

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

HELMER REGIONAL SEWER DISTRICT

STEBEN COUNTY, INDIANA

January 1, 2015 to December 31, 2018



**FILED**  
12/13/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Treasurer	Susan Culler	01-01-15 to 12-31-15
	Kathy Dunafin	01-01-16 to 12-31-19
President of the District Board	Gary Simpson	01-01-15 to 12-31-17
	Walter Elkins	01-01-18 to 12-31-18
	Barry Simon	01-01-19 to 12-31-19



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Helmer Regional Sewer District (District), which comprise the financial position and results of operations for the period of January 1, 2015 to December 31, 2018, and the related notes to the financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statements, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2015 to December 31, 2018.

***Opinion on Regulatory Basis of Accounting***

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, 2015 to December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Other Information*

Our audit 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 Payables and Receivables, 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

November 26, 2019

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, 2015 and 2016

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
General Fund	\$ 2,739	\$ 21,671	\$ 23,260	\$ 1,150	\$ 27,553	\$ 29,176	\$ (473)
Bond/Interest	12,153	8,400	8,050	12,503	8,400	16,044	4,859
Debit	<u>17,941</u>	<u>871</u>	<u>2,000</u>	<u>16,812</u>	<u>836</u>	<u>-</u>	<u>17,648</u>
Totals	<u>\$ 32,833</u>	<u>\$ 30,942</u>	<u>\$ 33,310</u>	<u>\$ 30,465</u>	<u>\$ 36,789</u>	<u>\$ 45,220</u>	<u>\$ 22,034</u>

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, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
General Fund	\$ (473)	\$ 21,107	\$ 18,492	\$ 2,142	\$ 24,768	\$ 21,788	\$ 5,122
Bond/Interest	4,859	8,400	7,650	5,609	8,400	11,550	2,459
Debit	<u>17,648</u>	<u>880</u>	<u>-</u>	<u>18,528</u>	<u>991</u>	<u>-</u>	<u>19,519</u>
Totals	<u>\$ 22,034</u>	<u>\$ 30,387</u>	<u>\$ 26,142</u>	<u>\$ 26,279</u>	<u>\$ 34,159</u>	<u>\$ 33,338</u>	<u>\$ 27,100</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 a 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 include the following sources:

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Penalties.* Amounts received from late payment fees.

HELMER REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Other receipts.* Amounts received from various sources, including, but 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 include the following uses:

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

HELMER REGIONAL SEWER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**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.

**Note 4. Cash Balance Deficits**

The financial statements contain some funds with deficits in cash. This is a result of the funds not receiving sufficient receipts to cover disbursements that month.

#### OTHER INFORMATION - UNAUDITED

The District's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 District's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor'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, 2015

	General Fund	Bond/Interest	Debit	Totals
Cash and investments - beginning	\$ 2,739	\$ 12,153	\$ 17,941	\$ 32,833
Receipts:				
Charges for services	17,763	-	-	17,763
Penalties	3,906	-	-	3,906
Other receipts	<u>2</u>	<u>8,400</u>	<u>871</u>	<u>9,273</u>
Total receipts	<u>21,671</u>	<u>8,400</u>	<u>871</u>	<u>30,942</u>
Disbursements:				
Personal services	2,740	-	-	2,740
Supplies	4,951	-	-	4,951
Other services and charges	5,396	-	-	5,396
Debt service - principal and interest	-	8,050	-	8,050
Other disbursements	<u>10,173</u>	<u>-</u>	<u>2,000</u>	<u>12,173</u>
Total disbursements	<u>23,260</u>	<u>8,050</u>	<u>2,000</u>	<u>33,310</u>
Excess (deficiency) of receipts over disbursements	<u>(1,589)</u>	<u>350</u>	<u>(1,129)</u>	<u>(2,368)</u>
Cash and investments - ending	<u>\$ 1,150</u>	<u>\$ 12,503</u>	<u>\$ 16,812</u>	<u>\$ 30,465</u>

