

SKYLINE IMPROVEMENT AND SERVICE
DISTRICT

Financial Statements and
Supplementary Information

For the year ended June 30, 2023

**SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Financial Statements**

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Independent Auditor's Report

January 18, 2024

Board of Directors
Skyline Improvement and Service District
Jackson, WY 83001

Opinions

We have audited the accompanying financial statements of the governmental activities and governmental fund information of the Skyline Improvement and Service District ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund information of the Skyline Improvement and Service District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Skyline Improvement and Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Skyline Improvement and Service District'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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements.

Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United State of America require that the statement of revenues, expenditures and changes in fund balances – budget and actual on page 21 – be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024, on our consideration of the Skyline Improvement and Service District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Skyline Improvement and Service District’s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Thompson Palmer & Associates PC". The signature is written in a cursive, flowing style.

Thompson Palmer & Associates, PC
Certified Public Accountants

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Government-Wide Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 757,749
Receivables	6,351
Capital assets (net of accumulated depreciation):	
Infrastructure - Water system	276,013
Infrastructure - Roads	204,203
Construction in process	29,050
Loan fees (net of accumulated amortization):	616
Total assets	<u>1,273,982</u>
Liabilities	
Current liabilities:	
Deposits payable	\$ 22,500
Non-current liabilities:	
Due within more than one year - note payable	495
Total liabilities	<u>22,995</u>
Net position	
Net investment in capital assets	508,771
Unrestricted	742,217
Total net position	<u>\$ 1,250,987</u>

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Government-Wide Statement of Activities
For the Year Ended June 30, 2023

	Governmental Activities
Program expenses:	
General government	\$ 130,569
Depreciation and amortization	36,233
Total program expenses	<u>166,802</u>
Program revenues:	
Charges for services	56,633
Operating grants	20,195
Total program revenues	<u>76,828</u>
Net program revenues	<u>(89,974)</u>
General revenues:	
Taxes	208,340
Investment earnings	14,661
Total general revenues	<u>223,001</u>
Increase in net position	133,027
Net position - beginning of year	<u>1,117,960</u>
Net position - end of year	<u>\$ 1,250,987</u>

See accompanying notes to the financial statements and independent accountant's review report

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Balance Sheet
Governmental Fund
June 30, 2023

Assets

Cash and cash equivalents	\$ 757,749
Receivables	<u>6,351</u>
Total assets	<u><u>\$ 764,100</u></u>

Liabilities and fund balance

Liabilities	
Deposits payable	<u>\$ 22,500</u>
Total liabilities	<u>22,500</u>

Fund balance	
Unassigned	<u>741,600</u>
Total fund balance	<u><u>\$ 741,600</u></u>

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2023

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

Fund balance	\$ 741,600
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Capital assets used in governmental activities are not financial resources, and therefore are not reported in fund balance.

Infrastructure - Water system	436,537	
Infrastructure - Roads	607,586	
Construction in process	29,050	
Intangible assets	725	
Accumulated depreciation	(563,907)	
Accumulated amortization	<u>(109)</u>	509,882

Long-term liabilities including bonds payable and accrued are not due in the current period, and therefore are not reported in fund balance.

(495)

Net position of governmental activities	<u><u>\$ 1,250,987</u></u>
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SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023

Revenues	
Taxes	\$ 208,340
Charges for services	56,633
Operating grants	20,195
Investment earnings	14,661
Total revenues	<u>299,829</u>
Expenditures	
Current	
General government	130,569
Capital outlay	
Water system	29,050
Debt service:	
Debt issuance costs	725
Total expenditures	<u>160,344</u>
Excess of revenues over expenditures	<u>139,484</u>
Other financing sources (uses)	
Long-term debt issued	495
Total other financing sources (uses)	<u>495</u>
Net change in fund balance	139,979
Fund balance - beginning of year	<u>601,621</u>
Fund balance - end of year	<u><u>\$ 741,600</u></u>

See accompanying notes to the financial statements and independent accountant's review report

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Reconciliation of the Statement of Revenues
Expenditures and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balance - Governmental fund \$ 139,979

Amounts reported in the statement of activities are different because:

Governmental funds reported capital outlay as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization expense.

