

**WASHAKIE RURAL IMPROVEMENT AND
SERVICE DISTRICT**

Basic Financial Statements

June 30, 2022 and 2021

(With Independent Accounts' Review Report Theron)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Washakie Rural Improvement and Service District
Worland, Wyoming

We have reviewed the accompanying financial statements of Washakie Rural Improvement and Service District (the District), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's 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. 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.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Other Matter

The financial statements for the year ended June 30, 2021 were audited by other accountants and they expressed an unmodified opinion on those financial statements in their report dated July 31, 2021. They have not performed any auditing procedures on the June 30, 2021 financial statements since that date.

Cavan Florek & James, CPAs

December 5, 2022
Sheridan, Wyoming

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

| | Reviewed 2022 | Audited 2021 |
|----------------------------------|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,024,880 | \$ 594,453 |
| Accounts receivable | 63,687 | 56,095 |
| Total current assets | <u>1,088,567</u> | <u>650,548</u> |
| Restricted assets: | | |
| Restricted cash | - | 214,827 |
| Capital assets: | | |
| Office equipment | 27,125 | 27,125 |
| Water distribution system | 17,729,283 | 17,729,283 |
| Vehicles | 29,785 | 29,785 |
| Less accumulated depreciation | <u>(5,762,807)</u> | <u>(5,405,243)</u> |
| Total capital assets | <u>12,023,386</u> | <u>12,380,950</u> |
| Total assets | <u>13,111,953</u> | <u>13,246,325</u> |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | 19,769 | 14,743 |
| Current portion long-term debt | - | 72,259 |
| Total current liabilities | <u>19,769</u> | <u>87,002</u> |
| Long-term liabilities | - | 11,232 |
| Total liabilities | <u>19,769</u> | <u>98,234</u> |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | 12,023,386 | 12,297,459 |
| Restricted net position | - | 214,827 |
| Unrestricted net position | <u>1,068,798</u> | <u>635,805</u> |
| Total net position | <u>\$ 13,092,184</u> | <u>\$ 13,148,091</u> |

The notes to financial statements are an integral part of this statement.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2022 and 2021

| | <u>Reviewed</u> <u>2022</u> | <u>Audited</u> <u>2021</u> |
|--------------------------------------|--------------------------------|-------------------------------|
| <u>OPERATING REVENUES</u> | | |
| Operating revenues | \$ 618,074 | \$ 585,857 |
| <u>OPERATING EXPENSES</u> | | |
| Utilities purchased | 138,350 | 106,091 |
| Personal services | 49,148 | 54,520 |
| Maintenance and operations | 41,017 | 60,282 |
| Materials and supplies | 91,712 | 47,571 |
| Depreciation expense | 357,564 | 357,564 |
| Total operating expenses | <u>677,791</u> | <u>626,028</u> |
| Operating income (loss) | <u>(59,717)</u> | <u>(40,171)</u> |
| <u>NON-OPERATING REVENUES</u> | | |
| Interest income | 4,679 | 15,687 |
| Interest expense | (869) | (6,580) |
| Total non-operating revenues | <u>3,810</u> | <u>9,107</u> |
| Change in net position | <u>(55,907)</u> | <u>(31,064)</u> |
| <u>NET POSITION</u> | | |
| Beginning of year | <u>13,148,091</u> | <u>13,179,155</u> |
| End of year | <u>\$ 13,092,184</u> | <u>\$ 13,148,091</u> |

The notes to financial statements are an integral part of this statement.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

| | Reviewed 2022 | Audited 2021 |
|---|---------------------|-------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Cash received from customers | \$ 610,482 | \$ 571,232 |
| Cash paid for administration | (49,148) | (54,520) |
| Cash paid for operations | (266,053) | (220,356) |
| Net cash provided (used) by operating activities | <u>295,281</u> | <u>296,356</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Interest earned on bank accounts | 4,679 | 15,446 |
| Net cash provided (used) by investing activities | <u>4,679</u> | <u>15,446</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Principal paid on debt | (83,491) | (415,871) |
| Interest paid on debt | (869) | (6,339) |
| Net cash provided (used) by financing activities | <u>(84,360)</u> | <u>(422,210)</u> |
| Net increase (decrease) in cash | <u>215,600</u> | <u>(110,408)</u> |
| Cash - beginning of year | <u>809,280</u> | <u>919,688</u> |
| Cash - end of year | <u>\$ 1,024,880</u> | <u>\$ 809,280</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | \$ (59,717) | \$ (40,171) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 357,564 | 357,564 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (7,592) | (14,625) |
| Accounts payable | 5,026 | (6,412) |
| Net cash provided (used) by operating activities | <u>\$ 295,281</u> | <u>\$ 296,356</u> |

