

SPRING CREEK  
IMPROVEMENT & SERVICE DISTRICT

---

Financial Statements and  
Supplementary Information

**For the year ended June 30, 2022**

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Financial Statements**  
**June 30, 2022**

**TABLE OF CONTENTS**

<b>Independent Auditor's Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>3</b>
<b>Government-wide financial statements</b>	
Statement of net position	9
Statement of activities	10
<b>Fund financial statements</b>	
Balance Sheet - Governmental funds	11
Statement of revenues, expenditures and changes in fund balances - Governmental funds	12
Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	13
<b>Notes to financial statements</b>	<b>14</b>
<b>Required supplementary information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual General Fund (unaudited)	26
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	27



## Independent Auditor's Report

December 21, 2022

Board of Directors  
Spring Creek Improvement & Service District  
Jackson, Wyoming

### ***Report on the audit of the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and governmental fund of Spring Creek 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and government fund of Spring Creek Improvement & Service District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Spring Creek Improvement & Service District  
Independent Auditor's Report  
December 21, 2022

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

***Required Supplementary Information***

Accounting principles accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 and 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Auditing Standard's 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 the required supplementary information 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, on our consideration of the District'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 solely 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 effectiveness of Spring Creek Improvement & Service District's 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 the District's internal control over financial reporting and compliance.

*Thompson Palmer & Associates, PC*

Thompson Palmer & Associates, PC  
Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Spring Creek Improvement & Service District's ("SCISD") discussion and analysis provides an overview of the SCISD's financial activities for the fiscal year ended June 30, 2022.

This discussion and analysis is intended to serve as an introduction to Spring Creek Improvement and Service District's basic financial statements. SCISD's basic financial statements comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This management report 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 view of SCISD's finances, in a manner similar to private-sector business.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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.

### FUND FINANCIAL STATEMENTS

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SCISD, like other government entities, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. SCISD has only one fund.

SCISD's fund is a *governmental fund*. Governmental funds are used to account for essentially the same functions as reported 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 balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

### NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are a part of the basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of SCISD, assets exceeded liabilities by \$2,388,963 at the close of the fiscal year. The SCISD's combined net assets of the SCISD increased by \$130,361 or 6%.

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
General Fund	\$ 545,742	\$ 313,977
Accounts Receivable	13,037	24,600
<b>TOTAL CURRENT ASSETS</b>	<u>558,778</u>	<u>338,577</u>
<u>CAPITAL ASSETS</u>		
Construction in Process	436	436
Easement	50,000	50,000
Water System	2,000,913	2,107,934
Sewer System	361,735	386,725
Road System	684,557	744,475
Loan Fees	4,859	5,113
<b>TOTAL CAPITAL ASSETS</b>	<u>3,102,500</u>	<u>3,294,683</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,661,279</u></u>	<u><u>\$ 3,633,260</u></u>
 <b>LIABILITIES</b>		
<u>CURRENT LIABILITIES</u>		
Current Liabilities	\$ 258,352	\$ 205,637
<b>CURRENT LIABILITIES</b>	<u>258,352</u>	<u>205,637</u>
 <u>LONG TERM LIABILITIES</u>		
N/P - SLIF - Water Pumps & Telemetry	252,053	274,269
N/P - SLIF - Water Meters	122,927	135,219
N/P - WF - Road Improvements	104,529	205,839
N/P - SLIF Well #3	572,073	586,950
SCHOA Loan	116,320	116,320
Less Current Portion of Debt	<u>(153,937)</u>	<u>(149,576)</u>
<b>LONG TERM LIABILITIES</b>	<u>1,013,964</u>	<u>1,169,021</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,272,316</u></u>	<u><u>1,374,658</u></u>
 Net Investment in Capital Assets	2,050,920	2,092,407
Unrestricted	338,042	166,195
<b>NET ASSETS</b>	<u><u>\$ 2,388,962</u></u>	<u><u>\$ 2,258,602</u></u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of SCID's net position is its investment in capital assets which includes the water, sewer, and road systems.