Capital outlay	29,050	
Depreciation and amortization	<u>(36,233)</u>	(7,183)

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

Long-term debt issued	(495)	
Debt issuance costs	<u>725</u>	<u>230</u>

Change in net position of governmental activities \$ 133,027

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Governmental Fund (Unaudited)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Positive <Negative> Variance
	Original	Final		
Revenues				
Taxes	\$ 146,790	\$ 90,364	\$ 208,340	\$ 117,976
Charges for services	56,426	56,426	56,633	207
Operating grants	321,250	321,250	20,195	(301,055)
Investment earnings	590	590	14,661	14,071
Other county support	62,753	62,753	-	(62,753)
Total revenues	<u>587,809</u>	<u>531,383</u>	<u>299,829</u>	<u>(231,554)</u>
Expenditures				
Current				
General government	37,520	37,520	94,648	57,128
Services	106,600	106,600	35,921	(70,679)
Capital outlay				
Water system	426,737	426,737	29,050	(397,687)
Debt service:				
Debt service	-	-	725	725
Loan principal	7,250	7,250	-	(7,250)
Total expenditures	<u>578,107</u>	<u>578,107</u>	<u>160,344</u>	<u>(417,763)</u>
Excess of revenues over expenditures	<u>9,702</u>	<u>(46,724)</u>	<u>139,484</u>	<u>186,208</u>
Other financing sources (uses)				
Long-term debt issued	-	-	495	495
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
Net change in fund balance	9,702	(46,724)	139,979	
Fund balance - beginning	<u>601,621</u>	<u>601,621</u>	<u>601,621</u>	
Fund balance - ending	<u>\$ 611,323</u>	<u>\$ 554,897</u>	<u>\$ 741,600</u>	

SKYLINE IMPROVEMENT AND SERVICE DISTRICT

Notes to Financial Statements

June 30, 2023

I. Summary of significant accounting policies (continued)

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

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

Amounts reported as program revenues can include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise general revenues include all taxes.

D. Assets, liabilities, and net position or fund equity

1. Deposits and investments

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

2. Receivables

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

3. Capital assets

Capital assets, which include infrastructure and equipment are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 for equipment and \$10,000 for infrastructure and an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Infrastructure and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads	20-30
Water system	30-50
Equipment	5-10

SKYLINE IMPROVEMENT AND SERVICE DISTRICT

Notes to Financial Statements

June 30, 2023

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net position or fund equity

4. Long-term obligations

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

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

5. Fund balances and net position

In the fund financial statements, governmental funds may report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

I. Summary of significant accounting policies (continued)

D. Assets, liabilities, and net position or fund equity

6. Accounting estimates

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

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Notes to Financial Statements
June 30, 2023

II. Stewardship, compliance and accountability

A. Budgets and budgetary accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements: The District Board prepares a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted on the third Thursday in July to obtain public comments. The budget is adopted on the third Thursday of July.

The District Board may, after publication of notice, by resolution amend the budget revenues or expenditures. All appropriations lapse at the close of the budget year.

III. Detailed notes on all funds

A. Deposits and investments

Cash and investments are carried at fair value in accordance with GASB Statement No. 31. They consist of cash in banks and a state pooled investment fund.

Wyoming State Statutes allow the District to invest in US, state and local government securities, and accounts of financial and savings institutions approved as depositories of public funds by the Wyoming State Treasurer. Stocks and bonds of private corporations, as well as repurchase and reverse repurchase agreements, are a prohibited investment means for the District.

Wyoming government investment fund (WGIF) is a statutory trust organized and existing under the laws of the State of Wyoming and is specifically designed for investment by Wyoming public entities. The fund was established for the purpose of allowing Wyoming government entities to pool their investment funds to obtain the highest investment yield, while attempting to maintain liquidity and preserve capital. Its portfolio consists solely of investments permitted by Wyoming statutes. An investment in WGIF is not insured or guaranteed by the FDIC or any other governmental agency.

All of the District's investments follow the Wyoming State Statutes for investments of public entities.

Cash and investments are carried at fair value in accordance with GASB Statement No. 31. They consist of cash in banks and Wyoming Government Investment Fund of \$757,749.

Cash, cash equivalents and investments as of June 30, 2023 consist of the following:

Cash and cash equivalents	
Deposits with financial institutions	\$ 113,881
Deposits with Wyoming Government Investment Fund	<u>643,868</u>
Total cash and cash equivalents	<u>\$ 757,749</u>

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Notes to Financial Statements
June 30, 2023

III. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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

	<u>Bank balances</u>	<u>Carrying amount</u>
Insured or collateralized by securities held by the District or its agent in the District's name	\$ 119,200	\$ 113,881
Collateralized with securities held by the pledging institution's trust department or agent in entity's name	-	-
Uninsured or uncollateralized	<u>-</u>	<u>-</u>
Total	<u><u>\$ 119,200</u></u>	<u><u>\$ 113,881</u></u>

B. Receivables

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

Tax receivables	<u>\$ 6,351</u>
Total receivables	<u><u>\$ 6,351</u></u>

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Notes to Financial Statements
June 30, 2023

