



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY  
DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

Village of Hicksville  
Defiance County  
111 South Main Street  
Hicksville, Ohio 43526-1398

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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 of the Village, as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hicksville, Defiance County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of the COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

November 13, 2020

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**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$115,544	\$207,812		\$323,356
Municipal Income Tax	1,362,371			1,362,371
Intergovernmental	94,612	238,920	\$22,619	356,151
Special Assessments			109,761	109,761
Charges for Services	20,192	191,709		211,901
Fines, Licenses and Permits	29,905	17,086		46,991
Earnings On Investments	121,320	633		121,953
Miscellaneous	43,067	234,393		277,460
<i>Total Cash Receipts</i>	<u>1,787,011</u>	<u>890,553</u>	<u>132,380</u>	<u>2,809,944</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	608,606	558,203	46,610	1,213,419
Public Health Services	27,500			27,500
Leisure Time Activities	135,841			135,841
Community Environment	24,374	168,000		192,374
Basic Utility Services		34,762		34,762
Transportation		175,572		175,572
General Government	466,964	4,344	141	471,449
Capital Outlay		19,860	257,104	276,964
<i>Total Cash Disbursements</i>	<u>1,263,285</u>	<u>960,741</u>	<u>303,855</u>	<u>2,527,881</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>523,726</u>	<u>(70,188)</u>	<u>(171,475)</u>	<u>282,063</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		75,000	380,000	455,000
Transfers Out	(455,000)			(455,000)
Other Financing Uses	(468)			(468)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(455,468)</u>	<u>75,000</u>	<u>380,000</u>	<u>(468)</u>
<i>Net Change in Fund Cash Balances</i>	68,258	4,812	208,525	281,595
<i>Fund Cash Balances, January 1</i>	<u>785,044</u>	<u>681,333</u>	<u>1,955,836</u>	<u>3,422,213</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		686,145	447,158	1,133,303
Assigned	493,106		1,717,203	2,210,309
Unassigned	360,196			360,196
<i>Fund Cash Balances, December 31</i>	<u>\$853,302</u>	<u>\$686,145</u>	<u>\$2,164,361</u>	<u>\$3,703,808</u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,961,059		\$1,961,059
Miscellaneous	9,670		9,670
<i>Total Operating Cash Receipts</i>	<u>1,970,729</u>		<u>1,970,729</u>
<b>Operating Cash Disbursements</b>			
Personal Services	313,729		313,729
Employee Fringe Benefits	107,440		107,440
Contractual Services	681,018		681,018
Supplies and Materials	109,640		109,640
Other	2,200		2,200
<i>Total Operating Cash Disbursements</i>	<u>1,214,027</u>		<u>1,214,027</u>
<i>Operating Income</i>	<u>756,702</u>		<u>756,702</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	809		809
Capital Outlay	(168,868)		(168,868)
Principal Retirement	(449,402)		(449,402)
Interest and Other Fiscal Charges	(21,576)		(21,576)
Other Financing Sources		\$96,584	96,584
Other Financing Uses		(115,438)	(115,438)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(639,037)</u>	<u>(18,854)</u>	<u>(657,891)</u>
<i>Net Change in Fund Cash Balances</i>	117,665	(18,854)	98,811
<i>Fund Cash Balances, January 1</i>	<u>2,373,734</u>	<u>\$18,854</u>	<u>2,392,588</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,491,399</u></u>	<u><u>\$18,854</u></u>	<u><u>\$2,491,399</u></u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1 – Reporting Entity**

The Village of Hicksville, Defiance County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, refuse collection, park operations, police services, and fire and emergency medical services.

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization, Hicksville Union Cemetery, and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 9 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Fire/EMS Levy Fund*** The Fire/EMS Levy Fund receives fire and emergency medical services tax levy money and payments from residents of the Village and surrounding areas who receive fire protection and emergency medical services.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Capital Projects Fund*** The Capital Projects Fund receives a portion of the Village income tax revenue. The revenue is used to make permanent improvements to Village land and property.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

***Water Operating Fund*** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Sewer Operating Fund** The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Refuse Operating Fund** The Refuse Operating Fund accounts for the provision of refuse services to the residents and commercial users within the Village.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Funds:

**Mayor's Court Fund** This fund receives fines, bonds, and costs generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and the City of Defiance.

