

LAST CHANCE WATER & SEWER DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS

November 30, 1997

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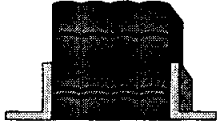
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UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS— GOVERNMENTAL ENTITY

Independent Auditor's Report

Chairman and Board of Directors
Last Chance Water & Sewer District
Island Park, Idaho

We have audited the accompanying general-purpose financial statements of the **Last Chance Water & Sewer District**, as of and for the year ended November 30, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the **Last Chance Water & Sewer District's** management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of **Last Chance Water & Sewer District**, as of November 30, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Casper, Merrill & Jensen, Chartered

CASPER, MERRILL & JENSEN, CHARTERED
Certified Public Accountants

February 18, 1998
Idaho Falls, Idaho

LAST CHANCE WATER & SEWER DISTRICT
Balance Sheet
November 30, 1997

ASSETS

CURRENT ASSETS

| | | |
|--|----|-------------------|
| Cash and cash equivalents..... | \$ | 72,533.52 |
| Accounts receivable..... | | 15,401.72 |
| Accounts receivable from Fremont County..... | | 41,560.18 |
| Total current assets..... | | <u>129,495.42</u> |

PROPERTY AND EQUIPMENT

| | | |
|-------------------------------------|--|-------------------|
| Property, plant, and equipment..... | | 1,398,951.00 |
| Less accumulated depreciation..... | | <u>421,397.00</u> |
| Net property and equipment..... | | <u>977,554.00</u> |

\$ 1,107,049.42

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

| | | |
|--|----|-----------|
| Accounts payable - Fremont County..... | \$ | 29,401.38 |
|--|----|-----------|

FUND EQUITY

| | | |
|-------------------------------------|--|---------------------|
| Contributed capital..... | | 877,979.00 |
| Retained earnings-unrestricted..... | | <u>199,669.04</u> |
| | | <u>1,077,648.04</u> |

\$ 1,107,049.42

The accompanying notes are integral part of these financial statements.

LAST CHANCE WATER & SEWER DISTRICT
Statement of Revenue and Expenses
And changes in retained earnings
Year Ended November 30, 1997

| | |
|---|-----------------------------|
| REVENUE | |
| Operations, maintenance and users fees..... | 101,212.46 |
| Hook up charges..... | 2,000.00 |
| Total revenues..... | <u>103,212.46</u> |
| OPERATING EXPENSES | |
| Depreciation..... | 46,784.00 |
| Administration expense..... | 32,660.63 |
| Miscellaneous expense..... | 17.00 |
| Legal and accounting..... | 1,500.00 |
| Directors and secretary fees..... | 625.00 |
| Office expense..... | 345.00 |
| Total operating expenses..... | <u>81,931.63</u> |
| NET INCOME BEFORE OTHER REVENUE (EXPEN | 21,280.83 |
| OTHER INCOME (EXPENSE) | |
| Interest income..... | 5,782.83 |
| Interest expense..... | <u>(15,667.50)</u> |
| Total other income (expense)..... | <u>(9,884.67)</u> |
| NET INCOME..... | 11,396.16 |
| RETAINED EARNINGS - BEGINNING OF YEAR..... | <u>188,272.88</u> |
| RETAINED EARNINGS - END OF YEAR..... | <u>\$ 199,669.04</u> |

The accompanying notes are integral part of these financial statements.

LAST CHANCE WATER & SEWER DISTRICT
Statement of Cash Flows
Year Ended November 30, 1997

| | |
|---|----------------------------|
| Cash Flows From Operating Activities: | |
| Net income (loss)..... | \$ 11,396.16 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | |
| Depreciation..... | \$ 46,784.00 |
| (Increase) decrease in receivables..... | 1,188.10 |
| (Increase) decrease in other assets..... | 4,656.00 |
| Increase (decrease) in payables..... | 6,276.38 |
| Increase (decrease) in accrued interest..... | <u>(5,581.00)</u> |
| Total adjustments..... | <u>53,323.48</u> |
| Net cash provided by operating activities..... | 64,719.64 |
| Cash flows from financing activities: | |
| Retirement of revenue bonds..... | <u>(144,000.00)</u> |
| Net cash used by financing activities..... | <u>(144,000.00)</u> |
| Net increase (decrease) in cash and cash equivalents..... | (79,280.36) |
| Cash and cash equivalents at beginning of year..... | <u>151,813.88</u> |
| Cash and cash equivalents at end of year..... | <u><u>\$ 72,533.52</u></u> |

The accompanying notes are integral part of these financial statements.

LAST CHANCE WATER & SEWER DISTRICT

Notes To Financial Statements

November 30, 1997

NOTE 1

GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **Last Chance Water & Sewer District** was organized in 1986 to provide sewer services to the residents of the Last Chance area of Eastern Idaho. It operates under an elected board. There are five members of the board who elect a chairman. The board is responsible to operate the sewer plant and to provide maintenance and administrative personnel for the district.

BASIS OF ACCOUNTING

The accounts of the district are organized on a basis similar to that of a governmental enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises (i.e. where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges).

The **District** uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are identified as cash and short-term highly liquid investments with original maturates of three months or less.

EQUIPMENT

Equipment is recorded at cost. Depreciation is provided using the straight-line method over estimated useful lives of the related asset of 5 to 30 years. There were no purchases or disposals of equipment during the year.

BOND ISSUANCE COSTS

Issuance costs of the Sewer Revenue Bonds dated July 1, 1986 have been deferred and are being amortized using the straight-line method over the repayment period of the bond issue.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LAST CHANCE WATER & SEWER DISTRICT

Notes To Financial Statements

November 30, 1997

NOTE 2 CASH AND CASH EQUIVALENTS

The District's cash accounts are insured through the Federal Deposit Insurance Corporation up to \$100,000 per depository.

NOTE 3 REVENUE BONDS PAYABLE

Revenue bonds were paid of in June of 1997.

NOTE 4 DISSOLUTION OF DISTRICT

At the time of this report the District is partitioning to be dissolved and absorbed by Fremont County, Idaho.