

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

EXAMINATION REPORT

OF

TOWN OF HILLSBORO

FOUNTAIN COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
10/07/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Long-Term Debt	6
Exit Conference.....	7

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Paula Hoagland

01-01-04 to 12-31-11

President of the Town Council

Richard Keeling
Gordon Foster

01-01-06 to 12-31-07
01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HILLSBORO, FOUNTAIN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Hillsboro (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 21, 2008

TOWN OF HILLSBORO
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 122,367	\$ 95,197	\$ 104,479	\$ 113,085
Motor Vehicle Highway	23,121	20,779	-	43,900
Local Road and Street	7,408	2,080	-	9,488
Donation	1,610	587	116	2,081
Riverboat	4,509	3,077	-	7,586
Levy Excess	1,200	137	-	1,337
Cumulative Capital Improvement	1,272	1,747	1,700	1,319
Proprietary Funds:				
Water Utility - Operating	88,350	83,922	71,414	100,858
Water Utility - Bond and Interest	8,925	12,678	17,738	3,865
Water Utility - Depreciation	7,450	3,445	10,234	661
Water Utility - Customer Deposit	3,850	2,600	2,400	4,050
Water Utility - Construction	69,122	51,747	120,869	-
Water Utility - Reserve	2,539	2,770	-	5,309
Wastewater Utility - Operating	8,756	114,426	101,336	21,846
Wastewater Utility - Bond and Interest	23,268	36,000	33,930	25,338
Wastewater Utility - Depreciation	86,648	12,600	11,532	87,716
Wastewater Utility - Customer Deposit	2,770	1,266	660	3,376
Wastewater Utility - Reserve	35,695	-	-	35,695
Totals	\$ 498,860	\$ 445,058	\$ 476,408	\$ 467,510

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 113,085	\$ 101,860	\$ 99,669	\$ 115,276
Motor Vehicle Highway	43,900	20,524	20,000	44,424
Local Road and Street	9,488	2,116	4,967	6,637
Donation	2,081	108	-	2,189
Hillsboro Beautification Project	-	2,000	-	2,000
Riverboat	7,586	3,084	-	10,670
Levy Excess	1,337	-	948	389
Cumulative Capital Improvement	1,319	1,717	2,000	1,036
Proprietary Funds:				
Water Utility - Operating	100,858	84,623	92,263	93,218
Water Utility - Bond and Interest	3,865	12,600	7,513	8,952
Water Utility - Depreciation	661	3,600	-	4,261
Water Utility - Customer Deposit	4,050	2,872	2,500	4,422
Water Utility - Reserve	5,309	2,770	-	8,079
Wastewater Utility - Operating	21,846	116,546	103,698	34,694
Wastewater Utility - Bond and Interest	25,338	36,000	34,525	26,813
Wastewater Utility - Depreciation	87,716	12,600	32,796	67,520
Wastewater Utility - Customer Deposit	3,376	776	1,018	3,134
Wastewater Utility - Reserve	35,695	-	-	35,695
Totals	\$ 467,510	\$ 403,796	\$ 401,897	\$ 469,409

The accompanying notes are an integral part of the financial information.

TOWN OF HILLSBORO
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, culture and recreation, water, wastewater and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes the Town 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.

TOWN OF HILLSBORO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Waterworks Revenue Bonds of 2005	\$ 154,000	\$ 12,288
Wastewater Utility		
Revenue bonds:		
Sewage Works Revenue Bonds of 1994	<u>535,000</u>	<u>34,075</u>
Total Wastewater Utility	<u>535,000</u>	<u>34,075</u>
Total business-type activities debt:	<u>\$ 689,000</u>	<u>\$ 46,363</u>

TOWN OF HILLSBORO
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Paula Hoagland, Clerk-Treasurer; and Gordon Foster, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.