**Village of Sherwood Income Tax Fund** The Village of Sherwood Income Tax Fund receives income tax revenue collected and disbursed each month on behalf of the Village of Sherwood.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) to be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Government and Agency securities and negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits and Investments**

The Village maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$1,652,977
Cash on hand	580
Total deposits	1,653,557
U.S. Government and Agency securities	3,516,348
Negotiable certificates of deposit	988,000
Mutual funds	15,791
STAR Ohio	21,511
Total investments	4,541,650
Total deposits and investments	\$6,195,207

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

The Village values U.S. Government and Agency securities and negotiable certificates of deposit at cost. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,413,100	\$1,787,011	\$373,911
Special Revenue	910,899	965,553	54,654
Capital Projects	558,100	512,380	(45,720)
Enterprise	1,595,000	1,971,538	376,538
Total	\$4,477,099	\$5,236,482	\$759,383

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

2019 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,839,514	\$1,722,362	\$117,152
Special Revenue	1,351,390	964,438	386,952
Capital Projects	593,014	303,855	289,159
Enterprise	3,297,662	2,043,806	1,253,856
Total	<u>\$7,081,580</u>	<u>\$5,034,461</u>	<u>\$2,047,119</u>

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes monthly or quarterly, as required and file a declaration annually.

**Note 6 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$5,041,534	0.20%-0.98%
Ohio Public Works Commission Loan	475,000	0%
Total	<u>\$5,516,534</u>	

The Village entered into a loan agreement dated August 25, 2005 with the Ohio Water Development Authority (OWDA) (Loan Number 4373) in the amount of \$6,659,433 for the purpose of expanding the sewer plant mandated by the Ohio Environmental Protection Agency. This loan is to be repaid over a period of 20 years in semi-annual installments of \$169,921, including .20% of interest. As of December 31, 2019, the balance of this loan was \$2,695,764.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

The Village entered into a loan agreement dated August 25, 2016 with OWDA (Loan Number 7450) in the amount of \$1,073,071 for the purpose of making sanitary sewer improvements along Antwerp Drive. This loan will be repaid over a period of 30 years in semi-annual installments of \$18,435, including .20% interest. As of December 31, 2019, the balance of this loan was \$1,003,517.

The Village entered into a loan agreement dated March 30, 2017 with OWDA (Loan Number 7619) in the amount of \$1,406,227 for the purpose of making improvements on Bryan and Main Streets included in the Long-Term Control Plan Phase 1 project. This loan will be repaid over a period of 20 years in semi-annual installments of \$38,799 at .98% interest. As of December 31, 2019, the balance of this loan was \$1,342,253.

The Village entered into a loan agreement dated July 13, 2015 with the Ohio Pubic Works Commission (Project Number CT10S) in the amount of \$500,000 for the CSO Abatement Program which includes various storm sewer and sanitary sewer improvements. This loan will be repaid over a period of 30 years in semi-annual installments of \$8,333 at 0% interest. As of December 31, 2019, the balance of this loan was \$475,000.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan	OWDA Loans
2020	\$16,667	\$454,311
2021	16,667	454,311
2022	16,667	454,311
2023	16,667	454,311
2024	16,667	454,311
2025-2029	83,333	1,591,701
2030-2034	83,333	572,345
2035-2039	83,333	494,747
2040-2044	83,333	184,355
2045-2048	58,333	110,612
Total	\$475,000	\$5,225,315

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.



**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

***Social Security***

The Village firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>( 11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 10 – Interfund Transfers**

During 2019, the following transfers were made:

Fund	Transfer In
Transfer From General Fund To:	
Special Revenue Fund:	
Police Pension Fund	\$75,000
Capital Projects Fund:	
Capital Projects Fund	<u>380,000</u>
	<u><u>\$455,000</u></u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**Note 11 – Jointly Governed Organization**

The Hicksville Union Cemetery is jointly governed by the Village of Hicksville and Hicksville Township. The Village Council and Township Trustees appoint the Cemetery's three-member Board of Trustees to direct cemetery operations, including grounds maintenance, opening and closing of graves, and the sale of grave lots. Both entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. Each May an annual joint meeting is held in the Village's Council chambers. Financial information can be obtained from the Hicksville Union Cemetery, 407 Manor Lane, Hicksville, Ohio 43526.