	<u>2022</u>	<u>2021</u>
<u>CAPITAL ASSETS</u>		
Construction in Process	\$ 436	436
Easement	50,000	50,000
Water System	2,000,913	2,107,934
Sewer System	361,735	386,725
Road System	684,557	744,475
Loan Fees	4,859	5,113
TOTAL CAPITAL ASSETS	<u>\$ 3,102,500</u>	<u>\$ 3,294,682</u>

### Statement of Activities:

	<u>2022</u>
<u>GENERAL REVENUES</u>	
Assessments	550,212
Penalties & Interest on Assessments	1,135
Interest Earned	328
TOTAL GENERAL REVENUES	<u>551,675</u>
<u>PROGRAM EXPENSES</u>	
Administrative & Insurance	35,127
Materials & Services	168,099
Depreciation & Amortization	192,181
Interest	25,907
TOTAL PROGRAM EXPENSES	<u>421,315</u>
CHANGE IN NET POSITION	<u>\$ 130,360</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

A statement of revenues, expenditures and changes in fund balances follows:

		<u>2022</u>
<u>GENERAL REVENUES</u>		
Assessments		550,212
Penalties & Interest on Assessments		1,135
Interest Earned		328
TOTAL GENERAL REVENUES		<u>551,675</u>
<u>EXPENDITURES</u>		
Wells Fargo - Road Bond		
Principal Reduction	101,310	
Interest	<u>6,396</u>	107,706
DWSRF - Water System		
Principal Reduction	22,216	
Interest	<u>6,631</u>	28,847
DWSRF - Water Meters		
Principal Reduction	12,293	
Interest	<u>-</u>	12,293
DWSRF - Well #3		
Principal Reduction	14,877	
Interest	<u>13,789</u>	28,667
Capital Outlay		-
Legal Services		2,952
Accounting Services		9,558
Other Expense		640
Insurance		21,976
Road Maintenance		28,296
Water System Maintenance		135,047
Sewer System Maintenance		4,756
TOTAL EXPENDITURES		<u>380,739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		170,936
CHANGE IN FUND BALANCE		170,936
FUND BALANCE, beginning of year		288,459
FUND BALANCE, current		<u><u>\$ 459,395</u></u>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Budget Comparison of Statement of Revenues, Expenditures, and Changes in Fund Balances:

	YTD June 2022	YTD Budget June 2022	Variance Positive / (Negative)
<b><u>GENERAL REVENUES</u></b>			
Assessments	\$ 550,212	\$ 550,393	(181)
Penalties & Interest on Assessments	1,135	-	1,135
Interest Earned	328	1,800	(1,472)
TOTAL GENERAL REVENUES	<u>551,675</u>	<u>552,193</u>	<u>(518)</u>
<b><u>PROGRAM EXPENSES</u></b>			
Administrative & Insurance	35,127	55,800	20,673
Maintenance & Services	168,099	192,080	23,981
Interest	26,817	31,243	4,426
Principal Reduction	150,696	146,269	(4,427)
Capital Outlay	-	225,000	225,000
TOTAL PROGRAM EXPENSES	<u>380,739</u>	<u>650,392</u>	<u>269,653</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND CHANGES IN FUND BALANCE	 <u>\$ 170,936</u>	 <u>\$ (98,199)</u>	 <u>\$ 269,135</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **MANAGEMENT SUMMARY**

In FY 2022, the SCISD cash balance increased by \$231,764 to \$545,742. The SCISD budgets to accumulate general funds for the eventual repair or replacement of assets. At fiscal year end, the SCISD had vouchers payable totaling \$99,384. In FY 2021, the SCISD completed construction of the new water well making final related borrowings and payments. In FY2021, the SCISD began a project to reduce wildfire fuels along the main access road and improve wildfire survivability of Booster Station #2. Both of these latter projects were completed in FY2022, and will be ongoing operations expenses in future years.

The Board is anticipating projects in the future, including significant capital maintenance programs for the road network, and miscellaneous water and sewer projects. The intent is to use General Funds for these projects as the need arises. If the General Fund does not have the capacity to fund these projects, the SCISD Board will look to borrow funds from other sources or ask the Spring Creek HOA to help fund the projects. The remaining funds will be used for other approved projects, and to maintain a healthy general fund balance.

The SCISD is in a sound financial position with strong cash balances. The community is also strong with no provision for bad debt and no delinquent accounts. The SCISD contracts with the Spring Creek HOA to service the day to day needs of the road, water and sewer systems, and oversees those operations along with servicing debt and overseeing the long-term health of the assets. The recent upgrades and improvements to the road and water system are examples. In the future, the SCISD Board will continue with similar programs and look to provide enhancements and improvements for the community.

