

TOWN OF STAR VALLEY RANCH
FINANCIAL STATEMENTS

June 30, 2022



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Town Council
Star Valley Ranch, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Star Valley Ranch, Wyoming (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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

The Town's 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 Town'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.

Auditors' Responsibilities 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 auditors' 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 Town'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 Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the proportionate share of the net pension liability, and the schedule of contributions, as listed in the table of contents, 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of the Town'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 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 Town's internal control over financial reporting and compliance.



JONES SIMKINS LLC
Logan, Utah
November 22, 2022

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

This document is a narrative overview and analysis of the financial activities of the Town of Star Valley Ranch (the "Town") for the fiscal year ending June 30, 2022. The Town's management encourages readers to consider the information presented here in conjunction with the financial statements, which follow this section. To help the reader with navigation of this report, the Town's activities are classified in the following manner: governmental activities, which include general administration, public safety, public works, community development, etc., and business-type activities, which include operation of the Town's water utilities.

FINANCIAL HIGHLIGHTS

The total net position of the Town increased by approximately \$1,273,000. The governmental net position increased by approximately \$470,000, and the business-type net position increased by approximately \$804,000.

The total net position of governmental and business-type activities is approximately \$21,291,000 and is made up of approximately \$16,924,000 in capital assets, such as land, infrastructure, buildings, and equipment, net of related debt.

The net total indebtedness of the Town increased approximately \$424,000 during the year related to loans to help fund water system improvements.

As of June 30, 2022, the following projects were in process or completed:

- The Town completed the Water Supply Project-2019 funded with the State of Wyoming. Funding is made up of both the Mineral Royalty Grant Program (MRG) and the State Lands and Investments Board (SLIB). The approved funding from MRG was a grant in the amount of \$1,868,000. The original approved funding from SLIB was a loan in the amount of \$4,111,000, however; as of June 30, 2022 the Town had a funding amount from SLIB of \$4,059,706. The loan included a loan forgiveness provision of twenty-five percent (25%). The loan forgiveness totaled \$1,014,927.
- The Town started the Water Supply Project-2021 funded with the State of Wyoming. Funding is made up of both the Mineral Royalty Grant Program (MRG) and the State Lands and Investments Board (SLIB). The approved funding from MRG was a grant in the amount of \$723,000. The approved funding from SLIB was a loan in the amount of \$1,468,000. The loan includes a loan forgiveness provision of twenty-five percent (25%). The construction of this project began during fiscal year 2021 and is expected to continue through fiscal year 2023.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

REPORTING THE TOWN AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets, deferred inflows/outflows, and liabilities, with the residual balance reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, you will also need to consider other non-financial factors.

The Statement of Activities presents information showing how the Town's net position changed during the fiscal year reported. 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 all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both the Statement of Net Position and the Statement of Activities, which together comprise the government-wide financial statements, distinguish between activities that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 15 and 16 of this report.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

REPORTING THE TOWN'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements. The major governmental fund (as determined by generally accepted accounting principles) is the General Fund. The basic General Fund financial statements and reconciliation to governmental activities can be found on pages 17 through 20 of this report.

Proprietary funds – The Town maintains one type of proprietary fund, the enterprise fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its culinary water operations. As determined by generally accepted accounting principles, the Water Fund meets the criteria for major fund classification. The basic financial statements of the Water Fund may be found on pages 21 through 24 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 50 of this report.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceed liabilities and deferred inflows by approximately \$21,291,000.

By far the largest portion of the Town's net position (80%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, machinery and equipment, net of depreciation), net of related debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional parts of net position, approximately 2%, are assets that are subject to external restrictions on how they may be expended (debt reserve). The remaining 18% of net position can be used to meet the Town's ongoing obligations to its creditors and citizens.

The following table summarizes the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2022 and 2021.

	<u>STATEMENTS OF NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 2,951,125	2,275,972	2,968,985	2,970,461	5,920,110	5,246,433
Capital assets	5,258,261	5,230,304	21,268,104	20,304,411	26,526,365	25,534,715
Total assets	<u>8,209,386</u>	<u>7,506,276</u>	<u>24,237,089</u>	<u>23,274,872</u>	<u>32,446,475</u>	<u>30,781,148</u>
Deferred outflows of resources - Pension	78,747	71,597	57,024	49,753	135,771	121,350
Current liabilities	678,921	566,917	620,701	819,662	1,299,622	1,386,579
Non-current liabilities	908,766	922,597	8,496,917	8,201,083	9,405,683	9,123,680
Total liabilities	<u>1,587,687</u>	<u>1,489,514</u>	<u>9,117,618</u>	<u>9,020,745</u>	<u>10,705,305</u>	<u>10,510,259</u>
Deferred inflows of resources - revenues for future periods	276,000	225,600	-	-	276,000	225,600
Pension	179,591	87,741	130,048	60,973	309,639	148,714
Total deferred inflows of resources	<u>455,591</u>	<u>313,341</u>	<u>130,048</u>	<u>60,973</u>	<u>585,639</u>	<u>374,314</u>
Net investment in capital assets	4,438,790	4,656,926	12,515,176	11,971,175	16,953,966	16,628,101
Restricted	-	-	500,000	500,000	500,000	500,000
Unrestricted	1,806,065	1,118,092	2,031,271	1,771,732	3,837,336	2,889,824
Total net position	<u>\$ 6,244,855</u>	<u>5,775,018</u>	<u>15,046,447</u>	<u>14,242,907</u>	<u>21,291,302</u>	<u>20,017,925</u>

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

The following table provides a summary of the Town's operations for the years ended June 30, 2022 and 2021.

	<u>CHANGES IN NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues						
Charges for services	\$ 87,683	66,710	1,539,411	1,334,579	1,627,094	1,401,289
Operating grants and contributions	22,321	61,930	-	-	22,321	61,930
Capital grants and contributions	-	-	762,101	1,294,951	762,101	1,294,951
General revenues						
Sales, use, and other taxes	1,076,063	967,063	-	-	1,076,063	967,063
Property taxes	349,600	302,711	-	-	349,600	302,711
Other taxes	109,116	89,465	-	-	109,116	89,465
Interest	2,933	3,179	11,332	14,604	14,265	17,783
Mineral royalties	296,465	261,806	-	-	296,465	261,806
Gain on disposal of assets	21,343	25,000	7,625	-	28,968	25,000
Miscellaneous	24,029	6,136	95,150	69,103	119,179	75,239
Total revenues	<u>1,989,553</u>	<u>1,784,000</u>	<u>2,415,619</u>	<u>2,713,237</u>	<u>4,405,172</u>	<u>4,497,237</u>
Expenses						
General government	451,670	290,626	-	-	451,670	290,626
Public safety	227,712	210,084	-	-	227,712	210,084
Public works	781,800	772,428	-	-	781,800	772,428
Community development	58,534	54,012	-	-	58,534	54,012
Water	-	-	1,612,079	1,313,138	1,612,079	1,313,138
Total expenses	<u>1,519,716</u>	<u>1,327,150</u>	<u>1,612,079</u>	<u>1,313,138</u>	<u>3,131,795</u>	<u>2,640,288</u>
Changes in net position before transfers	<u>469,837</u>	<u>456,850</u>	<u>803,540</u>	<u>1,400,099</u>	<u>1,273,377</u>	<u>1,856,949</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>469,837</u>	<u>456,850</u>	<u>803,540</u>	<u>1,400,099</u>	<u>1,273,377</u>	<u>1,856,949</u>
Net position - beginning	<u>5,775,018</u>	<u>5,318,168</u>	<u>14,242,907</u>	<u>12,842,808</u>	<u>20,017,925</u>	<u>18,160,976</u>
Net position - ending	<u>\$ 6,244,855</u>	<u>5,775,018</u>	<u>15,046,447</u>	<u>14,242,907</u>	<u>21,291,302</u>	<u>20,017,925</u>

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Governmental Activities

Governmental activities net position increased by approximately \$470,000 for the current fiscal year. A key element of this increase is as follows:

- General government expenditures increased approximately \$193,000 when compared to the prior year. These increased expenditures primarily relate to more road rehabilitation projects undertaken during the current year. The increase in expenditures is offset by an increase in tax revenues of approximately \$156,000. Other governmental departments experienced modest increases in expenditures. Additionally, the town increased right of use assets by approximately \$310,000 associated with the implementation of Governmental Accounting Standards Board Statement No. 87.

