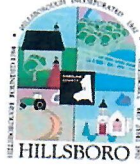


Town of Hillsboro



03/21/2025

Good Day-

My name is Sandy Higdon, I am the Commission President of the Town of Hillsboro Maryland. Our town is located in Caroline County on the Eastern Shore. I am submitting to you today the email I sent to Senator Mautz, Delegate Adams, Delegate Hutchinson and Delegate Ghrist on 08/21/2024.

Senator Mautz and his team immediately took hold of the concern of the small municipalities in our state and have been working diligently to help us through this crisis.

In the beginning of 24-25FY year we were informed by our Past Auditor that our 5 year Audit would be increasing Significantly. To a minimum of \$10,000. In the past we have budgeted \$5,000 for our 5 year audit and we had budgeted this same amount for the 24-25 FY and adopted our Budget.

Luckily we found an auditor that would work with us at a reasonable rate in relation to what we had been provided, and we did not have to amend our budget.

The three Commissioners in this town each make \$12 a year as Commissioner to protect and defend our friends, neighbors and the Community we live in. A \$10,000 audit serves us no purpose other than to deplete our Communities excess revenue which we have as an emergency safety net. And wipe our municipality off of the rolls as one of the oldest Municipalities in the State of Maryland. If we must use ¼ of our taxpayers funds to make sure we as Commissioners are not stealing their money through an Audit by Companies whose employees are making annual salaries much more than our annual budget then there is something wrong with our society.

Please correct this loophole and provide my community the confidence in its government that I hope that it has in us as their Commissioner.

Regards,

Sandy Higdon

Town of Hillsboro – President

Town of Hillsboro

Sandy Higdon <sandy.higdon@hillsboromd.com>

Wed, Aug 21, 2024 at 1:53 PM

To: OLAWebmaster@ola.state.md.us, johnny.mautz@senate.state.md.us, christopher.adams@house.state.md.us, tom.hutchinson@house.state.md.us, "Ghrist, Jeff Delegate" <jeff.ghrist@house.state.md.us>

Good day,

I am Sandy Higdon, the Commission President of the Town of Hillsboro. Our town, as of the 2022 census, has a population of 126 and a total of 73 homes. Our budget for FY 24 is \$52,998. Of this amount, \$12,198 are allocated ARPA Funds. Moving beyond this fiscal year, it is estimated that our budget will decrease back to Pre-COVID financials, which are normally in the low \$40,000 range. The town of Hillsboro is 99.998% residential and as of the 2022 census the median age is 48.2 years. With this information at hand, it is safe to say that the revenue for our municipality is stagnant and as the residents retired, income taxes for the town will continue to decrease.

Recently, I had this email chain correspondence with a partner at UHY informing me that our 5 year audit would be increasing significantly and when he states significantly I'm talking, at a minimum of a 100% increase. Our budget's FY is July 1st. Our Auditor audits us annually at a rate of \$1000 and therefore knows when our budget begins and ends. They also know the extent of our budget and all of our financial information. Normally we have a 5 year audit with a premium of \$5,000; which for our town is a significant amount of money. This is our year for the 5 year audit. The partner Roy Geiser sends me an email on July 24th after the Budget has passed and tells me

"The Town is required to have an audit for the year ended June 30, 2024. We want to info you that the audit fee for this year will need to increase due to significantly more audit work required.

We propose the fee to be at least \$10,000.

Please confirm this will be ok or if you would like to discuss. We need to get out engagement letters in the next few weeks."

I responded immediately

"We will definitely need to discuss this. Our budget is less than \$52,000. Your proposed fee is 1/5th of the entire budget and it went into effect 07/01/2024.

Please provide us a detailed proposal as this matter needs to be discussed internally immediately."

and his response was

"I understand your concern and I have previously spoken with Trevor Owens (Dept of Legislative Services) at the State to see if there is funding out there to help pay for these audits or if there is a way to get another exemption. Unfortunately, there is not.

The audit landscape has changed significantly since 2020. COVID had a major impact on many industries and public accounting was one of them. In addition, some major accounting & auditing standards issued since 2020 have significantly increased our audit time.

Some of the major standards include:

- GASB 87 Leases
- GASB 96 Subscription Based Information Technology Arrangements
- SAS 145 – Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement

We estimate our audit hours to range between 65-85 hours depending on the impact of the standards, which we won't know until we start.'

