

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF HILLSBORO

FOUNTAIN COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
11/14/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Paula Hoagland Emily Furr	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Curtis L. Hoagland	01-01-10 to 12-31-12
Superintendent of Utilities	Thomas L. Fishero	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Town of Hillsboro (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town'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 Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town'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.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 1, 2012

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FINANCIAL STATEMENTS

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

TOWN OF HILLSBORO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 90,961	\$ 131,717	\$ 138,710	\$ 83,968
Motor Vehicle Highway	71,675	15,627	11,662	75,640
Local Road And Street	9,235	1,947	4,417	6,765
Donations	973	-	-	973
Riverboat	6,598	3,060	-	9,658
Beautification	2,000	-	-	2,000
Rainy Day	3,541	1,601	-	5,142
Levy Excess	-	164	-	164
Cumulative Capl Imprv Cigarette Tax	4,126	1,432	2,500	3,058
Sewage Utility Operating	33,637	121,266	128,860	26,043
Sewage Utility Bond & Interest	30,113	36,000	35,130	30,983
Sewage Utility Depreciation	56,420	12,600	4,023	64,997
Sewage Utility Deposit	5,400	1,389	1,237	5,552
Sewage Utility Debt Service	35,695	-	-	35,695
Water Utility- Operating	64,927	98,353	94,328	68,952
Water Utility- Bond And Interest	10,025	13,200	12,770	10,455
Water Utility- Depreciation/ Improve	11,811	3,900	3,925	11,786
Water Utility Meter Deposit	4,950	3,150	3,150	4,950
Water Debt Service	13,619	231	-	13,850
Totals	<u>\$ 455,706</u>	<u>\$ 445,637</u>	<u>\$ 440,712</u>	<u>\$ 460,631</u>

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

TOWN OF HILLSBORO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 83,968	\$ 123,315	\$ 131,160	\$ 76,123
Motor Vehicle Highway	75,640	15,746	-	91,386
Local Road And Street	6,765	1,895	-	8,660
Riverboat	9,658	3,060	5,850	6,868
Rainy Day	5,142	-	5,000	142
Levy Excess	164	-	164	-
Cumulative Capl Imprv Cigarette Tax	3,058	1,404	2,500	1,962
Donations	973	-	-	973
Beautification	2,000	-	-	2,000
Sewage Utility Operating	26,043	123,579	132,046	17,576
Sewage Utility Bond & Interest	30,983	36,000	34,590	32,393
Sewage Utility Depreciation	64,997	12,600	14,260	63,337
Sewage Utility Deposit	5,552	296	991	4,857
Sewage Utility Debt Service	35,695	-	-	35,695
Water Utility- Operating	68,952	110,042	100,428	78,566
Water Utility- Bond And Interest	10,455	13,200	12,500	11,155
Water Utility- Depreciation/ Improve	11,786	3,900	-	15,686
Water Utility Meter Deposit	4,950	2,750	2,550	5,150
Water Debt Service	13,850	-	-	13,850
Totals	<u>\$ 460,631</u>	<u>\$ 447,787</u>	<u>\$ 442,039</u>	<u>\$ 466,379</u>

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

TOWN OF HILLSBORO
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF HILLSBORO
NOTES TO FINANCIAL STATEMENTS
(Continued)

local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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.

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

Penalties which include fees received for late payments.

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 include the following uses:

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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

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.

TOWN OF HILLSBORO
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Interfund Transfers

The Town 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 Town. 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 Town. 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 Town 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. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. 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.

TOWN OF HILLSBORO
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize 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 5. Risk Management

The Town 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 Town 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 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. The terms of the trust state that in the year 2043 the Town will receive \$85,000 when certificates of deposit are cashed in. Until then, the Town Council is a co-trustee and interest is to be paid to local churches. On September 8, 2008, the trust was modified 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information 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 Town 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 supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF HILLSBORO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Donations	Riverboat	Beautification	Rainy Day
Cash and investments - beginning	\$ 90,961	\$ 71,675	\$ 9,235	\$ 973	\$ 6,598	\$ 2,000	\$ 3,541
Receipts:							
Taxes	50,037	-	-	-	-	-	-
Licenses and permits	340	-	-	-	-	-	-
Intergovernmental	31,925	15,627	1,947	-	3,060	-	-
Charges for services	31,101	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	18,314	-	-	-	-	-	1,601
Total receipts	131,717	15,627	1,947	-	3,060	-	1,601
Disbursements:							
Personal services	23,308	-	-	-	-	-	-
Supplies	11,314	-	-	-	-	-	-
Other services and charges	76,863	11,662	4,417	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	9,557	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	17,668	-	-	-	-	-	-
Total disbursements	138,710	11,662	4,417	-	-	-	-
Excess (deficiency) of receipts over disbursements	(6,993)	3,965	(2,470)	-	3,060	-	1,601
Cash and investments - ending	\$ 83,968	\$ 75,640	\$ 6,765	\$ 973	\$ 9,658	\$ 2,000	\$ 5,142

