



**Auditor of State  
Betty Montgomery**



**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Hicksville Township  
Defiance County  
05360 Fountain Street Road  
Hicksville, Ohio 43526-9318

To the Board of Trustees:

We have audited the accompanying financial statements of Hicksville Township, Defiance County, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

April 6, 2004

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Local Taxes	\$ 19,535	\$ 57,368	\$ -	\$ 76,903
Intergovernmental	106,344	69,489	28,930	204,763
Licenses, Permits, and Fees	2,935	-	-	2,935
Earnings on Investments	180	-	-	180
Other Revenue	339	348	-	687
<b>Total Cash Receipts</b>	<b>129,333</b>	<b>127,205</b>	<b>28,930</b>	<b>285,468</b>
<b>Cash Disbursements</b>				
Current:				
General Government	37,217	-	-	37,217
Public Safety	-	18,556	-	18,556
Public Works	57,214	97,732	-	154,946
Health	8,185	-	-	8,185
Capital Outlay	5,646	-	28,930	34,576
<b>Total Cash Disbursements</b>	<b>108,262</b>	<b>116,288</b>	<b>28,930</b>	<b>253,480</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>21,071</b>	<b>10,917</b>	<b>-</b>	<b>31,988</b>
<b>Other Financing Receipts</b>				
Other Sources	106	-	-	106
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	<b>21,177</b>	<b>10,917</b>	<b>-</b>	<b>32,094</b>
Fund Cash Balances, January 1	32,883	49,851	-	82,734
<b>Fund Cash Balances, December 31</b>	<b>\$ 54,060</b>	<b>\$ 60,768</b>	<b>\$ -</b>	<b>\$ 114,828</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Local Taxes	\$ 20,916	\$ 56,498	\$ 77,414
Intergovernmental	79,761	69,006	148,767
Licenses, Permits, and Fees	3,085	-	3,085
Earnings on Investments	328	-	328
Other Revenue	770	1,567	2,337
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	104,860	127,071	231,931
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
General Government	40,923	-	40,923
Public Safety	566	18,555	19,121
Public Works	27,582	101,720	129,302
Health	8,000	-	8,000
Capital Outlay	7,404	-	7,404
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	84,475	120,275	204,750
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	20,385	6,796	27,181
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements)</b>			
Other Sources	299	-	299
Other Uses	(12)	-	(12)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	287	-	287
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	20,672	6,796	27,468
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	12,211	43,055	55,266
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 32,883</b>	<b>\$ 49,851</b>	<b>\$ 82,734</b>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Hicksville Township, Defiance County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Hicksville Village to provide fire services and Emergency Medical Services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Levy Fund – This fund receives property tax money for providing fire protection to Township residents.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund.

Issue II Fund - The Township received a grant from the State of Ohio to repair Township roads in 2003.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$ 114,828</u>	<u>\$ 82,734</u>

Deposits are either insured by the Federal Depository Insurance Corporation, or secured by collateral pledged by the financial institution.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 2003 and 2002 follows:

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,837	\$ 129,439	\$ 63,602
Special Revenue	114,869	127,205	12,336
Capital Projects	-	28,930	28,930
Total	<u>\$ 180,706</u>	<u>\$ 285,574</u>	<u>\$ 104,868</u>

2003 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 134,294	\$ 108,262	\$ 26,032
Special Revenue	150,892	116,288	34,604
Capital Projects	-	28,930	(28,930)
Total	<u>\$ 285,186</u>	<u>\$ 253,480</u>	<u>\$ 31,706</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 100,929	\$ 105,159	\$ 4,230
Special Revenue	207,801	127,071	(80,730)
Total	<u>\$ 308,730</u>	<u>\$ 232,230</u>	<u>\$ (76,500)</u>

2002 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 147,548	\$ 84,487	\$ 63,061
Special Revenue	212,952	120,275	92,677
Total	<u>\$ 360,500</u>	<u>\$ 204,762</u>	<u>\$ 155,738</u>

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the LTIP Public Works Capital Projects Fund and in the Permissive Motor Vehicle License Tax for the year ended December 31, 2003; and in the Road and Bridge Fund for the year ended December 31, 2002.

Also contrary to Ohio law, total appropriations exceeded total estimated resources in the General Fund and Motor Vehicle License Tax Fund at December 31, 2003; and in the General Fund and Permissive Motor Vehicle License Tax Fund at December 31, 2002.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries through December 31, 2002. The Township has paid all contributions required through December 31, 2002.