**Note 12 – Miscellaneous Revenues**

Miscellaneous receipts in the Special Revenue Fund primarily consisted of revolving loan principal and interest payments.

**Note 13 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$98,291	\$203,128		\$301,419
Municipal Income Tax	1,320,304			1,320,304
Intergovernmental	95,380	190,802	\$359,541	645,723
Special Assessments	2,845		108,771	111,616
Charges for Services	12,139	172,571		184,710
Fines, Licenses and Permits	35,936	19,083		55,019
Earnings On Investments	85,412	1,245		86,657
Miscellaneous	97,808	202,628	43,277	343,713
<i>Total Cash Receipts</i>	<u>1,748,115</u>	<u>789,457</u>	<u>511,589</u>	<u>3,049,161</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	680,693	455,228	47,096	1,183,017
Public Health Services	27,500			27,500
Leisure Time Activities	279,047			279,047
Community Environment	36,711	407,000		443,711
Basic Utility Services		25,278		25,278
Transportation		162,022		162,022
General Government	461,989			461,989
Capital Outlay			1,496,553	1,496,553
Debt Service:				
Principal Retirement			115,084	115,084
<i>Total Cash Disbursements</i>	<u>1,485,940</u>	<u>1,049,528</u>	<u>1,658,733</u>	<u>4,194,201</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>262,175</u>	<u>(260,071)</u>	<u>(1,147,144)</u>	<u>(1,145,040)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Loans Issued			651,970	651,970
Sale of Capital Assets			57,752	57,752
Transfers In		66,984	500,000	566,984
Transfers Out	(566,984)			(566,984)
Other Financing Uses	(205)			(205)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(567,189)</u>	<u>66,984</u>	<u>1,209,722</u>	<u>709,517</u>
<i>Net Change in Fund Cash Balances</i>	<u>(305,014)</u>	<u>(193,087)</u>	<u>62,578</u>	<u>(435,523)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,090,058</u>	<u>874,420</u>	<u>1,893,258</u>	<u>3,857,736</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		681,333	384,148	1,065,481
Assigned	426,414		1,571,688	1,998,102
Unassigned	358,630			358,630
<i>Fund Cash Balances, December 31</i>	<u>\$785,044</u>	<u>\$681,333</u>	<u>\$1,955,836</u>	<u>\$3,422,213</u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,978,913		\$1,978,913
Miscellaneous	46,830	\$18,854	65,684
<i>Total Operating Cash Receipts</i>	<u>2,025,743</u>	<u>18,854</u>	<u>2,044,597</u>
<b>Operating Cash Disbursements</b>			
Personal Services	326,547		326,547
Employee Fringe Benefits	112,763		112,763
Contractual Services	533,933		533,933
Supplies and Materials	509,445		509,445
<i>Total Operating Cash Disbursements</i>	<u>1,482,688</u>		<u>1,482,688</u>
<i>Operating Income</i>	<u>543,055</u>	<u>18,854</u>	<u>561,909</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes		692	692
Miscellaneous Receipts	1,000		1,000
Principal Retirement	(376,358)		(376,358)
Interest and Other Fiscal Charges	(8,688)		(8,688)
Other Financing Sources		20,219	20,219
Other Financing Uses		(20,911)	(20,911)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(384,046)</u>		<u>(384,046)</u>
<i>Net Change in Fund Cash Balances</i>	159,009	18,854	177,863
<i>Fund Cash Balances, January 1</i>	<u>2,214,725</u>		<u>2,214,725</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,373,734</u></u>	<u><u>\$18,854</u></u>	<u><u>\$2,392,588</u></u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Reporting Entity**

The Village of Hicksville, Defiance County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, refuse collection, park operations, police services, and fire and emergency medical services.

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization, Hicksville Union Cemetery, and a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Notes 9 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Community Development Fund*** The Community Development Fund receives principal and interest payments from revolving loans the Village distributes to local businesses to promote economic development.