Business-Type Activities

Business-type activities net position increased by approximately \$804,000. Key elements of the increase in business-type activities net position are as follows:

- Charges for services provided revenue of approximately \$1,539,000, which resulted in an increase of approximately \$205,000 when compared to the prior year. Water rates will continue to increase so this figure will continue to grow over the next budget years. These increases will be necessary to cover the cost of construction and updating the water system.
- The Town received capital grants of approximately \$762,000 from the State of Wyoming, which resulted in a decrease of approximately \$533,000 when compared to the prior year. These grants were used to fund various water system improvements and construction projects.
- During fiscal year 2021 the Town applied for and was approved for additional funding in the form of grants and loans from the State of Wyoming of approximately \$2,191,000 to complete the fourth phase of the water system project. Said funding consists of approximately \$723,000 in grants and approximately \$1,468,000 in loan proceeds. As of June 30, 2022, grant revenues of approximately \$535,000 and loan proceeds of approximately \$499,000 had been received for the fourth phase of the water system project. The remaining funds to complete the fourth phase of the water system improvement project are expected to be received no later than fiscal year 2023.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds

The focus of the Town's sole governmental fund (the General Fund) is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. As of June 30, 2022, the Town's General Fund reported fund equity of approximately \$2,173,000. The General Fund is the chief operating fund of the Town. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a separate matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represented 77% of total general fund revenues. The largest element of taxes is sales and use taxes, as it has been for the last several years. Sales and use tax represent 70% of total tax revenues and 54% of total general fund revenues. Sales and use tax revenues increased from approximately \$967,000 in fiscal year 2021 to approximately \$1,076,000 in fiscal year 2022; an increase of approximately \$109,000 or 11%. Property tax revenues increased from approximately \$303,000 in fiscal year 2021 to approximately \$350,000 in fiscal year 2022; an increase of approximately \$47,000 or 15%.

Excluding capital outlay, General Fund collective departmental expenditures increased by approximately \$193,000; due mainly to an increase in road upgrades, construction and maintenance costs.

Proprietary funds

The Town maintains enterprise funds to account for the business-type activities of the Town. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide more detail.

The Water Fund incurred an operating income of approximately \$314,000 in fiscal year 2022 as compared to an operating income of approximately \$217,000 in fiscal year 2021; the increase is due to a increase in water fund charges for service of approximately \$205,000, which was partly offset by an increase of operating expenditures of approximately \$133,000. Water usage rates will continue to be increased annually by the Town in an effort to maintain Water Fund operations and make debt payments.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, it is not uncommon to make adjustments to the original budget. There are often matters that are unknown during the initial budget approval process which occur during the course of the year, which require action on the part of the Town. These unknowns may be factors outside the control of the Town administration.

The budget is constantly under review by the Town Clerk, Mayor, and Town Council. There were minor adjustments from the original budget to the final budget. Other items of note when expenditures are compared to the budget are as follows:

- No funds overspent on their budgets.

CAPITAL ASSETS

Capital assets - The investment in capital assets for governmental and business-type activities as of June 30, 2022, amounts to approximately \$26,526,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, right of use assets, infrastructure (streets, sidewalks, bridges, etc.), and machinery and equipment.

The net increase in the Town's governmental fixed assets for fiscal year 2022 was approximately \$28,000 and depreciation expense was approximately \$328,000. The increase in governmental fixed assets was mainly attributed to fixed asset additions of approximately \$310,000, associated with the implementation of Governmental Accounting Standards Board Statement No. 87.

The net increase in the Town's proprietary fixed assets for fiscal year 2022 was approximately \$964,000 and depreciation expense was approximately \$555,000. The main increase in the Town's proprietary fixed assets was due to the additions from the Water Supply 2019 (completed during fiscal year 2022) and 2021 Projects.

Additional information on the Town's capital assets can be found in the footnotes to these financial statements.

DEBT ADMINISTRATION

Long-term liabilities - As of June 30, 2022, the Town had total long-term debt and other long-term liabilities outstanding of approximately \$9,715,000. These long-term liabilities relate primarily to the loans received to make water system improvements and the Town's proportionate share of the net pension liability as required by Governmental Accounting Standards Board Statement No. 68.

Additional information on the outstanding debt and pension obligations of the Town can be found in the footnotes of these financial statements.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town expects modest increases in property and sales and use tax revenues and collections due to improving economic conditions. Accordingly, the fiscal 2023 budget remains relatively consistent in comparison to the fiscal year ended June 30, 2022.

The Town also plans to begin/continue the following projects in the upcoming fiscal year:

- Replace the undersized (PVC) plastic water lines throughout the Town and complete the placement of fire hydrants in the Town. The fourth phase of this project will continue and is expected to be completed in 2023.
- The Town has continued developing different trails that begin in the Town boundaries and then venture out into US Forest Service property.

WATER UTILITY SUSTAINABILITY

The Town continues to receive funding from the State of Wyoming in the form of loans and grants for the improvements and upgrades to the Town's water system. The Town's management continues to prudently evaluate and steadily adjust the water utility rates in effect so as to meet current operating costs in addition to current and future debt service payments. Adjustments to the water utility rates have been accomplished annually through the Town Council's commitment to support the use of a revenue/expense modeling tool. As of June 30, 2022, the Water Fund has approximately \$2,638,000 in cash and cash equivalents and restricted cash and cash equivalents which is equivalent to approximately four years of future debt service payments.

TOWN OF STAR VALLEY RANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mayor Kathleen Buyers, Town of Star Valley Ranch, 171 Vista Drive #7007, Star Valley Ranch, Wyoming 83127-5158 (kbuyers@starvalleyranchwy.org).

BASIC FINANCIAL STATEMENTS

TOWN OF STAR VALLEY RANCH
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Pooled cash and cash equivalents	\$ 2,380,823	2,137,673	4,518,496
Restricted cash and cash equivalents	-	500,000	500,000
Due from other governments	504,267	6,249	510,516
Receivables	-	271,965	271,965
Inventories	50,884	53,098	103,982
Prepaid expenses	15,151	-	15,151
Nondepreciable capital assets	1,724,060	1,013,936	2,737,996
Depreciable capital assets	5,190,661	24,712,193	29,902,854
Accumulated depreciation	(1,656,460)	(4,458,025)	(6,114,485)
Total assets	<u>8,209,386</u>	<u>24,237,089</u>	<u>32,446,475</u>
Deferred outflows of resources:			
Pension	<u>78,747</u>	<u>57,024</u>	<u>135,771</u>
Liabilities:			
Accounts payable and accrued expenses	214,480	171,488	385,968
Unearned revenue	288,088	-	288,088
Long-term liabilities:			
Due within one year	176,353	449,213	625,566
Due in more than one year	660,241	8,316,951	8,977,192
Net pension liability	<u>248,525</u>	<u>179,966</u>	<u>428,491</u>
Total liabilities	<u>1,587,687</u>	<u>9,117,618</u>	<u>10,705,305</u>
Deferred inflows of resources:			
Property taxes	276,000	-	276,000
Pension	<u>179,591</u>	<u>130,048</u>	<u>309,639</u>
Total deferred inflows of resources	<u>455,591</u>	<u>130,048</u>	<u>585,639</u>
Net position:			
Net investment in capital assets	4,438,790	12,515,176	16,953,966
Restricted	-	500,000	500,000
Unrestricted	<u>1,806,065</u>	<u>2,031,271</u>	<u>3,837,336</u>
Total net position	<u>\$ 6,244,855</u>	<u>15,046,447</u>	<u>21,291,302</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Activities							
Primary government:							
Governmental:							
General government	\$ 451,670	87,683	22,321	-	(341,666)	-	(341,666)
Public safety	227,712	-	-	-	(227,712)	-	(227,712)
Public works	781,800	-	-	-	(781,800)	-	(781,800)
Community development	58,534	-	-	-	(58,534)	-	(58,534)
Total governmental activities	1,519,716	87,683	22,321	-	(1,409,712)	-	(1,409,712)
Business-type activities:							
Water	1,612,079	1,539,411	-	762,101	-	689,433	689,433
Total business-type activities	1,612,079	1,539,411	-	762,101	-	689,433	689,433
Total primary government	\$ 3,131,795	1,627,094	22,321	762,101	(1,409,712)	689,433	(720,279)
General revenues:							
Taxes:							
					\$ 1,076,063	-	1,076,063
					349,600	-	349,600
					109,116	-	109,116
					1,534,779	-	1,534,779
					2,933	11,332	14,265
					296,465	-	296,465
					21,343	7,625	28,968
					24,029	95,150	119,179
					1,879,549	114,107	1,993,656
					469,837	803,540	1,273,377
					5,775,018	14,242,907	20,017,925
					\$ 6,244,855	15,046,447	21,291,302

