

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

HELMER REGIONAL SEWER DISTRICT

STEBEN COUNTY, INDIANA

January 1, 2010 to December 31, 2014



FILED
01/07/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Treasurer	Susan J. Culler	01-01-10 to 12-31-15
President of the Board	Gary L. Simpson	01-01-10 to 12-31-15



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HELMER REGIONAL SEWER DISTRICT, STEUBEN COUNTY, INDIANA

We have examined the accompanying financial statements of the Helmer Regional Sewer District (District), for the period of January 1, 2010 to December 31, 2014. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2014.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2014, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 28, 2015

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District.
The financial statements and notes are presented as intended by the District.

HELMER REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 1,680	\$ 18,841	\$ 17,340	\$ 3,181	\$ 18,076	\$ 17,532	\$ 3,725	\$ 24,331	\$ 24,447	\$ 3,609
Bond and Interest	7,778	8,400	7,825	8,353	8,400	7,675	9,078	8,400	7,525	9,953
Debt Service	15,183	816	-	15,999	1,003	1,594	15,408	2,839	2,000	16,247
Totals	\$ 24,641	\$ 28,057	\$ 25,165	\$ 27,533	\$ 27,479	\$ 26,801	\$ 28,211	\$ 35,570	\$ 33,972	\$ 29,809

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

HELMER REGIONAL SEWER DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Operating	\$ 3,609	\$ 22,436	\$ 22,561	\$ 3,484	\$ 17,705	\$ 18,450	\$ 2,739
Bond and Interest	9,953	8,400	7,375	10,978	8,400	7,225	12,153
Debt Service	<u>16,247</u>	<u>2,850</u>	<u>2,000</u>	<u>17,097</u>	<u>844</u>	<u>-</u>	<u>17,941</u>
Totals	<u>\$ 29,809</u>	<u>\$ 33,686</u>	<u>\$ 31,936</u>	<u>\$ 31,559</u>	<u>\$ 26,949</u>	<u>\$ 25,675</u>	<u>\$ 32,833</u>

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

HELMER REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include the following sources:

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include the following uses:

HELMER REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

HELMER REGIONAL SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3. Risk Management

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION - UNAUDITED

The District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

The District's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

HELMER REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2010

	<u>Operating</u>	<u>Bond and Interest</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 1,680	\$ 7,778	\$ 15,183	\$ 24,641
Receipts:				
Utility fees	18,691	-	-	18,691
Other receipts	<u>150</u>	<u>8,400</u>	<u>816</u>	<u>9,366</u>
Total receipts	<u>18,841</u>	<u>8,400</u>	<u>816</u>	<u>28,057</u>
Disbursements:				
Personal services	4,594	-	-	4,594
Supplies	206	-	-	206
Other disbursements	<u>12,540</u>	<u>7,825</u>	<u>-</u>	<u>20,365</u>
Total disbursements	<u>17,340</u>	<u>7,825</u>	<u>-</u>	<u>25,165</u>
Excess of receipts over disbursements	<u>1,501</u>	<u>575</u>	<u>816</u>	<u>2,892</u>
Cash and investments - ending	<u>\$ 3,181</u>	<u>\$ 8,353</u>	<u>\$ 15,999</u>	<u>\$ 27,533</u>

HELMER REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	<u>Operating</u>	<u>Bond and Interest</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 3,181	\$ 8,353	\$ 15,999	\$ 27,533
Receipts:				
Fines and forfeits	5,273	-	-	5,273
Utility fees	<u>12,803</u>	<u>8,400</u>	<u>1,003</u>	<u>22,206</u>
Total receipts	<u>18,076</u>	<u>8,400</u>	<u>1,003</u>	<u>27,479</u>
Disbursements:				
Personal services	2,580	-	-	2,580
Supplies	244	-	-	244
Other services and charges	14,708	-	1,594	16,302
Debt service - principal and interest	<u>-</u>	<u>7,675</u>	<u>-</u>	<u>7,675</u>
Total disbursements	<u>17,532</u>	<u>7,675</u>	<u>1,594</u>	<u>26,801</u>
Excess (deficiency) of receipts over disbursements	<u>544</u>	<u>725</u>	<u>(591)</u>	<u>678</u>
Cash and investments - ending	<u>\$ 3,725</u>	<u>\$ 9,078</u>	<u>\$ 15,408</u>	<u>\$ 28,211</u>