TOWN OF HILLSBORO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Levy Excess	Cumulative Capl Imprv Cigarette Tax	Sewage Utility Operating	Sewage Utility Bond & Interest	Sewage Utility Depreciation	Sewage Utility Deposit	Sewage Utility Debt Service
Cash and investments - beginning	\$ -	\$ 4,126	\$ 33,637	\$ 30,113	\$ 56,420	\$ 5,400	\$ 35,695
Receipts:							
Taxes	164	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	1,432	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	121,248	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	18	36,000	12,600	1,389	-
Total receipts	<u>164</u>	<u>1,432</u>	<u>121,266</u>	<u>36,000</u>	<u>12,600</u>	<u>1,389</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	35,130	-	-	-
Capital outlay	-	2,500	-	-	4,023	-	-
Utility operating expenses	-	-	70,673	-	-	410	-
Other disbursements	-	-	58,187	-	-	827	-
Total disbursements	<u>-</u>	<u>2,500</u>	<u>128,860</u>	<u>35,130</u>	<u>4,023</u>	<u>1,237</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>164</u>	<u>(1,068)</u>	<u>(7,594)</u>	<u>870</u>	<u>8,577</u>	<u>152</u>	<u>-</u>
Cash and investments - ending	<u>\$ 164</u>	<u>\$ 3,058</u>	<u>\$ 26,043</u>	<u>\$ 30,983</u>	<u>\$ 64,997</u>	<u>\$ 5,552</u>	<u>\$ 35,695</u>

TOWN OF HILLSBORO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility- Operating	Water Utility- Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility Meter Deposit	Water Debt Service	Totals
Cash and investments - beginning	\$ 64,927	\$ 10,025	\$ 11,811	\$ 4,950	\$ 13,619	\$ 455,706
Receipts:						
Taxes	-	-	-	-	-	50,201
Licenses and permits	-	-	-	-	-	340
Intergovernmental	-	-	-	-	-	53,991
Charges for services	-	-	-	-	-	31,101
Utility fees	93,767	-	-	-	-	215,015
Penalties	768	-	-	-	-	768
Other receipts	<u>3,818</u>	<u>13,200</u>	<u>3,900</u>	<u>3,150</u>	<u>231</u>	<u>94,221</u>
Total receipts	<u>98,353</u>	<u>13,200</u>	<u>3,900</u>	<u>3,150</u>	<u>231</u>	<u>445,637</u>
Disbursements:						
Personal services	-	-	-	-	-	23,308
Supplies	-	-	-	-	-	11,314
Other services and charges	-	-	-	-	-	92,942
Debt service - principal and interest	-	12,770	-	-	-	47,900
Capital outlay	-	-	3,925	-	-	20,005
Utility operating expenses	76,997	-	-	3,150	-	151,230
Other disbursements	<u>17,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,013</u>
Total disbursements	<u>94,328</u>	<u>12,770</u>	<u>3,925</u>	<u>3,150</u>	<u>-</u>	<u>440,712</u>
Excess (deficiency) of receipts over disbursements	<u>4,025</u>	<u>430</u>	<u>(25)</u>	<u>-</u>	<u>231</u>	<u>4,925</u>
Cash and investments - ending	<u>\$ 68,952</u>	<u>\$ 10,455</u>	<u>\$ 11,786</u>	<u>\$ 4,950</u>	<u>\$ 13,850</u>	<u>\$ 460,631</u>

TOWN OF HILLSBORO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Rainy Day	Levy Excess	Cumulative Capl Imprv Cigarette Tax
Cash and investments - beginning	\$ 83,968	\$ 75,640	\$ 6,765	\$ 9,658	\$ 5,142	\$ 164	\$ 3,058
Receipts:							
Taxes	56,844	2,935	-	3,060	-	-	-
Licenses and permits	16,548	-	-	-	-	-	-
Intergovernmental	12,838	12,811	1,895	-	-	-	1,404
Charges for services	34,255	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	2,830	-	-	-	-	-	-
Total receipts	<u>123,315</u>	<u>15,746</u>	<u>1,895</u>	<u>3,060</u>	<u>-</u>	<u>-</u>	<u>1,404</u>
Disbursements:							
Personal services	29,160	-	-	-	-	-	-
Supplies	10,933	-	-	-	-	-	-
Other services and charges	81,837	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,654	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,576	-	-	5,850	5,000	164	2,500
Total disbursements	<u>131,160</u>	<u>-</u>	<u>-</u>	<u>5,850</u>	<u>5,000</u>	<u>164</u>	<u>2,500</u>
Excess (deficiency) of receipts over disbursements	<u>(7,845)</u>	<u>15,746</u>	<u>1,895</u>	<u>(2,790)</u>	<u>(5,000)</u>	<u>(164)</u>	<u>(1,096)</u>
Cash and investments - ending	<u>\$ 76,123</u>	<u>\$ 91,386</u>	<u>\$ 8,660</u>	<u>\$ 6,868</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 1,962</u>