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2022

	General	Total Governmental Funds
Assets:		
Pooled cash and cash equivalents	\$ 2,380,823	2,380,823
Due from other governments	504,267	504,267
Inventories	50,884	50,884
Prepaid expenses	15,151	15,151
	2,951,125	2,951,125
Total assets		
Liabilities:		
Accounts payable and accrued expenses	214,480	214,480
Unearned revenue	288,088	288,088
	502,568	502,568
Total liabilities		
Deferred inflows of resources:		
Unavailable revenue - property taxes	276,000	276,000
	276,000	276,000
Fund balances:		
Nonspendable	66,035	66,035
Committed	1,464,362	1,464,362
Assigned	71,042	71,042
Unassigned	571,118	571,118
	2,172,557	2,172,557
Total fund balances		
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,951,125	2,951,125

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2022

Total fund balances for governmental funds \$ 2,172,557

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred outflows of resources related to pensions are not financial resources and, therefore, are not reported in the funds. 78,747

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,667,827	
Machinery and equipment		992,874	
Infrastructure		1,301,894	
Buildings and improvements		2,585,993	
Right of use assets		309,900	
Construction in progress		56,233	
Accumulated depreciation		<u>(1,656,460)</u>	
			5,258,261

Long-term liabilities, including debt and related accrued interest, compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	\$	(544,217)	
Lease liabilities		(275,254)	
Compensated absences		(17,123)	
Net pension liability		<u>(248,525)</u>	
			(1,085,119)

Deferred inflows of resources related to pensions are not due and payable in the current period and, therefore, are not reported in the funds. (179,591)

Net position of governmental activities \$ 6,244,855

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ 1,534,779	1,534,779
Licenses and permits	69,880	69,880
Intergovernmental	296,465	296,465
Miscellaneous	67,086	67,086
	<u>1,968,210</u>	<u>1,968,210</u>
Total revenues		
Expenditures:		
General government	274,696	274,696
Public safety	227,712	227,712
Public works	1,042,958	1,042,958
Community development	58,534	58,534
	<u>1,603,900</u>	<u>1,603,900</u>
Total expenditures		
Excess of revenues over expenditures	<u>364,310</u>	<u>364,310</u>
Other financing sources (uses):		
Proceeds from sale of assets	34,136	34,136
Lease financing	309,900	309,900
Debt principal payments	(63,806)	(63,806)
	<u>280,230</u>	<u>280,230</u>
Total other financing sources		
Net change in fund balance	644,540	644,540
Fund balance - beginning	<u>1,528,017</u>	<u>1,528,017</u>
Fund balance - ending	<u>\$ 2,172,557</u>	<u>2,172,557</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balance - total governmental funds \$ 644,540

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 these assets are allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 59,010	
Right of use assets	309,900	
Depreciation expense	<u>(328,160)</u>	40,750

Certain capital assets were disposed during the course of the year. The amount of net book value of the assets at the time of disposal is recorded in the Statement of Activities as a reduction of net position.

Net book value of disposed assets	\$ <u>(12,793)</u>	(12,793)
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The net effect of transactions involving net pension liability, deferred outflows of resources related to pensions, and pension expense is to increase net position. 43,677

Governmental funds do not report expenditures related to compensated absences. However, the Statement of Activities reports this activity as an expense. (244)

Lease financing provides current financial resources to governmental funds but results in an increase in long-term liabilities in the Statement of Net Position. Payments of principal on lease liabilities is an expenditure in governmental funds, but reduces liabilities in the Statement of Net Position. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. This amount is the net effect of these differences in the treatment of leases and related items. (275,254)

The issuance of long-term debt (e.g. notes payable) provides current financial resources to governmental funds but results in an increase in long-term liabilities in the Statement of Net Position. Repayment of principal on long-term debt is an expenditure in governmental funds, but reduces liabilities in the Statement of Net Position. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. This amount is the net effect of these differences in the treatment of long-term debt and related items. 29,161

Change in net position of governmental activities \$ 469,837

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2022

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
Assets:		
Current assets:		
Pooled cash and cash equivalents	\$ 2,137,673	2,137,673
Restricted cash and cash equivalents	500,000	500,000
Due from other governments	6,249	6,249
Receivables	271,965	271,965
Inventories	53,098	53,098
Total current assets	<u>2,968,985</u>	<u>2,968,985</u>
Non-current assets:		
Land	15,000	15,000
Construction in progress	998,936	998,936
Buildings and improvements	1,522,176	1,522,176
Lines and improvements	22,606,729	22,606,729
Machinery and equipment	583,288	583,288
Accumulated depreciation	<u>(4,458,025)</u>	<u>(4,458,025)</u>
Total non-current assets	<u>21,268,104</u>	<u>21,268,104</u>
Total assets	<u>24,237,089</u>	<u>24,237,089</u>
Deferred outflows of resources:		
Pension	<u>57,024</u>	<u>57,024</u>
Total deferred outflows of resources	<u>57,024</u>	<u>57,024</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	171,488	171,488
Long-term liabilities, due within one year	<u>449,213</u>	<u>449,213</u>
Total current liabilities	620,701	620,701
Long-term liabilities, due in more than one year	8,316,951	8,316,951
Net pension liability	<u>179,966</u>	<u>179,966</u>
Total liabilities	<u>9,117,618</u>	<u>9,117,618</u>
Deferred inflows of resources:		
Pension	<u>130,048</u>	<u>130,048</u>
Total deferred inflows of resources	<u>130,048</u>	<u>130,048</u>
Net position:		
Net investment in capital assets	12,515,176	12,515,176
Restricted	500,000	500,000
Unrestricted	<u>2,031,271</u>	<u>2,031,271</u>
Total net position	<u>\$ 15,046,447</u>	<u>15,046,447</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2022

	<u>Water Fund</u>	<u>Total Proprietary Funds</u>
Operating revenues:		
Charges for services	\$ 1,539,411	1,539,411
Miscellaneous	95,150	95,150
Total operating revenues	<u>1,634,561</u>	<u>1,634,561</u>
Operating expenses:		
Salaries and benefits	370,043	370,043
Current expenses	395,595	395,595
Depreciation	554,564	554,564
Total operating expenses	<u>1,320,202</u>	<u>1,320,202</u>
Operating income	<u>314,359</u>	<u>314,359</u>
Non-operating income (expense):		
Grants	762,101	762,101
Interest income	11,332	11,332
Interest expense	(291,877)	(291,877)
Gain on disposal of assets	7,625	7,625
Total non-operating income	<u>489,181</u>	<u>489,181</u>
Change in net position	<u>803,540</u>	<u>803,540</u>
Net position - beginning	<u>14,242,907</u>	<u>14,242,907</u>
Net position - ending	<u>\$ 15,046,447</u>	<u>15,046,447</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2022

	<u>Water</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers and users	\$ 1,599,418	1,599,418
Payments to suppliers	(631,941)	(631,941)
Payments to employees	<u>(405,569)</u>	<u>(405,569)</u>
Net cash used in operating activities	<u>561,908</u>	<u>561,908</u>
<u>Cash flows from non-capital financing activities:</u>		
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>
<u>Cash flows from capital and related financing activities:</u>		
Proceeds from issuance of long-term debt	1,135,465	1,135,465
Proceeds from the sale of assets	7,625	7,625
Payments on long-term debt	(434,249)	(434,249)
Proceeds from capital grants	540,537	540,537
Interest and fiscal charges	(291,877)	(291,877)
Acquisition and construction of capital assets	<u>(1,518,257)</u>	<u>(1,518,257)</u>
Net cash provided by capital and related financing activities	<u>(560,756)</u>	<u>(560,756)</u>
<u>Cash flows from investing activities</u>		
Interest received	<u>11,332</u>	<u>11,332</u>
Net cash provided by investing activities	<u>11,332</u>	<u>11,332</u>
Net increase in cash and cash equivalents	12,484	12,484
Cash and cash equivalents - beginning	<u>2,625,189</u>	<u>2,625,189</u>
Cash and cash equivalents - ending (\$500,000 restricted)	<u>\$ 2,637,673</u>	<u>2,637,673</u>

(continued)

The accompanying notes are an integral part of these financial statements.

