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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, 2008 to December 31, 2009



FILED
10/28/2010

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

01-01-08 to 12-31-11

President of the Town Council

Gordon W. Foster
Curtis L. Hoagland

01-01-08 to 12-31-09
01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2008 to December 31, 2009. 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, 2008 and 2009, 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

July 22, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 115,276	\$ 79,407	\$ 123,305	\$ 71,378
Motor Vehicle Highway	44,424	16,197	5,000	55,621
Local Road and Street	6,637	2,008	787	7,858
Levy Excess	389	-	389	-
Riverboat	10,670	3,067	7,500	6,237
Rainy Day	-	2,112	-	2,112
Donation	2,189	-	-	2,189
Hillsboro Beautification Project	2,000	-	-	2,000
Cumulative Capital Improvement	1,036	1,591	-	2,627
Proprietary Funds:				
Water Utility - Operating	93,218	86,911	117,930	62,199
Water Utility - Bond and Interest	8,952	13,200	12,287	9,865
Water Utility - Depreciation	4,261	3,900	-	8,161
Water Utility - Customer Deposit	4,422	2,500	2,622	4,300
Water Utility - Reserve	8,079	2,770	-	10,849
Wastewater Utility - Operating	34,694	113,630	112,659	35,665
Wastewater Utility - Bond and Interest	26,813	36,000	34,075	28,738
Wastewater Utility - Depreciation	67,520	12,600	26,915	53,205
Wastewater Utility - Customer Deposit	3,134	2,011	632	4,513
Wastewater Utility - Reserve	35,695	-	-	35,695
Totals	\$ 469,409	\$ 377,904	\$ 444,101	\$ 403,212
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 71,378	\$ 139,059	\$ 119,476	\$ 90,961
Motor Vehicle Highway	55,621	16,054	-	71,675
Local Road and Street	7,858	1,906	529	9,235
Riverboat	6,237	3,060	2,700	6,597
Rainy Day	2,112	1,429	-	3,541
Donation	2,189	-	1,216	973
Cumulative Capital Improvement	2,000	-	-	2,000
Cumulative Capital Development	2,627	1,499	-	4,126
Proprietary Funds:				
Water Utility - Operating	62,199	83,787	81,009	64,977
Water Utility - Bond and Interest	9,865	13,200	13,040	10,025
Water Utility - Depreciation	8,161	3,900	250	11,811
Water Utility - Customer Deposit	4,300	3,400	2,750	4,950
Water Utility - Construction	10,849	2,770	-	13,619
Wastewater Utility - Operating	35,665	111,314	113,342	33,637
Wastewater Utility - Bond and Interest	28,738	36,000	34,625	30,113
Wastewater Utility - Depreciation	53,205	12,600	9,385	56,420
Wastewater Utility - Customer Deposit	4,513	1,678	790	5,401
Wastewater Utility - Construction	35,695	-	-	35,695
Totals	\$ 403,212	\$ 431,656	\$ 379,112	\$ 455,756

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. However, taxes in 2009 were due July 10 and November 10. 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.

Note 6. Trust Funds

The Town Board of the Town of Hillsboro was named beneficiary of the estate of Charles M. Shade and Elouise Remster Shade Trust. Terms of the trust state that in the year 2043 the Town will receive \$85,000 when certificates of deposit are cashed in. On September 8, 2008, the Board signed a petition to modify the trust. This petition asked the Fountain Circuit Court to permit the trustees to invest the trust assets in investments authorized by the Indiana Trust Code and Uniform Prudent Investor Act notwithstanding the trust's requirement that investments are limited to certificates of deposit and other bank deposits.

TOWN OF HILLSBORO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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	\$ 143,000	\$ 12,770
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 1994	<u>514,000</u>	<u>35,130</u>
Total business-type activities debt	<u>\$ 657,000</u>	<u>\$ 47,900</u>

TOWN OF HILLSBORO
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2010, with Paula Hoagland, Clerk-Treasurer; and Curtis L. Hoagland, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.