TOWN OF HILLSBORO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Donations	Beautification	Sewage Utility Operating	Sewage Utility Bond & Interest	Sewage Utility Depreciation	Sewage Utility Deposit	Sewage Utility Debt Service
Cash and investments - beginning	\$ 973	\$ 2,000	\$ 26,043	\$ 30,983	\$ 64,997	\$ 5,552	\$ 35,695
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	122,089	-	-	296	-
Penalties	-	-	1,448	-	-	-	-
Other receipts	-	-	42	36,000	12,600	-	-
Total receipts	-	-	123,579	36,000	12,600	296	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	34,590	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	83,446	-	-	-	-
Other disbursements	-	-	48,600	-	14,260	991	-
Total disbursements	-	-	132,046	34,590	14,260	991	-
Excess (deficiency) of receipts over disbursements	-	-	(8,467)	1,410	(1,660)	(695)	-
Cash and investments - ending	\$ 973	\$ 2,000	\$ 17,576	\$ 32,393	\$ 63,337	\$ 4,857	\$ 35,695

TOWN OF HILLSBORO
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility- Operating	Water Utility- Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility Meter Deposit	Water Debt Service	Totals
Cash and investments - beginning	\$ 68,952	\$ 10,455	\$ 11,786	\$ 4,950	\$ 13,850	\$ 460,631
Receipts:						
Taxes	5,436	-	-	-	-	68,275
Licenses and permits	-	-	-	-	-	16,548
Intergovernmental	-	-	-	-	-	28,948
Charges for services	-	-	-	-	-	34,255
Utility fees	100,250	-	-	2,750	-	225,385
Penalties	838	-	-	-	-	2,286
Other receipts	<u>3,518</u>	<u>13,200</u>	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>72,090</u>
Total receipts	<u>110,042</u>	<u>13,200</u>	<u>3,900</u>	<u>2,750</u>	<u>-</u>	<u>447,787</u>
Disbursements:						
Personal services	-	-	-	-	-	29,160
Supplies	-	-	-	-	-	10,933
Other services and charges	-	-	-	-	-	81,837
Debt service - principal and interest	-	-	-	-	-	34,590
Capital outlay	-	-	-	-	-	3,654
Utility operating expenses	64,721	-	-	-	-	148,167
Other disbursements	<u>35,707</u>	<u>12,500</u>	<u>-</u>	<u>2,550</u>	<u>-</u>	<u>133,698</u>
Total disbursements	<u>100,428</u>	<u>12,500</u>	<u>-</u>	<u>2,550</u>	<u>-</u>	<u>442,039</u>
Excess (deficiency) of receipts over disbursements	<u>9,614</u>	<u>700</u>	<u>3,900</u>	<u>200</u>	<u>-</u>	<u>5,748</u>
Cash and investments - ending	<u>\$ 78,566</u>	<u>\$ 11,155</u>	<u>\$ 15,686</u>	<u>\$ 5,150</u>	<u>\$ 13,850</u>	<u>\$ 466,379</u>

TOWN OF HILLSBORO
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue Bonds	SEWER BOND	\$ 490,000	\$ 35,050
Water:			
Revenue Bonds	WATER UTILITY BOND	131,000	13,207
Totals		<u>\$ 621,000</u>	<u>\$ 48,257</u>

TOWN OF HILLSBORO
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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
Governmental activities:	
Land	\$ 20,000
Infrastructure	140,000
Machinery, equipment and vehicles	22,650
Total governmental activities	182,650
Wastewater:	
Land	20,000
Infrastructure	525,000
Buildings	131,440
Improvements other than buildings	100,311
Machinery, equipment and vehicles	679,984
Total Wastewater	1,456,735
Water:	
Land	261,340
Infrastructure	40,000
Improvements other than buildings	100,311
Machinery, equipment and vehicles	4,200
Total Water	405,851
Total capital assets	\$ 2,045,236

TOWN OF HILLSBORO
EXAMINATION RESULT AND COMMENT

TIMELY RECORDKEEPING

Receipts were not posted until the end of each month during the audit period.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HILLSBORO
EXIT CONFERENCE

The contents of this report were discussed on October 1, 2012, with Emily Furr, Clerk-Treasurer; Paula Hoagland, former Clerk-Treasurer; and Curtis L. Hoagland, President of the Town Council. The officials concurred with our finding.