(continued)

TOWN OF STAR VALLEY RANCH
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2022

	<u>Water</u> <u>Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 314,359	314,359
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	554,564	554,564
Net change in pension expense	(20,144)	(20,144)
Accrued compensation expense	2,460	2,460
Net change in assets and liabilities:		
Increase in receivables	(35,143)	(35,143)
Decrease in inventories	(10,857)	(10,857)
Decrease in accounts payable	(225,489)	(225,489)
Decrease in accrued liabilities	(17,842)	(17,842)
Total adjustments	247,549	247,549
Net cash used in operating activities	\$ 561,908	561,908
Non-cash capital and related financing activities:		
Total acquisition and construction of capital assets		\$ (1,518,257)
Cash paid for acquisition and construction of capital assets		\$ (1,518,257)
Total loan and grant proceeds		\$ 1,616,042
Plus loan and grant proceeds with receivables in the prior year		66,209
Less loan and grant proceeds with receivables in the current year		(6,249)
Cash received from loan and grant proceeds		\$ 1,676,002

The accompanying notes are an integral part of these financial statements.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies

The Town of Star Valley Ranch, Wyoming (the “Town”), operates as an incorporated governmental entity within the State of Wyoming. The Town operates under the Council-Mayor form of government and provides the following services: public safety (police and fire), streets and public improvements, community development, and general administrative services. In addition, the Town owns and operates a water system.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies established in GAAP and used by the Town are discussed below.

Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The accounting policies of the Town conform to generally accepted accounting principles.

The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective government board.

Basic Financial Statements - Government-Wide Statements

The Town’s basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town’s public safety, public improvements, community development and general administrative services are classified as governmental activities. The Town’s water services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debts and obligations. The Town’s Net Position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements - Government-Wide Statements (continued)

Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general, public safety, water services, etc.). The functions are also supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and contributions, and capital grants and contributions.

Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property or sales taxes, certain intergovernmental revenues, interest income, etc.). The Town does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Statements

The Town's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major individual funds, as defined by GASB Statement No. 34, with each displayed as a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds in their respective fund financial statements.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Basic Financial Statements – Fund Statements (continued)

The following fund types are used by the Town:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income.

The following is a description of the governmental fund of the Town:

- The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the fund's net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The Town's major proprietary fund consists of the following:

- The Water Fund accounts for the water services provided to Town residents.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The following provides a summary of the basis of accounting used by the Town:

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when 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 Town considers revenues to be available if they are collected within 60 days (the availability period) of the end of the current fiscal period. An exception to this policy is expenditure-driven grant revenues, which generally are considered to be available if the eligible expenditures have been made. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due.

Financial Statement Amounts

Pooled Cash and Cash Equivalents

Wherever possible, the Town's cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund's equity in the pooled cash accounts is available on demand and is considered to be cash equivalents for purposes of these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in other funds with positive balances. Investments of the pool are reported at fair value.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Pooled Cash and Cash Equivalents (continued)

For the purpose of the Statement of Net Position, the term “pooled cash and cash equivalents” includes all demand deposit accounts, savings accounts, or other short-term, highly liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Interfund Balances and Transactions

During the course of operations, transactions sometimes occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities or between funds within business-type activities are eliminated in the Statement of Net Position.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. In the government-wide Statement of Activities, transfers between governmental funds have been eliminated. In the fund financial statements, transfers are reported as other financing sources or uses.

Receivables and Due from Other Governments

Receivables consist of all revenues earned at year-end but received after year-end. All receivable balances are reported net of any allowance for uncollectible accounts. Allowances for uncollectible accounts are based upon historical trends and current data regarding the condition of specific debtors as of the date of issuance of the financial statements. Business-type activities report receivables for utility service fees and grants.

Due from other governments consists of amounts due to the Town at year-end but remitted after year-end. The balance consists primarily of sales tax, franchise taxes, property taxes, other taxes, and grants.

Inventories

Inventories held by the proprietary fund and the general fund are valued using the first-in, first-out method and expenditures are recorded as inventory is used (consumption method).

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Contributed assets are reported at fair market value as of the date received. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all depreciable assets has been provided over the estimated useful lives using the straight-line method. The ranges of estimated useful lives are as follows:

Water lines	50 years
Buildings, infrastructure, and improvements	30 years
Machinery and equipment	5 to 12 years
Right of use assets	2 to 6 years

In the governmental fund financial statements, the acquisition or construction of capital assets is accounted for as capital outlay expenditures.

Leased Assets

Included in capital assets are right of use assets (leased assets). The Town recognizes leased assets and lease liabilities for noncancellable leases with lease terms greater than 12 months.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgements related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town uses an incremental borrowing rate.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Leased Assets (continued)

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise, as applicable.

The Town monitors changes in circumstances that would recognize a remeasurement of its lease and will remeasure the lease asset and liability if changes occur that are expected to significantly affect the amount of the lease liability.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category; which is related to deferred pension expense and will be amortized to pension expense over the ensuing years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Two items are reported in the governmental fund balance sheet as deferred inflows of resources, one is due to property taxes being recognized as receivables prior to the period for which the taxes are levied and another represents the difference between expected and actual experience of the proportionate share of the net pension liability. These amounts are also reported as deferred inflows of resources on the government-wide statement of position.

Pension Related Assets, Liabilities and Deferred Outflows and Inflows of Resources

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The Town's policies regarding vacation time permit employees to accumulate unused vacation leave. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds do not report a long-term liability for compensated absences while proprietary funds report the entire liability. Compensated absences related to governmental activities are usually liquidated by the General Fund. In the government-wide financial statements, the liability for governmental activities compensated absences is included in current liabilities.

Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, long-term liabilities and obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and similar items, when material, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are recorded as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

In the fund financial statements, governmental funds 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 and payments of principal and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. The accounting for proprietary fund long-term liabilities is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Equity in the government-wide financial statements and proprietary fund financial statements is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications (continued)

- Restricted - Consists of net position with constraints placed on their use whether by: 1) external groups such as creditors, grantors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balance Classifications

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town has classified inventory and prepaid expenses as nonspendable.

Restricted - This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Classifications (continued)

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

Revenues

Program revenues - Program revenues include charges to customers, grants and contributions for operational or capital requirements. Grants are usually reimbursable grants and are thus recognized as revenue at the time the associated expenditures are made.

General revenues - Property taxes, franchise taxes, motor vehicle taxes, other taxes, and interest income associated with the current fiscal period that are susceptible to accrual, and received in the availability period, are recognized as revenues of the fiscal period they are intended to finance. All taxes and internally dedicated resources are reported as general revenues.

Proprietary funds - Proprietary funds distinguish between operating revenues and non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Subsidies and grants to proprietary funds, which finance either capital projects or current operations, are reported as non-operating revenue or capital contributions. Other revenues that do not result from providing services are reported as non-operating revenues.

Expenses/Expenditures

Flow assumptions - When an expense/expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the Town's general policy to use restricted resources first. When an expense/expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary funds - For proprietary fund financial statements, operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Property Tax Calendar

Lincoln County assesses all taxable property other than centrally assessed property, which is assessed by the State of Wyoming, by January 1 of each year. The Town must adopt a final tax rate prior to the third Monday of July. Property taxes are levied by Lincoln County on or about August 1 and are payable in two installments in November and May. Lincoln County collects all property tax payments and remits the collections to the Town monthly. State law allows anyone to pay the delinquent taxes on a property and obtain an enforceable lien on that property. Therefore, the Town’s delinquent property taxes are insignificant.