The notes to financial statements are an integral part of this statement.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Reporting Entity

The Washakie Rural Improvement and Service District (the "District") was established in 1998 as a water district located in the rural areas located in Washakie County, Wyoming. The District's goal is to deliver treated water drawn from the Big Horn Regional Joint Powers Board to a general service area extending from the Big Horn County line on the North to the Hot Springs County line on the South. The District is predominately residential in character, with interspersed commercial and agricultural areas. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. Primary financing for the Board is provided by state and federal loans and grants and fees paid by rural water users.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The District is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for the establishing governmental accounting and financial reporting principles. The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statement of net position and the statement of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund reporting focuses on the determination of change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services. The Districts financial statements consist of the statement of net position, a statement of revenue, expenses and changes in net position and a statement of cash flows. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The District recognizes revenues from water sales and connection and other fees when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales and connection fees to be operating revenues.

Budget

The District is required to adopt a budget in accordance with state statutes and debt covenants.

Capital Assets

The District records the acquisition of capital assets and additions, improvements and other capital outlays that significantly extend the life of an asset at historical cost. Contributed assets are recorded at their fair market value at the date of donation. Depreciation is charged to expense for all capital assets and is computed using the straight-line method over the following estimated useful lives:

| | <u>Estimated Useful Lives</u> |
|-------------------------------|-----------------------------------|
| Office Equipment | 5 - 10 years |
| Transmission and distribution | 40 - 50 years |

Depreciation expense was \$357,564 for the years ended June 30, 2022 and 2021, respectively.

The District incurs interest charges on long-term debt. \$869 interest was charged to expense for the year ended June 30, 2022. \$6,580 interest was charged to expense in 2021.

Concentrations

The District extracts approximately 70% of its water supply from the Big Horn Regional Water System and 30% of its water supply from the City of Worland. Interruption of this source would impact the District negatively.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position in proprietary fund financial statements is classified in three components.

Net invested in capital assets - consists of capital assets net of accumulated depreciation reduced by the outstanding of loans attributable to the acquisition, construction of improvements of those assets.

Restricted - consists of net position with constraints placed on resources that are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or imposed by laws by enabling legislation.

Unrestricted - portion of net position that does not meet the definition of restricted or invested in capital assets.

The Board generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Board may defer the use of restricted assets based on the review of specific transactions.

2. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows the District considers all investment instruments purchased with a maturity of three months or less to be cash.

Wyoming Statutes allow the Board to deposit uninvested funds with federal banks, state banks, and federal or state savings and loan institutions. All deposits must be fully insured by the FDIC, or secured by a pledge of assets.

The organization had all of its funds in financial institutions covered by FDIC insurance and pledging. There were no uncollateralized amounts. The District's short-term investments are reported at cost, which approximates fair value and treated as cash equivalents.

3. ACCOUNTS RECEIVABLE

Accounts receivable are recorded at their net value \$63,687 in 2022 and \$56,095 in 2021. The gross receivable is \$47,258 in 2022 and \$52,761 in 2021 and the allowance for doubtful accounts is \$0 in 2022 and \$13,609 in 2021.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

4. LONG TERM DEBT

The organization refinanced a \$1,988,650 General Obligation bonds originally issued in February 28, 2003 to the USDA to facilitate repayment of the interim financing secured through a local financial institution. In April 2018 the District refinanced the bonds with Wyoming Office of State Lands and Investments in the amount of \$1,158,993 at 2.5% for 20 years.

| Description | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|--------------|----------------------|-----------|-----------|-------------------|------------------------|
| Loan Payable | 83,491 | - | 83,491 | - | - |

During the year ended June 30, 2022, the loan was paid in full.

5. Restricted Cash and Net Position

Restricted cash was the result of a requirement by the lender to set aside funds for debt service. In the current year, the loan was paid in full, thus, the District no longer has restricted cash nor a restriction of net position.