***Fire/EMS Levy Fund*** The Fire/EMS Levy Fund receives fire and emergency medical services tax levy money and payments from residents of the Village and surrounding areas who receive fire protection and emergency medical services.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***Capital Projects Fund*** The Capital Projects Fund receives a portion of the Village income tax revenue. The revenue is used to make permanent improvements to Village land and property. In addition, this fund received loan proceeds from the Ohio Public Works Commission and the Ohio Water Development Authority for various capital improvement projects throughout the Village.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Water Operating Fund** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Operating Fund** The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village disburses these funds as directed by the individual, organization or other government. The Village's Agency Fund accounts for Mayor's Court activity.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) to be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Government and Agency securities and negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits and Investments**

The Village maintains a deposits and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$1,345,202
Cash on hand	580
Total deposits	1,345,782
U.S. Government and Agency securities	3,456,232
Negotiable certificates of deposit	990,000
Mutual funds	1,769
STAR Ohio	21,018
Total investments	4,469,019
Total deposits and investments	\$5,814,801

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

The Village values U.S. Government and Agency securities and negotiable certificates of deposit at cost. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

Fund Type	2018 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,212,300	\$1,748,115	\$535,815
Special Revenue	745,500	856,441	110,941
Capital Projects	1,537,747	1,721,311	183,564
Enterprise	1,615,000	2,026,743	411,743
Total	\$5,110,547	\$6,352,610	\$1,242,063



**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,256,049	\$2,064,591	\$191,458
Special Revenue	1,360,966	1,050,589	310,377
Capital Projects	2,556,859	1,721,347	835,512
Enterprise	3,336,105	2,012,287	1,323,818
Total	\$9,509,979	\$6,848,814	\$2,661,165

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes monthly or quarterly, as required and file a declaration annually.

**Note 6 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$5,474,269	0.20%-0.98%
Ohio Public Works Commission Loan	491,667	0%
Total	\$5,965,936	

The Village entered into a loan agreement dated August 25, 2005 with the Ohio Water Development Authority (OWDA) (Loan Number 4373) in the amount of \$6,659,443 for the purpose of expanding the sewer plant mandated by the Ohio Environmental Protection Agency. This loan is to be repaid over a period of 20 years in semi-annual installments of \$169,921, including .20% of interest. As of December 31, 2018, the balance of this loan was \$3,029,713.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

The Village entered into a loan agreement dated August 25, 2016 with OWDA (Loan Number 7450) in the amount of \$1,073,071 for the purpose of making sanitary sewer improvements along Antwerp Drive. This loan will be repaid over a period of 30 years in semi-annual installments of \$18,435, including .20% interest. As of December 31, 2018, the balance of this loan was \$1,038,329.

The Village entered into a loan agreement dated March 30, 2017 with OWDA (Loan Number 7619) in the amount of \$1,406,227 for the purpose of making improvements on Bryan and Main Streets included in the Long-Term Control Plan Phase 1 project. In 2018, the Village drew down \$425,289. This loan will be repaid over a period of 20 years in semi-annual installments of \$38,799 at .98% interest. As of December 31, 2018, the balance of this loan was \$1,406,227.

The Village entered into a loan agreement dated March 17, 2017 with OWDA (Loan Number 7759) for the purpose of sanitary and sanitary and storm sewer improvements on Cornelia Street. The total amount of proceeds the Village may draw for this loan is \$300,000. As of December 31, 2018, the Village drew down \$274,027, of which \$115,084 was drawn down in 2018. All of this loan was repaid through the loan forgiveness program.

The Village entered into a loan agreement dated July 13, 2015 with the Ohio Public Works Commission (Project Number CT10S) in the amount of \$500,000 for the CSO Abatement Program which includes various storm sewer and sanitary sewer improvements. This loan will be repaid over a period of 30 years in semi-annual installments of \$8,333 at 0% interest. As of December 31, 2018, the balance of this loan was \$491,667, of which \$111,597 was drawn down in 2018.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan	OWDA Loans
2019	\$16,667	\$454,311
2020	16,667	454,311
2021	16,667	454,311
2022	16,667	454,311
2023	16,667	454,311
2024-2028	83,333	1,931,543
2029-2033	83,333	572,345
2034-2038	83,333	572,345
2039-2043	83,333	184,354
2044-2047	75,000	147,483
Total	\$491,667	\$5,679,625

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

***Social Security***

The Village firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$ 15,065,412
Liabilities	<u>( 10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 10 – Interfund Transfers**

During 2018, the following transfers were made:

Fund	Transfer In
Transfer From General Fund To:	
Special Revenue Fund:	
Police Pension Fund	\$66,984
Capital Projects Fund:	
Capital Projects Fund	500,000
	\$566,984

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

**Note 11 – Jointly Governed Organization**

The Hicksville Union Cemetery is jointly governed by the Village of Hicksville and Hicksville Township. The Village Council and Township Trustees appoint the Cemetery's three-member Board of Trustees to direct cemetery operations, including grounds maintenance, opening and closing of graves, and the sale of grave lots. Both entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. Each May an annual joint meeting is held in the Village's Council chambers. Financial information can be obtained from the Hicksville Union Cemetery, 407 Manor Lane, Hicksville, Ohio 43526.