Note 2 – Change in Accounting Principle

On July 1, 2021, the Town implemented GASB Statement No. 87, Leases, which establishes a single model for lease accounting and requires recognition of certain lease assets and liabilities. The adoption of this standard resulted in no change to beginning net position or fund balance.

Note 3 – Deposits and Investments

The State of Wyoming has established laws regarding the investment of public funds (Wyoming Statutes, 9-4). The Town’s adopted investment policy refers to State laws and indicates the Town will comply with State laws.

The Town’s deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and cash equivalents:				
Demand deposits	\$ 1,029,088	-	100	1,029,188
Certificates of deposit	3,489,308	-	-	3,489,308
	<u>4,518,396</u>	<u>-</u>	<u>100</u>	<u>4,518,496</u>
Restricted cash and cash equivalents:				
Certificates of deposit	500,000	-	-	500,000
Total deposits and investments	<u>\$ 5,018,396</u>	<u>-</u>	<u>100</u>	<u>5,018,496</u>

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3 – Deposits and Investments (continued)

Deposits

State law specifies the types of financial institutions in which the Town can deposit monies. State law also requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2022, \$1,178,603 of the Town's bank balances of \$5,261,947 was uninsured, but all of the Town's bank balances were collateralized by the pledging financial institutions.

Investments

Wyoming statutes (W.S. 9-4-831) specifically identify the types of investments that may be held by the Town and the conditions for making investment transactions. Accordingly, the Town may invest in the following investments:

- United States treasury bills, notes, or bonds or any other obligation issued by the United States treasury or guaranteed by the United States;
- bonds, notes, debentures or any other obligation or securities issued by or guaranteed by any federal government agency or instrumentality;
- repurchase agreements involving securities which are authorized investments that have been previously mentioned and subject to certain limitations, mortgage-backed securities that are obligations of or guaranteed or insured issuances of the United States, its agencies, instrumentalities or organizations created by an act of Congress excluding those defined as high risk;
- bankers acceptances eligible for purchase by the federal reserve system;
- guaranteed investment contracts if issued by a United States commercial bank or insurance company whose credit rating is of the highest category;
- a commingled fund of eligible securities if the securities are held through a trust department of a bank authorized to do business in the State of Wyoming or through a trust company authorized to do business in the State of Wyoming with total capital of at least \$10,000,000; bonds of the Wyoming Natural Gas Pipeline Authority and the Wyoming Infrastructure Authority;
- commercial paper of corporations organized and existing under the laws of any state of the United States with a maturity of not more than 270 days and rated by Moody's as P-1 or by Standard and Poor's as A-1 or equivalent ratings indicating that the commercial paper issued by a corporation is of the highest quality rating;
- diversified money market funds in which the Town does not own more than 10% of the Net Position of the funds and subject to several other limits.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3 – Deposits and Investments (continued)

The Town may also enter into contracts which are determined to be necessary or appropriate to hedge risk or to place the obligation of the bonds, in whole or in part, on the interest rate, cash flow, or other basis; but these contracts may not be used for investment.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy regarding custodial credit risk other than State laws.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with State laws.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing exposure to credit risk is to comply with State laws. At June 30, 2022, the Town did not hold any investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing exposure to credit risk is to comply with State laws.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4 – Receivables and Payables

The Town's receivables consist of the following:

Governmental activities:

Due from other governments:

Property tax	\$ 281,108
Sales tax	<u>223,159</u>

Total governmental activities	\$ <u><u>504,267</u></u>
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Business-type activities:

Due from other governments:

Capital grants	\$ <u>6,249</u>
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Receivables:

Water services and fees	271,766
Interest	<u>199</u>

Total receivables	<u>271,965</u>
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Total business-type activities	\$ <u><u>278,214</u></u>
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TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4 – Receivables and Payables (continued)

The Town’s payables consist of the following:

Governmental activities:

Accounts payable and accrued expenses:	
Refundable building permits	\$ 152,460
Payables to vendors	39,960
Payroll and benefits	<u>22,060</u>
 Total governmental activities	 \$ <u><u>214,480</u></u>

Business-type activities:

Accounts payable and accrued expenses:	
Interest	\$ 94,005
Customer deposits	54,056
Payroll and benefits	12,327
Payables to vendors	<u>11,100</u>
 Total business-type activities	 \$ <u><u>171,488</u></u>

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5 – Capital Assets

Capital assets activity is as follows:

	July 1, 2021	Additions	Deletions	Transfers	June 30, 2022
<u>Governmental activities</u>					
Capital assets not being depreciated:					
Land and improvements	\$ 1,667,827	-	-	-	1,667,827
Construction in progress	56,233	-	-	-	56,233
Total capital assets not being depreciated	1,724,060	-	-	-	1,724,060
Capital assets being depreciated:					
Machinery and equipment	1,012,118	59,010	(78,254)	-	992,874
Infrastructure	1,301,894	-	-	-	1,301,894
Buildings	2,585,993	-	-	-	2,585,993
Right of use assets	-	309,900	-	-	309,900
Total capital assets being depreciated	4,900,005	368,910	(78,254)	-	5,190,661
Accumulated depreciation for:					
Machinery and equipment	(547,140)	(97,663)	65,461	-	(579,342)
Infrastructure	(456,345)	(42,383)	-	-	(498,728)
Buildings	(390,276)	(75,241)	-	-	(465,517)
Right of use assets	-	(112,873)	-	-	(112,873)
Total accumulated depreciation	(1,393,761)	(328,160)	65,461	-	(1,656,460)
Total governmental activities capital assets, net	\$ 5,230,304	40,750	(12,793)	-	5,258,261

At the beginning of fiscal year 2022, GASB Statement No. 87, *Leases*, was implemented by the Town resulting in an increase of right of use assets and lease liabilities of \$309,900. The effect of the adoption of GASB statement No. 87 was immaterial and, as a result, no adjustment was made to beginning net position as of July 1, 2021. The Town has four leases in effect during fiscal year 2022 as it relates to equipment.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5 – Capital Assets (continued)

Depreciation expense is charged to functions of the Town as follows:

Streets and public improvements	\$ 107,752
General government	<u>220,408</u>
 Total depreciation expense	 \$ <u><u>328,160</u></u>

Business-type capital assets activity is as follows:

	<u>July 1,</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30,</u> <u>2022</u>
<u>Business-type activities</u>					
Capital assets not being depreciated:					
Land	\$ 15,000	-	-	-	15,000
Construction in progress	<u>152,054</u>	<u>846,882</u>	<u>-</u>	<u>-</u>	<u>998,936</u>
 Total capital assets not being depreciated	 <u>167,054</u>	 <u>846,882</u>	 <u>-</u>	 <u>-</u>	 <u>1,013,936</u>
 Capital assets being depreciated:					
Machinery and equipment	588,919	3,087	(8,719)	-	583,287
Water improvements	21,968,442	638,288	-	-	22,606,730
Buildings	<u>1,492,176</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>1,522,176</u>
 Total capital assets being depreciated	 <u>24,049,537</u>	 <u>671,375</u>	 <u>(8,719)</u>	 <u>-</u>	 <u>24,712,193</u>
 Accumulated depreciation for:					
Machinery and equipment	(339,580)	(66,143)	8,719	-	(397,004)
Water improvements	(3,188,797)	(449,840)	-	-	(3,638,637)
Buildings	<u>(383,803)</u>	<u>(38,581)</u>	<u>-</u>	<u>-</u>	<u>(422,384)</u>
 Total accumulated depreciation	 <u>(3,912,180)</u>	 <u>(554,564)</u>	 <u>8,719</u>	 <u>-</u>	 <u>(4,458,025)</u>
 Total capital assets being depreciated, net	 <u>20,137,357</u>	 <u>116,811</u>	 <u>-</u>	 <u>-</u>	 <u>20,254,168</u>
 Total business-type activities capital assets, net	 <u>\$ 20,304,411</u>	 <u>963,693</u>	 <u>-</u>	 <u>-</u>	 <u>21,268,104</u>

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6 – Interfund Balances and Transfers

During the year, the Town did not make any interfund transfers.