6. Capital Assets

Capital asset activity during the year ended June 30, 2022 was as follows:

| | Beginning Balance July 1, 2021 | Additions | Deletions | Ending Balance June 30, 2022 |
|--------------------------------|-----------------------------------|-----------|-----------|---------------------------------|
| Water System | \$ 17,729,283 | \$ - | \$ - | \$ 17,729,283 |
| Office Equipment | 27,125 | - | - | 27,125 |
| Vehicles | 29,785 | - | - | 29,785 |
| Total capital assets | 17,786,193 | - | - | 17,786,193 |
| Less accumulated depreciation: | (5,405,243) | (357,564) | - | (5,762,807) |
| Capital assets, net | <u>\$ 12,380,950</u> | | | <u>\$ 12,023,386</u> |

Capital asset activity during the year ended June 30, 2021 was as follows:

| | Beginning Balance July 1, 2020 | Additions | Deletions | Ending Balance June 30, 2021 |
|--------------------------------|-----------------------------------|-----------|-----------|---------------------------------|
| Water System | \$ 17,729,283 | \$ - | \$ - | \$ 17,729,283 |
| Office Equipment | 27,125 | - | - | 27,125 |
| Vehicles | 29,785 | - | - | 29,785 |
| Total capital assets | 17,786,193 | - | - | 17,786,193 |
| Less accumulated depreciation: | (5,047,679) | (357,564) | - | (5,405,243) |
| Capital assets, net | <u>\$ 12,738,514</u> | | | <u>\$ 12,380,950</u> |

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

7. 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 disaster for which the District is commercially insured.

8. Subsequent Events

Management of the District has evaluated subsequent events through December 5, 2022, which is also the date the financial statements were available to be issued. No subsequent events were noted during the evaluation that required recognition or disclosure in these financial statements.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT**COMBINING STATEMENT OF NET POSITION**

June 30, 2022

| | Washakie Rural | South Worland | Total |
|----------------------------------|----------------------|-------------------|----------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 786,364 | \$ 238,516 | \$ 1,024,880 |
| Accounts receivable | 47,258 | 16,429 | 63,687 |
| Total current assets | <u>833,622</u> | <u>254,945</u> | <u>1,088,567</u> |
| Capital assets: | | | |
| Office equipment | 27,125 | - | 27,125 |
| Water distribution system | 17,729,283 | - | 17,729,283 |
| Vehicles | 29,785 | - | 29,785 |
| Less accumulated depreciation | <u>(5,762,807)</u> | - | <u>(5,762,807)</u> |
| Total capital assets | <u>12,023,386</u> | <u>-</u> | <u>12,023,386</u> |
| Total assets | <u>12,857,008</u> | <u>254,945</u> | <u>13,111,953</u> |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | <u>13,913</u> | <u>5,856</u> | <u>19,769</u> |
| Total current liabilities | <u>13,913</u> | <u>5,856</u> | <u>19,769</u> |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 12,023,386 | - | 12,023,386 |
| Unrestricted net position | <u>819,709</u> | <u>249,089</u> | <u>1,068,798</u> |
| Total net position | <u>\$ 12,843,095</u> | <u>\$ 249,089</u> | <u>\$ 13,092,184</u> |

The notes to financial statements are an integral part of this statement.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2022

| | Washakie Rural | South Worland | Total |
|--------------------------------------|-------------------|------------------|---------------|
| <u>OPERATING REVENUES</u> | | | |
| Operating revenues | \$ 443,850 | \$ 174,224 | \$ 618,074 |
| <u>OPERATING EXPENSES</u> | | | |
| Utilities purchased | 95,291 | 43,059 | 138,350 |
| Personal services | 26,453 | 22,695 | 49,148 |
| Maintenance and operations | 38,056 | 2,961 | 41,017 |
| Materials and supplies | 74,407 | 17,305 | 91,712 |
| Depreciation expense | 357,564 | - | 357,564 |
| Total operating expenses | 591,771 | 86,020 | 677,791 |
| Operating income (loss) | (147,921) | 88,204 | (59,717) |
| <u>NON-OPERATING REVENUES</u> | | | |
| Interest income | 4,222 | 457 | 4,679 |
| Interest expense | (869) | - | (869) |
| Transfers | 1,119 | (1,119) | - |
| Total non-operating revenues | 4,472 | (662) | 3,810 |
| Change in net position | (143,449) | 87,542 | (55,907) |
| <u>NET POSITION</u> | | | |
| Beginning of year | 12,986,544 | 161,547 | 13,148,091 |
| End of year | \$ 12,843,095 | \$ 249,089 | \$ 13,092,184 |