**Spring Creek Improvement & Service District**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 545,742
Taxes receivable	13,037
Capital assets (net of accumulated depreciation):	
Construction in process	436
Easement	50,000
Water system	2,000,913
Sewer system	361,735
Roads	684,557
Loan fees (net of accumulated amortization)	4,859
	<hr/>
Total assets	3,661,279
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	99,384
Accrued interest payable	5,032
Non-current liabilities	
Due within one year	153,937
Due in more than one year	1,013,964
	<hr/>
Total liabilities	1,272,317
<b>Net Position</b>	
Net investment in capital assets	2,050,920
Unrestricted	338,042
	<hr/>
Total net position	\$ 2,388,962
	<hr/>

The accompanying notes are an integral part of this statement.

**Spring Creek Improvement & Service District**  
**Statement of Activities**  
**For the Year Ended, June 30, 2022**

**Expenses:**

Water, sewer and road systems:	
Personal services	\$ 13,150
Materials and services	190,075
Depreciation and amortization	192,181
Interest	25,907
	<hr/>
Total Expenses	421,314

**Program Revenues:**

Total program revenues	-
	<hr/>

**Net program revenue** (421,314)

**General Revenues:**

Assessments	551,347
Investment earnings	328
	<hr/>

Total general revenues 

---

 551,675

Change in net position 130,360

**Net position beginning** 

---

 2,258,602

**Net position end** 

---

 \$ 2,388,962 

---

The accompanying notes are an integral part of this statement.

**Spring Creek Improvement & Service District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

**Assets**

Cash and cash equivalents	\$ 545,742
Taxes receivable	<u>13,037</u>
Total assets	<u><u>\$ 558,778</u></u>

**Liabilities and Fund Balance**

Liabilities	
Accounts payable	\$ 99,384
Total liabilities	<u>99,384</u>
Fund balance	
Unassigned	<u>459,394</u>
Total fund balance	<u>459,394</u>
Total liabilities and fund balance	<u><u>\$ 558,778</u></u>

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

Fund balance - governmental funds	\$ 459,394
Capital assets and loan fees used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,102,500
Some liabilities including accrued interest and long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,172,932)</u>
Net position of governmental activities	<u><u>\$ 2,388,962</u></u>

The accompanying notes are an integral part of this statement.

**Spring Creek Improvement & Service District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

**Revenues**

Assessments	\$ 551,347
Investment earnings	328
	<hr/>
Total revenues	551,675

**Expenditures**

Current:	
General government	203,226
Debt Service	
Loan payments, principal	150,696
Loan payments, interest	26,817
Capital Outlay	-
	<hr/>
Total Expenditures	380,738
	<hr/>

Excess (deficiency) of Revenues over expenditures	<hr/> 170,936
---	---------------

Net change in fund balance	170,936
----------------------------	---------

<b>Fund balance beginning</b>	<hr/> 288,457
-------------------------------	---------------

<b>Fund balance ending</b>	<hr/> <hr/> \$ 459,393
----------------------------	------------------------

The accompanying notes are an integral part of this statement.

**Spring Creek Improvement & Service District**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

Net change in fund balance - total governmental funds	\$ 170,936
---	------------

Amounts reported for governmental activities in the statement of 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 capital outlay exceeded depreciation in the current period.	(191,928)
---	-----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	150,696
--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	657
---	-----

Change in net position of governmental activities	<u>\$ 130,360</u>
---	-------------------

The accompanying notes are an integral part of this statement.

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The Spring Creek Improvement & Service District is governed by an elected three member board. The District's purpose is to acquire, construct, operate, and maintain improvements of local necessity and convenience for the Spring Creek Ranch area of Teton County, Wyoming.

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 Spring Creek Improvement & Service 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 revenues as soon as all eligibility requirements imposed by the provider have been met.



**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

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

**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. 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.

**3. Inventories and prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**4. Capital Assets**

Capital assets, which include property, vehicles, equipment, and furnishings, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Assets are recorded as historical cost or estimated 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>
Roads	20-30
Water System	30-50
Sewer System	15-40

**5. Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, if material, are deferred and amortized over the life of the bond using the stratight line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**6. 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 financial statements are classified as invested in capital assets, net of related debt; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments.