Note 7 – Commitments

As of June 30, 2022, the Town has entered into construction contracts related to water supply improvement projects of approximately \$1,656,000.

Note 8 – Long-Term Liabilities

Long-term liability activity is as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct borrowings	\$ 540,927	-	(18,699)	522,228	19,461
Direct borrowings - lease	32,451	-	(10,462)	21,989	10,925
Lease liabilities	-	309,900	(34,646)	275,254	128,844
Compensated absences	16,879	244	-	17,123	17,123
 Total governmental long-term liabilities	 \$ 590,257	 310,144	 (63,807)	 836,594	 176,353
 <u>Business-type activities:</u>					
Direct borrowings	\$ 8,333,235	853,941	(434,249)	8,752,927	435,977
Compensated absences	10,777	2,460	-	13,237	13,236
 Total business-type long-term liabilities	 \$ 8,344,012	 856,401	 (434,249)	 8,766,164	 449,213

At the beginning of fiscal year 2022, the Town implemented GASB Statement No. 87, *Leases* (see Note 2). The Town has four leases in effect during fiscal year 2022 for certain equipment which expire between 2023 and 2027, with monthly payments of \$233 and annual payments ranging between \$10,000 and \$109,000. The incremental borrowing rates are between 0.1% and 4.1%, with lease interest of approximately \$3,000 paid in fiscal year 2022.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Long-Term Liabilities (continued)

Future lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 128,844	7,313	136,157
2024	23,625	2,534	26,159
2033-2037	-	-	-
2038-2042	-	-	-
2043-2047	-	-	-
Totals	<u>\$ 275,254</u>	<u>15,215</u>	<u>290,469</u>

Governmental Activities

Direct borrowings related to governmental activities is comprised of the following:

\$550,000 loan from Ridge Creek Investment Company, for the Town Hall building. Due in monthly installments of \$3,333, interest at 4%, matures January 2041. Secured by the Town Hall building. \$ 522,228

\$44,000 financing agreement, payable to Caterpillar Financial Services Corporation, due in annual installments of \$11,654, beginning in July 2020, including interest of 3.35%, maturing July 2023. Secured by equipment. In an event of default, provisions include, but are not limited to, the following remedies: remove the equipment at the Town's expense and require immediate payment of all amounts due, plus interest and any applicable taxes. 21,989

\$ 544,217

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Long-Term Liabilities (continued)

The requirements to service all direct borrowings and direct borrowing - lease are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 30,386	21,265	51,651
2024	31,318	20,106	51,424
2025	21,079	18,917	39,996
2026	21,938	18,058	39,996
2027	22,832	17,164	39,996
2028-2032	128,893	58,968	187,861
2033-2037	157,378	48,763	206,141
2038-2041	130,393	15,512	145,905
Totals	\$ <u>544,217</u>	<u>218,753</u>	<u>762,970</u>

The Town's direct borrowings from Ridge Creek Investment Company (RCIC) includes certain default provisions. In the event of default by the Town, RCIC, by written notice to the Town, may accelerate the remaining unpaid principal and then declare the principal of and accrued interest on the note to be immediately due and payable. Upon such declaration the principal and interest shall be due and payable within thirty (30) days after receipt by the Town of such notice.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Long-Term Liabilities (continued)

Business-Type Activities

Direct borrowings related to the Water Fund is comprised of the following:

\$3,044,779 loan from the Wyoming State Loan and Investments Board, initial draw during June 2019 for the Water Supply Project - 2019. Due in annual installments of \$195,314, interest at 2.5%, matures April 2038.	\$ 2,911,055
\$1,645,885 loan from the Wyoming Water Development Commission, initial draw July 8, 2009 for the water supply development project. Due in annual installments of \$95,228, interest at 4%, matures June 2043.	1,376,145
\$1,425,750 loan from the Wyoming State Loan and Investments Board, initial draw during July 2017 for the Water Supply Project - 2017. Due in annual installments of \$75,080, interest at 2.5%, matures June 2039.	1,312,019
\$1,463,328 loan from the Wyoming State Loan and Investments Board, initial draw July 28, 2015 for the Water Supply Project - 2015. Due in annual installments of \$93,868, interest at 2.5%, matures August 2036.	1,158,581
\$1,358,943 loan from the Wyoming State Loan and Investments Board, initial draw June 30, 2012 for the steel pipe replacement phase II project. Due in annual installments of \$67,947, non-interest bearing, matures Oct 2032.	747,419
\$641,554 loan from the Wyoming State Loan and Investments Board, initial draw July 6, 2009 for the water meters installation project. Due in annual installments of \$32,078, non-interest bearing, matures August 2030.	288,699

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Long-Term Liabilities (continued)

Business-Type Activities

\$363,792 loan from the Wyoming State Loan and Investments Board, initial draw June 24, 2014 for the steel pipe replacement phase III project. Due in annual installments of \$18,190, non-interest bearing, matures September 2034. 236,468

\$438,474 loan from the Wyoming State Loan and Investments Board, initial draw June 17, 2010 for the steel pipe replacement project. Due in annual installments of \$28,127, interest at 2.5%, matures December 2030. 223,413

As of June 30, 2022, the Town borrowed \$499,128 from the Wyoming State Loan and Investments Board, for the Water Supply Project - 2021, interest at 2.5%. The terms of the loan require payments to commence a year subsequent to construction completion, unpaid principal is expected to be no more than \$1,468,208 due in annual installments of approximately \$94,181, matures April 2042. 499,128

\$ 8,752,927

The Town has pledged all Water Fund revenues to secure the direct borrowings listed above. As of June 30, 2022, the future principal and interest payments on these direct borrowings totaled approximately \$11,054,000. Principal and interest on these direct borrowings due within one year is approximately \$643,000 or 39% of water operating revenues. The Town's direct borrowings from the Wyoming State Loan and Investments Board have the following provisions. In an event of default, provisions include, but are not limited to the following remedies: the timing of the repayment of outstanding amounts become immediately due and the Wyoming State Loan and Investments Board may proceed against the revenues assigned and pledged by the Town pursuant to the loan assignment and pledge of revenues as provided by law.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Long-Term Liabilities (continued)

The requirements to service all business-type activities long-term debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 435,977	207,651	643,628
2024	444,524	199,104	643,628
2025	453,308	190,319	643,627
2026	462,337	181,290	643,627
2027	471,618	172,009	643,627
2028-2032	2,445,441	711,514	3,156,955
2033-2037	2,155,444	448,233	2,603,677
2038-2042	1,620,278	178,270	1,798,548
2043-2047	<u>264,000</u>	<u>13,098</u>	<u>277,098</u>
Totals	<u>\$ 8,752,927</u>	<u>2,301,488</u>	<u>11,054,415</u>

Business-Type Activities

In addition, the direct borrowing from the Wyoming Water Development Commission for the water supply project required that the Town make annual deposits of \$50,000 into a sinking fund until a reserve balance of \$500,000 had been reached. The sinking fund must be maintained through the life of the direct borrowing and the reserve balance of \$500,000 is reported as restricted cash and cash equivalents in the Water Fund.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9 – Net Position and Fund Equities

Restricted net position represents moneys required to be maintained to satisfy third party agreements or legal requirements. Nonspendable, restricted, committed, and assigned fund balance represent moneys required to be maintained to satisfy third party agreements, legal requirements, enabling legislation, or the assignment of the Town’s appointed designee. Restricted net position, nonspendable, and committed fund balance are as follows:

Business-Type Activities:

Restricted for water supply project reserves	\$ <u>500,000</u>
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General Fund:

Nonspendable:

Prepaid expenses	\$ 15,151
Inventories	<u>50,884</u>

Total nonspendable	\$ <u>66,035</u>
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Assigned:

Assigned for general use	\$ <u>71,042</u>
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Committed:

Road rehabilitation	\$ 1,236,280
Capital equipment	27,946
Public works building	<u>200,136</u>

Total committed	\$ <u>1,464,362</u>
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TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10 – Retirement Plans

Defined Benefit Plan

The Town participates in the Wyoming Retirement System (the "System"), a statewide cost sharing multiple-employer public employee retirement system. The System is established and governed by the respective sections of Wyoming state statute. The statute provides for the administration of the System under the direction of the Wyoming State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. Reports can be obtained on the Wyoming Retirement System website (retirement.state.wy.us/).