Would be happy to discuss in further detail if you would like"

Our town administrator has contacted him and he has given her the contact number for other auditors and we were told there were only about 7 accountants in the state that do Municipal Audits.

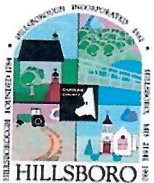
\$10,000 will be 1/4 of our entire budget next year. How is our town supposed to support these prices that are MANDATORY. If audits are mandatory, why are they not provided by state auditors at the states expense instead of a 3rd party at the communities expense. This gentleman says it will take 65-85 hours to complete our audit. I have 3 plastic totes, a check book, 3 binders with bank statements and a laptop. That consists of all of the Towns' records. Normally we email them everything they request and we send them the accounts copy of quickbooks. I could deliver every document to them and it would not take 65-85 hour to type not applicable in the boxes they are discussing above. Their employees are Certified and it should not take this amount of time to audit the smallest of small businesses that's not even a small business.

If a 3rd party is allowed to increase their rate over 100% for a mandatory process then the 3rd party should be audited for fraud.

This will drive our town straight into a deficit. These audit company's employees are making more annual income than our entire town, Please provide me with several suggestions to see us through this devastating pitfall.

Regards,

Sandy Higdon
410-253-5517
Commission President
www.hillsboromd.com



Hillsboro, MD

----- Forwarded message -----

From: **Geiser, Roy** <RGeiser@uhy-us.com>
Date: Thu, Jul 25, 2024 at 8:31 AM
Subject: RE: Town of Hillsboro
To: Sandy Higdon <sandy.higdon@hillsboromd.com>

Cc: Sally Campbell <sally.campbell@hillsboromd.com>, Steve Higdon <steve.higdon@hillsboromd.com>, Jeannette DELUDE <info@hillsboromd.com>

[Quoted text hidden]

2 attachments



Ordinance #85.pdf
41K



Budget FY 24 25.pdf
342K

TOWN OF HILLSBORO

BUDGET INCOME (1 OF 1)

	Prior Year 2023-2024	Based on 9 Mo 4/1/2024	Proposed 2024-2025
TAXES - LOCAL - PROPERTY			
a. Real Property			
b. Personal Property	Combined		
c. Interest & Service Charges	Proposed		
	22,000	23,737	23,000
TOTAL - LOCAL - PROPERTY	22,000	23,738	23,000
TAXES - LOCAL - INCOME	7,000	6,706	7,000
TAXES - STATE SHARED			
a. Business License			
b. Gasoline & Motor Vehicle (*HUR)	5,000	4,195	5,000
TOTAL - TAXES - STATE SHARED	5,000	4,195	5,000
BUILDING PERMIT/APPEAL FEES			
a. Building Permit & Application Fees	0	20	0
b. Zoning Appeals Fees	0	0	0
TOTAL BUILDING PERMIT/APPEAL FEES	0	20	0
OPERATING GRANTS			
a. Critical Area	1,000	0	1,000
b. Planning	2,500	0	2,500
c. ARPA	12,422	12,198	12,198
TOTAL OPERATING GRANTS	15,922	12,198	15,698
REVENUE FROM OTHER SOURCES			
a. Interest Income	30	3,437	2,000
b. Property Inspection Fees		0	0
c. Municipal Building - Rental Fees		775	300
d. Other - Miscellaneous(**CG)	250	28	
TOTAL REVENUE FROM OTHER SOURCES		4,240	2,300
RESERVE			
TOTAL REVENUE	49,922	51,095	52,998
TAX RATE PER \$100.00	.22	0	.22

* HUR=Highway User Revenue

** CG= Capital Grant

Box 6

Box 5

Box 4

Box 3

Box 2

Box 1

PRESIDENT

DATE

CLERK/TREASURER

DATE

VICE-PRESIDENT

DATE

COMMISSIONER

DATE

TOWN OF HILLSBORO

BUDGET EXPENSE (1 OF 2)