The notes to financial statements are an integral part of this statement.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

| | Washakie Rural | South Worland | Total |
|---|-------------------|-------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Cash received from customers | \$ 435,744 | \$ 174,738 | \$ 610,482 |
| Cash paid for administration | (26,453) | (22,695) | (49,148) |
| Cash paid for operations | (204,261) | (61,792) | (266,053) |
| Net cash provided (used) by operating activities | <u>205,030</u> | <u>90,251</u> | <u>295,281</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Interest earned on bank accounts | 4,222 | 457 | 4,679 |
| Net cash provided (used) by investing activities | <u>4,222</u> | <u>457</u> | <u>4,679</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Principal paid on debt | (83,491) | - | (83,491) |
| Transfers | 1,119 | (1,119) | - |
| Interest paid on debt | (869) | - | (869) |
| Net cash provided (used) by financing activities | <u>(83,241)</u> | <u>(1,119)</u> | <u>(84,360)</u> |
| Net increase (decrease) in cash | <u>126,011</u> | <u>89,589</u> | <u>215,600</u> |
| Cash - beginning of year | <u>660,353</u> | <u>148,927</u> | <u>809,280</u> |
| Cash - end of year | <u>\$ 786,364</u> | <u>\$ 238,516</u> | <u>\$ 1,024,880</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (147,921) | \$ 88,204 | \$ (59,717) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 357,564 | - | 357,564 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | (8,106) | 514 | (7,592) |
| Accounts payable | 3,493 | 1,533 | 5,026 |
| Net cash provided (used) by operating activities | <u>\$ 205,030</u> | <u>\$ 90,251</u> | <u>\$ 295,281</u> |

The notes to financial statements are an integral part of this statement.

WASHAKIE RURAL IMPROVEMENT AND SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE
For the Years Ended June 30, 2022 and 2021

| | <u>2022</u> | | | <u>2021</u> | | |
|---|--------------------|-----------------|-------------------|--------------------|------------------|---------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| REVENUES | | | | | | |
| Operating revenue | \$ 572,484 | \$ 572,484 | \$ 618,074 | \$ 549,700 | \$ 549,700 | \$ 585,857 |
| Total Revenues | <u>572,484</u> | <u>572,484</u> | <u>618,074</u> | <u>549,700</u> | <u>549,700</u> | <u>585,857</u> |
| EXPENSES | | | | | | |
| Administration | 89,900 | 89,900 | 49,148 | 62,450 | 62,450 | 54,520 |
| Operations | 395,370 | 395,370 | 271,079 | 297,890 | 297,890 | 214,221 |
| Indirect costs | 1,100 | 1,100 | - | - | - | 47,848 |
| Total Expenses | <u>486,370</u> | <u>486,370</u> | <u>320,227</u> | <u>360,340</u> | <u>486,370</u> | <u>316,589</u> |
| INCOME OVER (UNDER EXPENSES) | 86,114 | 86,114 | 297,847 | 189,360 | 189,360 | 269,268 |
| NON-OPERATING INCOME/TRANSFERS | | | | | | |
| Principal payments | (83,491) | (83,491) | (83,491) | (46,534) | (46,534) | (415,871) |
| Interest expenses | (1,500) | (1,500) | (869) | (25,108) | (25,108) | (6,580) |
| Capital Outlay | - | - | - | - | (24,500) | - |
| Interest income | 2,200 | 2,200 | 4,679 | 3,500 | 3,500 | 15,962 |
| Net Non-Operating Revenue/Transfers | <u>(82,791)</u> | <u>(82,791)</u> | <u>(79,681)</u> | <u>(68,142)</u> | <u>(92,642)</u> | <u>(406,489)</u> |
| EXCESS (DEFICIENCY) REVENUES OVER EXPENSES | <u>\$ 3,323</u> | <u>\$ 3,323</u> | <u>\$ 218,166</u> | <u>\$ 121,218</u> | <u>\$ 96,718</u> | <u>\$ (137,221)</u> |