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Hicksville Township  
Defiance County  
05360 Fountain Street Road  
Hicksville, Ohio 43526-9318

To the Board of Trustees:

We have audited the accompanying financial statements of Hicksville Township (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 6, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting System. *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are described in the accompany schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 6, 2004.

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### **Internal Control over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over the financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 6, 2004.

This report is intended solely for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

April 6, 2004



**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 provides the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure as certified by the budget commission, or in case of appeal, by the board of tax appeals.

The following funds had total appropriations that exceeded their estimated revenue available for expenditure at December 31, 2002 and at December 31, 2003:

Fiscal Year	Fund	Total Appropriations	Total Estimated Resources	Variance
2002	General Fund	\$ 147,548	\$ 116,178	\$ (31,370)
2002	Special Revenue Funds: Permissive Motor Vehicle License Tax Fund	8,755	3,205	(5,550)
2003	General Fund	134,294	101,576	(32,718)
2003	Special Revenue Funds: Motor Vehicle License Tax Fund	14,192	12,692	(1,500)

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The following fund expenditures exceeded appropriations at December 31, 2002 and 2003 in the following amounts:

**FINDING NUMBER 2003-002  
 (Continued)**

Fiscal Year	Fund	Total Appropriations	Total Disbursements	Variance
2002	Special Revenue Fund: Road and Bridge Fund	\$ 25,287	\$ 31,740	\$ (6,453)
2003	Special Revenue Fund: Permissive Motor Vehicle License Tax Fund	10,000	19,809	(9,809)
2003	Capital Projects Fund: LTIP Public Works Fund	-	28,930	(28,930)

The Township approved their 2002 annual appropriation resolution on April 9, 2002 and their 2003 annual appropriation resolution on March 25, 2003. The Township did not approve a temporary appropriation resolution in either year to encumber their expenditures from January 1 to the approval date of the annual appropriation resolution. Therefore, all disbursements made by the Township from January 1 to the date of the annual appropriation resolution would also be in excess of the township appropriations.

Allowing expenditures to exceed appropriations could result in deficit spending. The Township should regularly monitor budgets to ensure there are sufficient appropriations to fund anticipated expenditures.

**FINDING NUMBER 2003-003**

**Reportable Condition**

Estimated Revenue Posting

The Clerk did not submit all revisions made to budgeted revenues throughout 2002 and 2003 to the County Budget Commission. Consequently, total estimated revenue amounts as presented on the budgetary financial statements did not equal the final estimated revenues as certified by the County Budget Commission for 2002 and 2003 by the following amounts:

**FINDING NUMBER 2003-003  
 (Continued)**

Fiscal Year	Fund	Estimated Revenue Per Financial Ledger	Estimated Revenue Per County Auditor Certificate	Variance
2002	General Fund	\$ 60,870	\$ 100,929	\$ (40,059)
2002	Special Revenue Funds:			
	Road and Bridge Fund	25,125	28,786	(3,661)
2003	General Fund	98,634	65,837	32,797
2003	Special Revenue Funds:			
	Road and Bridge Fund	24,057	26,122	(2,065)
	Fire District Fund	22,835	24,062	(1,227)

In order to properly ensure that total final estimated revenues presented on the financial statements are accurate, we recommend that the Clerk update the revenue ledger only at the time that an Amended Certificate of Estimated Resources is executed with the County Budget Commission.

**HICKSVILLE TOWNSHIP  
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40120-001	Ohio Constitution Article 11 Section 20. Township Clerk was overpaid by \$299.25 for the first three months of 2000.	Yes	
2001-40120-002	Revised Code § 5705.10 recording of taxes and inter-governmental revenues in Township funds	No	Partially corrected. Reported in the Management Letter
2001-40120-003	Revised Code § 5705.36 Township did not complete and file a Certificate of the Total Amount from All Sources Available for Expenditures and Balances with the County Auditor for 2001.	Yes	
2001-40120-004	Revised Code § 5705.38 Passage of annual appropriation measure	No	Partially corrected. Reported in the Management Letter.
2001-40120-005	Revised Code § 5705.41(B) Expenditures in excess of appropriations.	No	Not corrected. Reissued as finding #2003-002
2001-40120-006	Monitoring Financial Activity	Yes	
2001-40120-007	Support documentation for Disbursements	No	Partially corrected. Reported in the Management Letter.
2001-40120-008	Estimated Revenue Posting	No	Partially corrected. Reissued as finding #2003-003.



**Auditor of State  
Betty Montgomery**

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**HICKSVILLE TOWNSHIP**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 11, 2004**