HELMER REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	General Fund	Bond/Interest	Debit	Totals
Cash and investments - beginning	\$ 1,150	\$ 12,503	\$ 16,812	\$ 30,465
Receipts:				
Intergovernmental receipts	-	8,400	-	8,400
Charges for services	27,553	-	816	28,369
Other receipts	-	-	20	20
Total receipts	<u>27,553</u>	<u>8,400</u>	<u>836</u>	<u>36,789</u>
Disbursements:				
Personal services	2,635	-	-	2,635
Supplies	469	-	-	469
Other services and charges	7,662	7,194	-	14,856
Debt service - principal and interest	-	7,850	-	7,850
Other disbursements	<u>18,410</u>	<u>1,000</u>	<u>-</u>	<u>19,410</u>
Total disbursements	<u>29,176</u>	<u>16,044</u>	<u>-</u>	<u>45,220</u>
Excess (deficiency) of receipts over disbursements	<u>(1,623)</u>	<u>(7,644)</u>	<u>836</u>	<u>(8,431)</u>
Cash and investments - ending	<u>\$ (473)</u>	<u>\$ 4,859</u>	<u>\$ 17,648</u>	<u>\$ 22,034</u>

HELMER REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Bond/Interest</u>	<u>Debit</u>	<u>Totals</u>
Cash and investments - beginning	\$ (473)	\$ 4,859	\$ 17,648	\$ 22,034
Receipts:				
Charges for services	21,106	-	-	21,106
Other receipts	<u>1</u>	<u>8,400</u>	<u>880</u>	<u>9,281</u>
Total receipts	<u>21,107</u>	<u>8,400</u>	<u>880</u>	<u>30,387</u>
Disbursements:				
Personal services	2,360	-	-	2,360
Supplies	310	-	-	310
Other services and charges	6,113	-	-	6,113
Debt service - principal and interest	-	7,650	-	7,650
Other disbursements	<u>9,709</u>	<u>-</u>	<u>-</u>	<u>9,709</u>
Total disbursements	<u>18,492</u>	<u>7,650</u>	<u>-</u>	<u>26,142</u>
Excess (deficiency) of receipts over disbursements	<u>2,615</u>	<u>750</u>	<u>880</u>	<u>4,245</u>
Cash and investments - ending	<u>\$ 2,142</u>	<u>\$ 5,609</u>	<u>\$ 18,528</u>	<u>\$ 26,279</u>

HELMER REGIONAL SEWER DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Bond/Interest</u>	<u>Debit</u>	<u>Totals</u>
Cash and investments - beginning	\$ 2,142	\$ 5,609	\$ 18,528	\$ 26,279
Receipts:				
Charges for services	20,667	-	-	20,667
Other receipts	<u>4,101</u>	<u>8,400</u>	<u>991</u>	<u>13,492</u>
Total receipts	<u>24,768</u>	<u>8,400</u>	<u>991</u>	<u>34,159</u>
Disbursements:				
Personal services	2,660	-	-	2,660
Supplies	263	-	-	263
Other services and charges	9,917	-	-	9,917
Debt service - principal and interest	-	7,450	-	7,450
Other disbursements	<u>8,948</u>	<u>4,100</u>	<u>-</u>	<u>13,048</u>
Total disbursements	<u>21,788</u>	<u>11,550</u>	<u>-</u>	<u>33,338</u>
Excess (deficiency) of receipts over disbursements	<u>2,980</u>	<u>(3,150)</u>	<u>991</u>	<u>821</u>
Cash and investments - ending	<u>\$ 5,122</u>	<u>\$ 2,459</u>	<u>\$ 19,519</u>	<u>\$ 27,100</u>

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HELMER REGIONAL SEWER DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 13,340</u>	<u>\$ 22,056</u>

HELMER REGIONAL SEWER DISTRICT  
SCHEDULE OF LEASES AND DEBT  
December 31, 2018

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Notes and loans payable	USDA Loan	\$ 67,000	\$ 7,450
Totals		<u>\$ 67,000</u>	<u>\$ 7,450</u>

HELMER REGIONAL SEWER DISTRICT  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2018

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 18,181
Buildings	69,049
Improvements other than buildings	432,772
Machinery, equipment, and vehicles	<u>3,267</u>
Total governmental activities	<u>523,269</u>
Total capital assets	<u><u>\$ 523,269</u></u>

#### 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/>.