**Note 12 – Miscellaneous Revenues**

Miscellaneous receipts in the Special Revenue Fund primarily consisted of revolving loan principal and interest payments.

Miscellaneous receipts in the Agency Fund primarily consisted of monies received from insurance companies for properties damaged by fire in the Village.



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NorthwestRegion@ohioauditor.gov

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Hicksville  
Defiance County  
111 South Main Street  
Hicksville, Ohio 43526-1398

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated November 13, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Village's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

November 13, 2020

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- Community Development Block Grant on-behalf of grant monies were not posted to the accounting system by the Village in the proper year, which resulted in overstating intergovernmental revenue, capital outlay, and appropriations in the Infrastructure Fund in the amount of \$35,481 in 2019. This activity should have been posted to the accounting system in 2018.
- In 2019, special assessments were incorrectly classified as property and other local taxes in the Street Lighting Fund in the amount of \$109,761.
- In 2019, other financing sources and other financing uses were understated in the Village of Sherwood Income Tax Fund in the amount of \$21,925.
- In 2019, other financing sources were incorrectly classified as property and other local taxes in the Village of Sherwood Income Tax Fund in the amount of \$59,121.
- In 2018, loans issued and principal retirement were understated in the amount of \$115,084 in the Infrastructure Fund.
- In 2018, principal retirement was incorrectly classified as interest and other fiscal charges in the amount of \$376,358 in the Sewer Operating Fund.
- In 2018, insurance proceeds in the amount of \$18,854 were incorrectly classified as special items instead of miscellaneous revenue in the Fire Damage Insurance Claim Fund.
- In 2018, rental and contract services revenues in the amount of \$67,185 were incorrectly classified as miscellaneous revenue instead of charges for services in various Special Revenue Funds.
- In, 2019, other financing sources and other financing uses were understated in the amount of \$15,538 in the Mayor's Court Fund.
- In 2018, Mayor's Court receipts were incorrectly classified as special items instead of other financing sources in the amount of \$20,219 in the Mayor's Court Fund.
- In 2018, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission in the Capital Projects and Enterprise Funds in the amount of \$98,000, respectively.
- In 2019, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the Capital Projects and Enterprise Funds in the amounts of \$213,014 and \$144,553, respectively.
- In 2018, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the Special Revenue, Capital Projects, and Enterprise Funds in the amounts of \$258,943, \$874,145, and \$493,620, respectively.
- In 2019 and 2018, Budgetary Expenditures in the Budgetary Activity note to the financial statements were understated in the Enterprise Fund in the amounts of \$168,359 and \$144,551, respectively.

- In 2019 and 2018, General Fund subsequent year appropriations in excess of estimated receipts and outstanding encumbrances were incorrectly classified as unassigned instead of assigned fund balance in the amounts of \$493,106 and \$426,414, respectively.
- Assigned fund balance within the Capital Projects Fund in the amounts of \$1,717,203 and \$1,571,688 were incorrectly classified as restricted in 2019 and 2018, respectively.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council, to identify and correct errors and omissions. In addition, the Fiscal Officer should review Ohio Auditor of State Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

**Officials' Response:**

The Fiscal Officer will continue to monitor pertinent financial and budgetary postings to the financial statements and the notes to the financial statements.



# VILLAGE OF HICKSVILLE

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	This finding was first reported in 2005. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2019-001 in this report.	This finding reoccurred due to mispostings of certain receipts, disbursements, fund balance classifications, and budgetary note presentation. The Fiscal Officer will review the mispostings and take them into consideration for future audits.
2017-002	This finding was first reported in 2016. Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources.	Corrective action taken and finding is fully corrected.	

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HICKSVILLE**

**DEFIANCE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/1/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)