HELMER REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	<u>Operating</u>	<u>Bond and Interest</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 3,725	\$ 9,078	\$ 15,408	\$ 28,211
Receipts:				
Utility fees	18,381	8,400	2,839	29,620
Other receipts	<u>5,950</u>	<u>-</u>	<u>-</u>	<u>5,950</u>
Total receipts	<u>24,331</u>	<u>8,400</u>	<u>2,839</u>	<u>35,570</u>
Disbursements:				
Personal services	2,540	-	-	2,540
Supplies	230	-	-	230
Other services and charges	21,622	-	2,000	23,622
Debt service - principal and interest	-	7,525	-	7,525
Other disbursements	<u>55</u>	<u>-</u>	<u>-</u>	<u>55</u>
Total disbursements	<u>24,447</u>	<u>7,525</u>	<u>2,000</u>	<u>33,972</u>
Excess (deficiency) of receipts over disbursements	<u>(116)</u>	<u>875</u>	<u>839</u>	<u>1,598</u>
Cash and investments - ending	<u>\$ 3,609</u>	<u>\$ 9,953</u>	<u>\$ 16,247</u>	<u>\$ 29,809</u>

HELMER REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	<u>Operating</u>	<u>Bond and Interest</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 3,609	\$ 9,953	\$ 16,247	\$ 29,809
Receipts:				
Utility fees	20,498	8,400	2,850	31,748
Other receipts	<u>1,938</u>	<u>-</u>	<u>-</u>	<u>1,938</u>
Total receipts	<u>22,436</u>	<u>8,400</u>	<u>2,850</u>	<u>33,686</u>
Disbursements:				
Personal services	2,400	-	-	2,400
Supplies	2,578	-	-	2,578
Other services and charges	17,583	-	2,000	19,583
Debt service - principal and interest	<u>-</u>	<u>7,375</u>	<u>-</u>	<u>7,375</u>
Total disbursements	<u>22,561</u>	<u>7,375</u>	<u>2,000</u>	<u>31,936</u>
Excess (deficiency) of receipts over disbursements	<u>(125)</u>	<u>1,025</u>	<u>850</u>	<u>1,750</u>
Cash and investments - ending	<u>\$ 3,484</u>	<u>\$ 10,978</u>	<u>\$ 17,097</u>	<u>\$ 31,559</u>

HELMER REGIONAL SEWER DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	<u>Operating</u>	<u>Bond and Interest</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 3,484	\$ 10,978	\$ 17,097	\$ 31,559
Receipts:				
Utility fees	<u>17,705</u>	<u>8,400</u>	<u>844</u>	<u>26,949</u>
Total receipts	<u>17,705</u>	<u>8,400</u>	<u>844</u>	<u>26,949</u>
Disbursements:				
Personal services	2,480	-	-	2,480
Supplies	1,047	-	-	1,047
Other services and charges	14,923	-	-	14,923
Debt service - principal and interest	<u>-</u>	<u>7,225</u>	<u>-</u>	<u>7,225</u>
Total disbursements	<u>18,450</u>	<u>7,225</u>	<u>-</u>	<u>25,675</u>
Excess (deficiency) of receipts over disbursements	<u>(745)</u>	<u>1,175</u>	<u>844</u>	<u>1,274</u>
Cash and investments - ending	<u>\$ 2,739</u>	<u>\$ 12,153</u>	<u>\$ 17,941</u>	<u>\$ 32,833</u>

HELMER REGIONAL SEWER DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2014

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Sewer: Revenue bonds	1990 Sewage works expansion	\$ 83,000	\$ 8,150
Totals		<u>\$ 83,000</u>	<u>\$ 8,150</u>

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HELMER REGIONAL SEWER DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Sewer:	
Land	\$ 18,181
Buildings	69,049
Improvements other than buildings	432,772
Machinery and equipment	3,267
Total capital assets	\$ 523,269

OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.