**7. 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.

**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**

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported on the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Loans - due within one year	\$ 153,937
Loans - due in more than one year	1,013,964
Accrued interest payable on loans	5,032
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position-governmental activities</i>	<hr/> <hr/> \$ 1,172,932

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

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

Another element of the reconciliation explains "fixed assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this difference are as follows:

Prior year general fixed assets	7,986,623
Add: Current year additions to fixed assets	-
Less: Accumulated depreciation and amortization	(4,884,122)
	<hr/>
Net adjustment to increase net changes in <i>fund balances - total governmental funds</i> to arrive at <i>changes in net position governmental activities</i>	\$ 3,102,500
	<hr/> <hr/>

**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 difference are as follows:

Capital outlay	\$ -
Depreciation expense	191,928
	<hr/>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 191,928
	<hr/> <hr/>

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**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 (continued)**

Another element of that reconciliation states that "the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position." The details of this difference are as follows:

Debt proceeds	\$ -
Principal repayments:	
Loans payable	49,386
Bond payable	101,310
	<hr/>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 150,696</u></u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Accrued interest payable - prior year	5,942
Accrued interest payable - current year	(5,032)
Amortization of issuance costs	(253)
	<hr/>
Net adjustment to decrease <i>changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 656</u></u>

**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.

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**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 \$545,742.

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

	Bank Balances	Carrying Amount
Insured by the FDIC	\$ 250,000	\$ 250,000
Collateralized with securities held by the pledging institution's trust department or agent in the District's name	301,490	301,490
Total insured or collateralized	<u>551,490</u>	<u>551,490</u>
Account balance, 6/30/2022	545,742	545,742
Excess insurance / collateralized	<u><u>\$ 5,748</u></u>	<u><u>\$ 5,748</u></u>

**B. Receivables**

Receivables as of year end for the District are as follows:

Receivables:	
Assessments	13,037
Total Receivables	<u><u>\$ 13,037</u></u>

**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.

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**C. Capital Assets (continued)**

Capital asset activity for the year ended was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable capital assets:				
Easement	50,000	\$ -	\$ -	\$ 50,000
Total	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Depreciable capital assets:				
Roads	2,281,014			2,281,014
Water system	4,113,734	-		4,113,734
Sewer system	1,534,439			1,534,439
Construction in Progress	436	-	-	436
Total	<u>7,929,623</u>	<u>-</u>	<u>-</u>	<u>7,929,623</u>
Total capital assets	<u>7,979,623</u>	<u>-</u>	<u>-</u>	<u>7,979,623</u>
Less accumulated depreciation for:				
Roads	1,536,540	59,917	-	1,596,457
Water system	2,005,800	107,021	-	2,112,821
Sewer system	1,147,714	24,990	-	1,172,704
Total accumulated depreciation	<u>4,690,054</u>	<u>191,928</u>	<u>-</u>	<u>4,881,982</u>
Governmental activities capital assets, net	<u>\$ 3,289,569</u>	<u>\$ (191,928)</u>	<u>\$ -</u>	<u>\$ 3,097,641</u>

Depreciation expense of \$191,928 was charged to functions / programs of the District. Amortization expense of \$253 was also charged.

**D. Accounts Payable**

Accounts payable as of the year end for the District are:

Accounts Payable	99,384
Total Payables	<u>\$ 99,384</u>

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**E. Long-term debt**

*Wyoming State Land & Investment Board*

On July 1, 2011 the District signed a promissory note in the amount of \$450,000, with the Wyoming State Loan & Investment Board, for the purpose of funding the District's water system improvement project. Upon completion of the project, the loan was amended because not all funds were drawn and payments were made resulting in the face of the note being \$432,097.77. The loan is secured by the District with the pledge and assignment of revenues from the District's property tax assessments. This assignment will be in effect for the term of the loan. The loan is payable in 20 annual installments of \$28,847 including interest at 2.5%. The balance at year-end is \$252,053.

On January 23, 2012, the District signed a promissory note in the amount of \$350,000, with the Wyoming State Loan & Investment Board, for the purpose of funding the District's water meter project. Upon completion of the project, the District relinquished \$22,195 in unused funds and the Wyoming State Land & Investment Board forgave \$81,951 of the loan principal resulting in an amended promissory note for \$245,853 payable in 20 annual installments of \$12,293 including interest at 0%. The loan is secured by the District with the pledge and assignment of revenues from the District's property tax assessments. This assignment will be in effect for the term of the loan. The balance at year-end is \$122,927.

On April 11, 2019, the District signed a promissory note in the amount of \$600,000, with the Wyoming State Loan & Investment Board, for the purpose of funding the completion of a third well. The well was substantially complete May 14, 2020 and the final draw was received September 25, 2020. Interest began to accrue when the first draw was received February 12, 2020. Annual loan payments began May 1, 2021 with the first payment being \$29,156.96 which includes accrued interest. The remaining 29 annual payments will be in the amount of \$28,666.58. The interest rate on the loan is 2.5%. The loan is secured by the District with the pledge and assignment of revenues from the District's property tax assessments. The balance at year-end was \$572,073.

