JUNE 30, 2022

RAFTER J IMPROVEMENT & SERVICE DISTRICT
FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 7, 2022

Board of Directors
Rafter J Improvement & Service District
Teton Village, WY 83025

We have reviewed the accompanying financial statements of the governmental activities of Rafter J Improvement & Service District, as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA and the standards applicable to reviews of financial statements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budget and actual on page 17 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted Management Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Thompson Palmer & Associates PC

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

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Government-Wide Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,549,740
Inventory	2,840
Mill levy receivables	4,510
Trade receivables	30,166
Prepaid expenses	7,898
Non-current assets:	
Capital assets (net of accumulated depreciation):	
Machinery & equipment	117,600
Drinking water	932,346
Other assets	18,527
Roads & pathways	393,544
Sewer systems	487,269
Water systems	819,375
Total assets	<u>\$ 4,363,814</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 5,074
Total liabilities	<u>5,074</u>
Net position	
Net investment in capital assets	2,768,660
Unrestricted	1,590,079
Total net position	<u>\$ 4,358,739</u>

The accompanying notes are an integral part of this statement.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

Program expenses:	
General and administrative	\$ 86,110
Road, water, and sewer system repair	109,493
Depreciation	537,621
Professional services	4,708
Total program expenses	737,932
 Program revenues:	
Property tax assessments	368,575
Water fees and meter charges	209,425
Total program revenues	578,000
Net program revenues	(159,932)
 General revenues:	
Interest income	692
Total general revenues	692
Increase in net position	(159,240)
Net position - beginning	4,517,980
Net position - ending	\$ 4,358,740

The accompanying notes are an integral part of this statement.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

Assets

Cash and cash equivalents	\$ 1,549,740
Inventory	2,840
Mill levy receivables	4,510
Trade receivables	30,166
Prepaid expenses	7,898
Total assets	\$ 1,595,154

Liabilities and fund balance

Liabilities	
Accounts payable	\$ 5,074
Total liabilities	5,074

Fund balance	
Committed	850,207
Assigned	300,067
Unassigned	439,805
Total fund balance	1,590,079
Total liabilities and fund balance	\$ 1,595,154

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

Fund balance - governmental funds	\$ 1,590,079
Capital assets used in governmental activities are not financial resources and, therefore, not are reported in the funds.	2,768,660
Net position of governmental activities	\$ 4,358,739

The accompanying notes are an integral part of this statement.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

Revenues	
Property taxes	\$ 368,575
Interest income	692
Water fees and meter charges	<u>209,425</u>
Total revenues	<u>578,691</u>
Expenditures	
Current	
General and administrative	86,110
Road, water, and sewer system repair	109,493
Professional services	<u>4,708</u>
Total expenditures	<u>200,310</u>
Excess of revenues over expenditures	<u>378,381</u>
Net change in fund balance	378,381
Fund balance - beginning	<u>1,211,699</u>
Fund balance - ending	<u>\$ 1,590,080</u>

The accompanying notes are an integral part of this statement.

**RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022**

Net change in fund balance - total governmental funds	\$	378,381
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Amounts reported for governmental activities in the activities are different because:

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 depreciation exceeded capital outlay in the current period.

(537,621)

Change in net position of governmental activities

\$ (159,240)

The accompanying notes are an integral part of this statement.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies

A. 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.

B. 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 activities of the District.

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.

The fund financial statements provide information about the District’s funds.

C. 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. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. 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, 2022

I. Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

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. For this purpose, the District 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 are recorded only when payment is due.

Interest income associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. Governmental grants are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Inventory

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

3. 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.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

I. Summary of significant accounting policies (continued)

3. Capital assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. 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. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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, vehicles 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:

<u>Assets</u>	<u>Years</u>
Infrastructure	15-20

4. Fund equity and net position

In the fund financial statements, governmental funds may report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At the current year end there were no reservations of fund balances.

Net position in government wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments.

5. Accounting estimates

The preparation of financial statements require management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual amounts may differ from estimates.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

Another element of the reconciliation explains “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$2,768,660 difference are as follows:

Prior year general fixed assets	\$ 8,660,908
Less: Accumulated depreciation	(5,829,996)
Less: Accumulated amortization	<u>(62,252)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position governmental activities	<u><u>\$ 2,768,660</u></u>

B. 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 reconciliation between net changes in fund balances - total governmental funds and changes in net position 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 those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$537,621 difference are as follows:

Depreciation expense	<u>(537,621)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (537,621)</u></u>

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

III. Stewardship, compliance, and accountability

A. Budgets and budgetary accounting

The District follows these procedures in establishing the budget. The District Board prepares 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. The budget is approved at the annual meeting, or a special meeting, of the District. The budget will be adopted as the budget for the District upon the affirmative vote of a majority of the Directors, unless a majority of the property owners in the District object to the adoption of the budget in writing on or before the date Directors resolve to adopt the budget. A budget is only required when there is substantial financial activity by the District.