GENERAL FUND		Prior Year	Based on 9 mos	Proposed
GENERAL GOVERNMENT - LEGISLATIVE		2023-2024	3/9/2024	2023-2024
Box A1	Salaries - Commissioners	36		36
TOTAL GENERAL GOVERNMENT LEGISLATIVE		36		36
ELECTIONS				
Box B1	Salaries	45		45
Box B2	Advertising	210		210
TOTAL ELECTIONS		255		255
FINANCIAL ADMINISTRATION				
Box C1	Salary - Clerk	6,000	4,500	6,000
Box C2	Audit	1,000	1,000	1,000
Box C3	Office Supplies & Expenses	600	323	600
Box C4	Insurance, (Personal Liability)	100	0	100
Box C5	Advertising (RFPs)	600	?	600
Box C6	Miscellaneous	100	346	200
Box C7	Property Inspection Fees	250	1,000	250
Box C8	Consultation Services	2,000	0	2,000
TOTAL FINANCIAL ADMINISTRATION		10,650	7,170	10,750
Box D	ATTORNEY FEES	1,500	0	1,500
MUNICIPAL & BANK BUILDINGS - General				
Box E1	Insurance (Property)	500	425	500
Box E2	Pest Control (Mosquito, Termites)	500	270	500
Box E3	Electricity - Municipal Building	1,500	825	1,500
Box E4	Phone - Municipal Building-Internet	1,860	1,266	1,900
Box E5	Electricity - Bank Building	0	0	0
TOTAL MUNICIPAL & BANK BUILDINGS		4,360	2,786	4,400
TOTAL GENERAL GOVERNMENT		16,801	9,956	16,941
PUBLIC SAFETY				
Box F1	Fire Company - General Fund	500	500	1,000
Box F2	Fire Company - Ambulance Fund	500	500	1,000
	Community	250	250	250
TOTAL PUBLIC SAFETY		1,250	1,250	2,250
RECREATION				
Box G1	Park Development ex Seal coating Trash Cans	2,000	700	3,000
Box G2	Park Maintenance Expense ex. Grass/mulch	2,500	1,385	3,000
Box G3	22025 Church Street Maintenance	1,000	275	2,000
Box G4	Community Activities	1,000	605	1,000
TOTAL RECREATION		6,500	2,965	9,000
TOTAL GENERAL FUND EXPENDITURES		24,551	14,171	28,191

TOWN OF HILLSBORO

BUDGET EXPENSE (2 OF 2)

	Prior Year 2023-2024	Based on 9 mo 4/1/2024	Proposed 2024-2025
HIGHWAY FUND / PUBLIC WORKS			
Street Lights	5,000	4,051	5500
Street Maintenance	1,500	0	1500
Curbs / Footpaths	1,500	0	1500
Sanitation / Waste Collection	9,600	7,189	12000
TOTAL HIGHWAY FUND / PUBLIC WORKS	17,600	11,240	20500
MUNICIPAL BUILDING - Improve / Repair			
Building Repair	1,000	0	1000
Painting	1,000	0	1000
Miscellaneous	500	0	500
TOTAL MUNICIPAL BUILDING	2,500	0	2500
BANK BUILDING - Improve / Repair			
Building Repair	0	0	0
Painting	0	0	0
Miscellaneous	0	0	0
TOTAL BANK BUILDING	0	0	0
TOTAL GENERAL FUND EXPENDITURES	20,100	14,171	23,000
SUBTOTAL Expense Page 2	24,551	11,240	28,191
GRAND TOTAL EXPENDITURES	44,651	25,411	51,191

PRESIDENT _____ DATE _____

VICE-PRESIDENT _____ DATE _____

CLERK/TREASURER _____ DATE _____

COMMISSIONER _____ DATE _____

GENERAL FUND

REVENUE
Taxes
Revenue from other agencies
Interest income and miscellaneous revenue

APPROPRIATIONS
General Government
Public Works
Recreation

REVENUE
Taxes

TOTAL - LOCAL - PROPERTY
TAXES - LOCAL - INCOME
TOTAL - TAXES - STATE SHARED

Revenue from other agencies
TOTAL BUILDING PERMIT/APPEAL FEES
CRITICAL AREAS GRANT

Interest income and miscellaneous revenue
TOTAL REVENUE FROM OTHER SOURCES
RESERVE

APPROPRIATIONS
General Government
TOTAL GENERAL GOVERNMENT (which includes everything above that line)

Public Works

TOTAL PUBLIC SAFETY
TOTAL HIGHWAY FUND / PUBLIC WORKS
TOTAL MUNICIPAL BUILDING
TOTAL BANK BUILDING

Recreation

TOTAL RECREATION