*Spring Creek Homeowner's Association*

The Homeowner's Association advanced \$116,320 to the District during previous construction projects. The operating agreement between the HOA and the District provide for such advances with repayment to be made as requested by the HOA based upon available resources in the ISD. This loan is considered long-term because it is not expected to be paid from current resources. The current balance is \$116,320.



**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**E. Long-term debt (continued)**

Bond payable

On May 30, 2012, the District issued a general obligation bond with a face amount of \$900,000. The bond bears interest at 3.55% per year. The bond is payable in semi-annual installments until paid in full on January 15, 2023. The bond's current balance is \$104,529.

Annual debt service requirements to maturity are as follows.

Year ending June 30th	Governmental Activities	
	Principal	Interest
2023	\$ 153,937	\$ 23,576
2024	50,131	19,675
2025	51,077	18,729
2026	52,047	17,760
2027	53,040	16,766
2027-2032	280,465	68,709
2032-2037	96,687	46,646
2037-2042	109,392	33,941
2042-2047	123,767	19,566
2047-2050	81,039	4,957
Total	<u>\$ 1,051,581</u>	<u>\$ 270,325</u>

Changes in long-term liabilities

Long-term liability activity for the year ended was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Loans payable	\$ 996,438	\$ -	\$ (49,386)	\$ 947,052	\$ 49,408
Bond payable	205,839	-	(101,310)	104,529	104,529
Related party payable	<u>116,320</u>	<u>-</u>	<u>-</u>	<u>116,320</u>	<u>-</u>
Total	<u>\$ 1,318,596</u>	<u>\$ -</u>	<u>\$ (150,696)</u>	<u>\$ 1,167,901</u>	<u>\$ 153,937</u>

**F. Related party transactions**

The boundaries of the District are almost identical to the boundaries of the Spring Creek Ranch Development; therefore, the Homeowner's Association and the District have the common goal to appropriately maintain the infrastructure within the boundaries. In March 2011, the District and the Homeowner's Association entered into an agreement to provide services within their boundaries.

**SPRING CREEK IMPROVEMENT & SERVICE DISTRICT**  
**Notes to Financial Statements (continued)**  
**June 30, 2022**

**F. Related party transactions (continued)**

As part of the agreement, the Homeowner's Association may pay for improvements or advance funds to the District to perform improvements. If such amounts are paid by the Homeowner's Association, they may request reimbursement from the District.

During the fiscal year ended, June 30, 2022 the District paid the Homeowner's Association \$84,584 for services. As of year-end, the District had accounts payable to the Homeowner's Association in the amount of \$65,612.45 and a liability of \$116,320.

**G. Subsequent events**

Management has evaluated subsequent events through December 21, 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.

**B. 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.

## **Required Supplementary Information**

**Spring Creek Improvement & Service District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual General Fund (unaudited)**  
**For the Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>			<b>Positive / (Negative) Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Assessments	\$ 550,393	\$ 550,393	\$ 551,347	\$ 954
Investment earnings	1,800	1,800	328	(1,472)
Total revenues	552,193	552,193	551,675	(518)
<b>Expenditures</b>				
Current:				
General government	247,880	247,880	203,226	44,654
Debt Service				
Loan payments, principal	146,269	146,269	150,696	(4,427)
Loan payments, interest	31,243	31,243	26,817	4,426
Capital outlay	225,000	225,000	-	225,000
Total Expenditures	650,392	650,392	380,738	269,654
Excess (deficiency) of Revenues over expenditures	(98,199)	(98,199)	170,936	269,135
Excess (deficiency) of revenues and other financing sources over (under) expenditures and net change in fund balance	\$ (98,199)	\$ (98,199)	\$ 170,936	269,135
<b>Fund balance beginning</b>			288,457	
<b>Fund balance ending</b>			\$ 459,393	



**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 21, 2022

Board of Directors  
Spring Creek Improvement & Service District  
Jackson, Wyoming

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 the governmental activities and governmental fund of Spring Creek Improvement & Service District (herein referred to as the "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, and have issued our report thereon dated December 21, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Spring Creek Improvement & Service District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

*Thompson Palmer & Associates, PC*

Thompson, Palmer & Associates, PC  
Certified Public Accountants