IV. Detailed notes on all funds

A. Deposits and investments

Cash and investments are carried at fair value in accordance with GASB Statement No. 31. They consist of cash in banks and cash on hand of \$1,546,740.

Wyoming State Statutes allow the District to invest in U.S. and state and local government securities and accounts of any bank and savings associations which are federally insured.

Stocks and bonds of private corporations as well as repurchase and reverse repurchase agreements are a prohibited investment means for the District.

Cash and cash equivalents as of June 30, 2022 consist of the following:

Cash and cash equivalents	
Deposits with financial institutions	\$ 1,549,740
Total cash and cash equivalents	<u>\$ 1,549,740</u>

At year end the carrying amount and bank balances of the District's depository balances and their collateralized status were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured or collateralized by securities held by the organization or its agent in the District's name	\$ 250,000	\$ 250,000
Collateralized with securities held by the pledging institution's trust department or agent in entity's name	1,308,086	1,299,740
Uninsured or uncollateralized	-	-
Total	<u>\$ 1,558,086</u>	<u>\$ 1,549,740</u>

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

IV. Detailed notes on all funds (continued)

B. Receivables

Receivables as of June 30, 2022 consist of mill levy assessments collected by Teton County and receivables due from District users.

Mill levy receivables	4,510
Trade receivables	30,166
Total receivables	\$ 34,676

C. Capital assets

The District has implemented GASB 34, which requires all capital assets of the District, including infrastructure, to be reported on the government wide financial statements and depreciated.

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

	2022		Net Book Value	
	Cost	Accumulated Depreciation	2022	2021
Machinery & equipment	\$ 226,119	\$ 108,519	\$ 117,600	\$ 153,764
Drinking water	3,053,221	2,120,875	932,346	1,128,209
Other assets	56,522	37,995	18,527	22,295
Roads & pathways	1,803,008	1,409,464	393,544	463,050
Sewer systems	1,546,458	1,059,189	487,269	587,883
Water systems	1,975,581	1,156,206	819,375	951,080
Total capital assets	\$ 8,660,908	\$ 5,892,248	\$ 2,768,660	\$ 3,306,281

Depreciation expense of \$537,621 was charged the District.

D. Accounts payable

Accounts payable as of June 30, 2022 consist of the following:

Accounts payable	\$ 5,074
Total accounts payable	\$ 5,074

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

IV. Detailed notes on all funds (continued)

E. 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.

F. Subsequent events

Management has evaluated subsequent events through December 7, 2022, the date on which the financial statements were available to be issued.

V. Other information

A. 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.

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Notes to the Financial Statements
June 30, 2022

V. Other information (continued)

B. 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.

C. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$2. Without the overhead costs of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed.

RAFTER J IMPROVEMENT & SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2022

RAFTER J IMPROVEMENT AND SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual General Fund (unaudited)
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Positive /
	<u>Original</u>	<u>Final</u>		(Negative)
				<u>Variance</u>
Revenues				
Property taxes	\$ 367,942	\$ 367,942	\$ 368,575	\$ 633
Interest income	820	820	692	(128)
Water fees and meter charges	<u>237,645</u>	<u>237,645</u>	<u>209,425</u>	<u>(28,220)</u>
Total revenues	606,407	606,407	578,691	(27,716)
Expenditures				
Current:				
General and administrative	86,947	86,947	86,110	837
Road, water, and sewer system repair	133,983	133,983	109,493	24,490
Professional services	11,000	11,000	4,708	6,292
Capital outlay	<u>60,000</u>	<u>60,000</u>	-	<u>60,000</u>
Total expenditures	291,930	291,930	200,310	91,620
Excess of revenues over expenditures	<u>314,477</u>	<u>314,477</u>	<u>378,381</u>	<u>(119,335)</u>
Net change in fund balance	291,930	291,930	200,310	
Fund balance - beginning	<u>1,211,699</u>	<u>1,211,699</u>	<u>1,211,699</u>	
Fund balance - ending	<u><u>\$ 1,503,629</u></u>	<u><u>\$ 1,503,629</u></u>	<u><u>\$ 1,412,009</u></u>	

The accompanying notes are an integral part of this statement.