III. Detailed notes on all funds (continued)

C. Capital assets

Capital asset activity for the year ended was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets				
Infrastructure - Water system	\$ 436,536	\$ -	\$ -	\$ 436,536
Infrastructure - Roads	607,586	-	-	607,586
Construction in process	-	29,050	-	29,050
Total capital assets	<u>1,044,122</u>	<u>29,050</u>	<u>-</u>	<u>1,073,172</u>
Less accumulated depreciation and amortization for:				
Infrastructure - Water system	147,863	12,661	-	160,524
Infrastructure - Roads	379,920	23,463	-	403,383
Total accumulated depreciation	<u>527,783</u>	<u>36,124</u>	<u>-</u>	<u>563,907</u>
Governmental activities capital assets, net	<u>\$ 516,339</u>	<u>\$ (7,074)</u>	<u>\$ -</u>	<u>\$ 509,265</u>

Depreciation expense of \$36,124 was charged to functions/programs of the District.

D. Long-term debt

Wyoming State Land & Investment Board

On February 3, 2022, the District signed a promissory note in the amount of \$145,000, with the Wyoming State Loan & Investment Board, for the purpose of funding the completion the Skyline ISD Metering Project. The District plans to draw on the loan as needed during the project. As of the June 30, 2023, \$495 in draws had been taken. Funds not taken by December 30, 2023 plus a potential 90-day extension will revert back to the state. Loan payments are required to begin no later than one year after substantial completion or initial operations of the project whichever comes first. The repayment schedule is 20 annual payments of \$7,250 assuming all \$145,000 is drawn. The interest rate on the loan is 0.0%. It is secured by the District with the pledge and assignment of revenues from the District's Special Annual Assessment.

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

	Beginning balance	Increases	Decreases	Ending balance
SLIB DW247	-	\$ 495	\$ -	\$ 495
Total	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ -</u>	<u>\$ 495</u>

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Notes to Financial Statements
June 30, 2023

III. Detailed notes on all funds (continued)

E. Fund balances

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

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

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

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

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

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

IV. Other information

A. Risk management

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

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

B. Budget

The District expenditures, in aggregate, did not exceed the budgeted amounts during the year ended June 30, 2023.

C. Subsequent events

Management has evaluated subsequent events through January 18, 2024, the date on which the financial statements were available to be issued.

SKYLINE IMPROVEMENT AND SERVICE DISTRICT

Notes to Financial Statements

June 30, 2023

IV. Other information (continued)

D. Management discussion and analysis

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

E. Commitments and contingencies

At June 30, 2023 the District had remaining commitments for uncompleted construction contracts well metering project and well construction project totaling \$125,356 and \$163,000, respectively.

F. Rounding convention

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

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2023

SKYLINE IMPROVEMENT AND SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Governmental Fund (Unaudited)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Positive <Negative> Variance
	Original	Final		
Revenues				
Taxes	\$ 146,790	\$ 90,364	\$ 208,340	\$ 117,976
Charges for services	56,426	56,426	56,633	207
Operating grants	321,250	321,250	20,195	(301,055)
Investment earnings	590	590	14,661	14,071
Other county support	62,753	62,753	-	(62,753)
Total revenues	<u>587,809</u>	<u>531,383</u>	<u>299,829</u>	<u>(231,554)</u>
Expenditures				
Current				
General government	144,120	144,120	130,569	(13,551)
Capital outlay				
Water system	426,737	426,737	29,050	(397,687)
Debt service:				
Debt service	-	-	725	725
Loan principal	7,250	7,250	-	(7,250)
Total expenditures	<u>578,107</u>	<u>578,107</u>	<u>160,344</u>	<u>(417,763)</u>
Excess of revenues over expenditures	<u>9,702</u>	<u>(46,724)</u>	<u>139,484</u>	<u>186,208</u>
Other financing sources (uses)				
Long-term debt issued	-	-	495	495
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>495</u>	<u>495</u>
Net change in fund balance	9,702	(46,724)	139,979	
Fund balance - beginning	<u>601,621</u>	<u>601,621</u>	<u>601,621</u>	
Fund balance - ending	<u>\$ 611,323</u>	<u>\$ 554,897</u>	<u>\$ 741,600</u>	



**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***

Independent Auditor's Report

January 18, 2024

Board of Directors
Skyline Improvement and Service District
Jackson, WY 83001

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and governmental fund information of Skyline Improvement and Service District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated January 18, 2024.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Skyline Improvement and Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Thompson, Palmer & Associates PC".

Thompson, Palmer & Associates, PC
Certified Public Accountants