Substantially all Town full-time employees are eligible to participate in the Public Employees Pension Plan (PEPP) offered by the System.

Public Employees Pension Plan

PEPP is a cost-sharing multiple-employer defined benefit, contributory retirement plan covering all full-time employees of the Town.

PEPP statutorily required 18.62% of the participant's salary to be contributed to PEPP, consisting of 9.25% of the participant's salary as employee contributions and 9.37% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan.

- Tier 1, PEPP allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.
- Tier 2, PEPP allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10 – Retirement Plans (continued)

Public Employees Pension Plan (continued)

PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost-of-living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in PEPP and be eligible for retirement benefits at age 60 (Tier 1 employees) and 65 (Tier 2 employees).

Contributions to PEPP for the year ended June 30, 2022 were \$116,331.

Wyoming Deferred Compensation Plan

The Wyoming Deferred Compensation Plan (WDCP) administered by the System is an IRS Section 457 Deferred Compensation Plan. WDCP is available as a supplemental plan to the defined benefit retirement plans. Contributions may be made into WDCP (subject to plan and Internal Revenue Code limitations) by employees and employer contributions may be made into WDCP at rates determined by the Town. Upon qualifying for distributions, benefits are paid out in lump sums, or as periodic benefit payments, at the option of the participant based on individual account balances and WDCP provisions. WDCP's account balances are fully vested to the participants at the time of deposit. Investments in WDCP are individually directed by WDCP participants among WRS approved investment options of varying degrees of risk and earnings potential. Participants may transfer their funds between these options daily. Investments of WDCP are valued daily. In addition to employee contributions, WDCP also accepts employer contributions on behalf of the employees, provided such contribution when added to the employees' deferred contribution does not exceed the maximum deferral permitted by the IRS.

During 2022, employees did not contribute to WDCP and the Town elected not to make contributions to WDCP on behalf of participating employees.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10 – Retirement Plans (continued)

Pension Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported an entity-wide net pension liability of \$428,491, of which \$248,525 is related to governmental activities and \$179,966 is related to the Town’s water enterprise fund. The Town’s entity-wide net pension liability is based on its proportionate share of the total pension liability. The Town’s proportionate share of the total pension liability is 0.028103%.

The net pension liability was measured at December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in calendar year 2021.

For the year ended June 30, 2022, the Town recognized entity-wide pension offset of \$15,357. At June 30, 2022, the Town reported entity-wide deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	285,492
Net difference between projected and actual earnings on pension plan investments	8,036	-
Change in proportionate share	39,018	24,147
Change in assumption	34,674	-
Contributions subsequent to the measurement date	54,043	-
	\$ 135,771	309,639

Deferred outflows of resources related to pensions resulting from Town contributions of \$54,043 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10 – Retirement Plans (continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources Related to Pensions
(continued)

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u> <u>June 30,</u>	<u>Deferred Outflows</u> <u>(Inflows) of</u> <u>Resources</u>
2023	\$ (35,504)
2024	(82,428)
2025	(61,554)
2026	<u>(48,425)</u>
	<u>\$ (227,911)</u>

Actuarial Assumptions

The total pension liability based on the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Projected salary increases, includes inflation	2.5% to 6.5%
Assumed inflation rate	2.25%
Investment Rate of Return	6.80%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 for males and females with no set back with a multiplier of 100%. Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 for males with no set back with a multiplier of 100% and for females with no set back with a multiplier of 88%.

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10 – Retirement Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability for all plans was 6.8%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Wyoming State Retirement Board’s funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members.

Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The assumed asset allocation of PEPP’s portfolio, the long-term expected rate of return for each asset class, and the expected rate of return is presented arithmetically and geometrically below over a 20-year time frame.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For each major asset class that is included in the pension plans target asset allocation as of January 1, 2021, these best estimates are summarized in the following table:

Category	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Real Return	Geometric Nominal Return
Tactical Cash	2.00%	-0.50%	1.70%	-0.50%	1.71%
Fixed Income	21.00%	1.63%	3.83%	1.32%	3.52%
Equity	48.50%	7.54%	9.74%	5.63%	7.83%
Marketable Alternatives	19.00%	4.63%	6.83%	3.74%	5.94%
Private Markets	9.50%	5.99%	8.19%	4.84%	7.04%
Total	100%	5.44%	7.64%	4.17%	6.37%

TOWN OF STAR VALLEY RANCH
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10 – Retirement Plans (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

For the PEPP, the following presents the proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	5.80%	6.80%	7.80%
Proportionate share of net pension liability	790,563	428,492	128,356

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System financial report.

Note 11 – Risk Management

The nature of the Town’s operations makes it susceptible to lawsuits, legal actions, and other judgements. The Town is also subject to the risk of casualty and theft losses with respect to capital assets. The Town mitigates risk of loss through the purchase of commercial liability and property insurance arranged through private insurance carriers and the Wyoming Local Government Liability Pool. There have been no claim settlements over the past three years that exceeded the Town’s insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF STAR VALLEY RANCH
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 1,141,340	1,141,340	1,534,779	393,439
Licenses and permits	53,900	53,900	69,880	15,980
Intergovernmental	824,777	691,937	296,465	(395,472)
Miscellaneous revenues	45,980	45,980	67,086	21,106
Total revenues	<u>2,065,997</u>	<u>1,933,157</u>	<u>1,968,210</u>	<u>35,053</u>
Expenditures:				
General government	535,930	438,250	274,696	163,554
Public safety	239,266	239,266	227,712	11,554
Public works	1,184,583	1,165,583	1,042,958	122,625
Community development	109,718	93,558	58,534	35,024
Total expenditures	<u>2,069,497</u>	<u>1,936,657</u>	<u>1,603,900</u>	<u>332,757</u>
Excess of revenues over expenditures	<u>(3,500)</u>	<u>(3,500)</u>	<u>364,310</u>	<u>367,810</u>
Other financing sources (uses):				
Proceeds from sale of assets	3,500	3,500	34,136	30,636
Lease financing	-	-	309,900	309,900
Debt principal payments	-	-	(63,806)	(63,806)
Total other financing sources (uses)	<u>3,500</u>	<u>3,500</u>	<u>280,230</u>	<u>276,730</u>
Net change to fund balance	<u>\$ -</u>	<u>-</u>	<u>644,540</u>	<u>644,540</u>
Fund balance - beginning			<u>1,528,017</u>	
Fund balance - ending			<u>\$ 2,172,557</u>	

TOWN OF STAR VALLEY RANCH
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<u>Public Employee Pension Plan</u>								
Proportion of the net pension liability	0.028103%	0.029393%	0.026593%	0.026146%	0.026684%	0.026469%	0.024811%	0.024423%
Proportionate share of the net pension liability	\$ 428,492	\$ 638,816	\$ 624,923	\$ 796,213	\$ 608,217	\$ 639,895	\$ 577,928	\$ 430,983
Covered employee payroll	\$ 511,454	\$ 523,333	\$ 462,248	\$ 455,289	\$ 474,007	\$ 471,923	\$ 443,502	\$ 407,927
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.78%	122.07%	135.19%	174.88%	128.31%	135.59%	130.31%	105.65%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%

TOWN OF STAR VALLEY RANCH
SCHEDULE OF CONTRIBUTIONS

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<u>Public Employee Pension Plan</u>								
Contractually required contribution	\$ 116,331	\$ 90,174	\$ 105,225	\$ 84,778	\$ 75,337	\$ 80,383	\$ 75,653	\$ 67,726
Contributions in relation to the contractually required contribution	<u>116,331</u>	<u>90,174</u>	<u>105,225</u>	<u>84,778</u>	<u>75,337</u>	<u>80,383</u>	<u>75,653</u>	<u>67,726</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 624,764	\$ 497,649	\$ 597,191	\$ 497,523	\$ 453,291	\$ 483,652	\$ 455,193	\$ 426,755
Contributions as a percentage of covered employee payroll	18.62%	18.12%	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%

TOWN OF STAR VALLEY RANCH
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Note 1 – Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a GAAP basis. Annual appropriated budgets are adopted for all governmental and business-type funds. All annual appropriations lapse at fiscal year end. Each fund adopts a “balanced budget” in accordance with State law. As allowed by State law, the Town Council may authorize increases to or uses of unreserved fund balances. In the budget presentations, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Note 2 – Budget Adoption and Monitoring and Compliance Related Matters

The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. In addition, appropriations cannot exceed budgeted revenues.

The proposed budget is presented to the Town Council for review. The Town Council holds public hearings and may add to, subtract from, or change appropriations. The Town must adopt the budget by the first Monday in July. State statute requires that Town officers shall not incur expenditures or encumbrances in excess of total appropriations for any fund in the budget as adopted or subsequently amended. Only the Town Council at a properly advertised public hearing can make increases in total fund appropriations. The final budget information presented is after all approved amendments. For the year ended June 30, 2022, the Town was compliant with all budgets, with no funds exceeding budget expenditures.

Note 3 – Schedules of the Proportionate Share of the Net Pension Liability and Contributions

Generally accepted accounting standards require the presentation of 10 years of the Town’s proportionate share of the net pension liability and the Town’s annual contributions. Transition provisions in the accounting standard indicate that information should be presented for as many years as are available. The Town determined that it is not practicable to provide information prior to December 31, 2014.

Note 4 – Changes in Actuarial Assumptions and Methods

The assumptions used in the actuarial valuation used to calculate the net pension liability reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return.

SUPPLEMENTARY INFORMATION

TOWN OF STAR VALLEY RANCH
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	2022			2021 Actual
	Final Budget	Actual	Variance	
Revenues:				
Taxes:				
Sales and use taxes	\$ 787,740	1,076,063	288,323	967,063
Property taxes	261,600	349,600	88,000	302,711
Gas taxes	27,000	33,266	6,266	24,474
Severance taxes	65,000	75,850	10,850	64,991
Total taxes	<u>1,141,340</u>	<u>1,534,779</u>	<u>393,439</u>	<u>1,359,239</u>
Licenses and permits:				
Building permits and sign licenses	28,500	43,884	15,384	40,968
Other licenses and permits	25,400	25,996	596	17,215
Total licenses and permits	<u>53,900</u>	<u>69,880</u>	<u>15,980</u>	<u>58,183</u>
Intergovernmental:				
Mineral royalties	60,000	141,451	81,451	123,109
Share the wealth grant	129,336	155,014	25,678	138,697
Other grants	502,601	-	(502,601)	41,533
Total intergovernmental	<u>691,937</u>	<u>296,465</u>	<u>(395,472)</u>	<u>303,339</u>
Miscellaneous revenues:				
Interest and investment earnings	12,000	2,933	(9,067)	3,179
Other	33,980	64,153	30,173	35,060
Total miscellaneous revenues	<u>45,980</u>	<u>67,086</u>	<u>21,106</u>	<u>38,239</u>
Total revenues	<u>1,933,157</u>	<u>1,968,210</u>	<u>35,053</u>	<u>1,759,000</u>
Expenditures:				
General government:				
Salaries and benefits	97,183	106,093	(8,910)	84,102
Capital outlay - general government	-	-	-	188,238
Municipal court	1,907	1,635	272	1,489
Administrative	79,323	74,927	4,396	51,828
Consulting	42,700	48,088	(5,388)	29,999
Legal	12,000	8,941	3,059	7,095
Town hall	205,137	35,012	170,125	36,691
Total general government	<u>438,250</u>	<u>274,696</u>	<u>163,554</u>	<u>399,442</u>

(continued)

(continued)

TOWN OF STAR VALLEY RANCH
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>			<u>2021</u> <u>Actual</u>
	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
Public safety:				
Salaries and benefits	142,555	143,361	(806)	134,528
Other	9,561	16,307	(6,746)	9,558
Emergency medical services	33,000	33,000	-	33,000
Law enforcement	150	-	150	-
Fire protection	54,000	35,044	18,956	33,000
Total public safety	<u>239,266</u>	<u>227,712</u>	<u>11,554</u>	<u>210,086</u>
Public works:				
Salaries and benefits	320,015	313,767	6,248	274,149
Capital outlay	197,601	368,910	(171,309)	212,686
Streets	647,967	360,281	287,686	402,518
Total public works	<u>1,165,583</u>	<u>1,042,958</u>	<u>122,625</u>	<u>889,353</u>
Community development:				
Salaries and benefits	84,108	57,373	26,735	51,458
Community development	9,450	1,161	8,289	2,554
Total community development	<u>93,558</u>	<u>58,534</u>	<u>35,024</u>	<u>54,012</u>
Total expenditures	<u>1,936,657</u>	<u>1,603,900</u>	<u>332,757</u>	<u>1,552,893</u>
Excess of revenues over expenditures	<u>(3,500)</u>	<u>364,310</u>	<u>367,810</u>	<u>206,107</u>
Other financing sources (uses):				
Proceeds from sale of assets	3,500	34,136	30,636	25,000
Proceeds from issuance of debt	-	-	-	44,000
Lease financing	-	309,900	309,900	-
Debt principal payments	-	(63,806)	(63,806)	(20,622)
Total other financing sources	<u>3,500</u>	<u>280,230</u>	<u>276,730</u>	<u>48,378</u>
Net change to fund balance	<u>\$ -</u>	<u>644,540</u>	<u>644,540</u>	<u>254,485</u>
Fund balance - beginning		<u>1,528,017</u>		<u>1,273,532</u>
Fund balance - ending		<u>\$ 2,172,557</u>		<u>1,528,017</u>

TOWN OF STAR VALLEY RANCH
STATEMENT OF REVENUES AND EXPENSES –
BUDGET AND ACTUAL –
WATER FUND
Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>			<u>2021</u> <u>Actual</u>
	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
Operating revenues:				
Charges for services	\$ 1,458,624	1,539,411	80,787	1,334,579
Miscellaneous	166,647	95,150	(71,497)	69,103
Total operating revenues	<u>1,625,271</u>	<u>1,634,561</u>	<u>9,290</u>	<u>1,403,682</u>
Operating expenses:				
Salaries and benefits	379,488	390,187	(10,699)	306,100
Current expenses	529,099	395,595	133,504	371,727
Total operating expenses	<u>908,587</u>	<u>785,782</u>	<u>122,805</u>	<u>677,827</u>
Operating income	716,684	848,779	132,095	725,855
Non-operating income (expense):				
Interest income	12,000	11,332	(668)	14,604
Interest expense	(194,783)	(291,877)	(97,094)	(126,367)
Total non-operating expense	<u>(182,783)</u>	<u>(280,545)</u>	<u>(97,762)</u>	<u>(111,763)</u>
Income before transfers and capital budget income	533,901	568,234	34,333	614,092
Capital budget income (expenses):				
Grant proceeds	880,488	762,101	(118,387)	1,294,951
Debt proceeds	935,100	853,941	(81,159)	1,636,039
Debt principal payments	(483,901)	(434,249)	49,652	(293,691)
Equipment and improvements - grants, loans	(1,870,588)	(1,518,257)	352,331	(2,539,146)
Net income budget basis	<u>\$ (5,000)</u>	231,770	<u>236,770</u>	712,245
Adjustment from budget basis to GAAP basis:				
Debt proceeds		(853,941)		(1,636,039)
Gain on disposal of assets		7,625		-
Debt principal payments		434,249		293,691
Capital outlay		1,518,257		2,539,146
Depreciation		(554,564)		(498,382)
Change in pension expense		20,144		(10,562)
Net income GAAP basis		<u>\$ 803,540</u>		<u>1,400,099</u>

GOVERNMENTAL AUDIT REPORT



Certified Public Accountants

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INDEPENDENT AUDITORS' 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

To the Mayor and Town Council
Town of Star Valley Ranch
Star Valley Ranch, 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, the business-type activities, and each major fund of the Town of Star Valley Ranch, Wyoming (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 22, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 financial statement. 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JONES SIMKINS LLC

Logan, Utah

November 22, 2022

TOWN OF STAR VALLEY RANCH
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2022

Findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*:

None