



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 13, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

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**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hicksville Exempted Village School District
Defiance County
958 East Main Street
Hicksville, Ohio 43526-1258

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hicksville Exempted Village School District, Defiance County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hicksville Exempted Village School District, Defiance County, Ohio, as of June 30, 2010, and the respective changes in cash financial position, and the budgetary comparison for the General fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010, on our consideration of the District'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

December 21, 2010

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED 30, 2010
UNAUDITED**

The discussion and analysis of the financial performance of Hicksville Exempted Village School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

In total, net assets increased \$121,771.

General revenues accounted for \$8,202,130, or 80 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating and contributions, and capital grants and contributions accounted for \$1,998,972 or 20 percent of total revenues of \$10,192,102.

The General fund and the Building/Land LFI Fund are the District's only major funds.

The General fund had \$7,625,883 in receipts and other financing sources and \$6,805,037 in expenditures. The General fund's balance increased \$820,846 from the prior fiscal year.

The Building/Land LFI fund had \$18 in receipts and \$308,956 in disbursements. The Building/Land LFI fund's balance decreased \$308,938 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General fund is by far the most significant fund. The General fund and the Building/Land LFI fund are the District's only major funds.

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflect how the District did financially during fiscal year 2010. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED 30, 2010
UNAUDITED
(Continued)**

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the cash basis statement of net assets and the statement of activities, the District discloses a single type of activity, its governmental activities, which includes all of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The General fund and the Building and Land LFI fund are the District's major funds.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2010 compared to fiscal year 2009.

Table 1		
Net Assets		
Governmental Activities		
	2010	2009
<u>Assets:</u>		
Current and Other Assets	\$6,329,022	\$6,207,251
<u>Net Assets:</u>		
Restricted for Debt Service	247,837	237,100
Restricted for Capital Outlay	1,309,287	2,094,077
Restricted for Other Purposes	278,054	203,076
Unrestricted	4,493,844	3,672,998
Total	\$6,329,022	\$6,207,251

As mentioned previously, net assets of governmental activities increased \$121,771 during 2010.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED 30, 2010
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets for fiscal year 2010 compared to fiscal year 2009.

Table 2		
Change in Net Assets		
Governmental Activities		
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$721,170	\$727,687
Operating Grants and Contributions	1,196,910	886,758
Capital Grants and Contributions	71,892	1,294,581
Total Program Revenues	1,989,972	2,909,026
General Revenues:		
Property Taxes	2,325,653	2,262,800
Income Taxes	1,185,796	1,366,355
Grants and Entitlements	4,587,262	4,465,608
Investment Earnings	22,725	288,786
Gifts and Donations	39,618	80,172
Miscellaneous	9,863	18,190
Proceeds from Sale of Capital Assets		113,128
Refund of Prior Year Expenditures	31,213	6,180
Total General Revenues	8,202,130	8,601,219
Total Revenues	10,192,102	11,510,245
Expenses:		
Instruction	5,063,169	5,129,050
Support Services:		
Pupils	366,925	455,401
Instructional Staff	326,242	397,662
Board of Education	32,254	33,386
Administration	755,832	750,936
Fiscal	240,589	258,658
Operation and Maintenance of Plant	697,931	821,971
Pupil Transportation	264,509	370,899
Central	65,840	32,499
Non-Instructional	366,541	364,453
Extracurricular Activities	382,318	571,922
Capital Outlay	853,550	7,642,479
Debt Service:		
Principal	237,110	212,159
Interest and Fiscal Charges	417,521	425,971
Refund of Prior Year Receipts		4,696
Total Expenses	10,070,331	17,472,142
Increase/Decrease in Net Assets	\$121,771	(\$5,961,897)

Expenses decreased 42 percent due to less expenditures in 2010 related to the District's participation in the Ohio School Facilities Commission construction project.

Program receipts account for 20 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED 30, 2010
UNAUDITED
(Continued)**

The major program disbursements for governmental activities are for instruction, which accounts for 50 percent of all governmental disbursements. Capital outlay for the constructions of new school buildings account for 8 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 10 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 7 percent. The remaining 25 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
Instruction	\$5,063,169	\$3,824,144	\$5,129,050	\$4,180,172
Support Services:				
Pupils	366,925	322,254	455,401	360,936
Instructional Staff	326,242	311,524	397,662	367,602
Board of Education	32,254	32,254	33,386	33,386
Administration	755,832	735,760	750,936	736,036
Fiscal	240,589	240,589	258,658	258,658
Operation and Maintenance of Plant	697,931	671,841	821,971	813,381
Pupil Transportation	264,509	264,509	370,899	355,126
Central	65,840	65,840	32,499	32,499
Non-Instructional	366,541	(57,479)	364,453	48,829
Extracurricular Activities	382,318	232,834	571,922	385,767
Capital Outlay	853,550	781,658	7,642,479	6,347,898
Debt Service:				
Principal	237,110	237,110	212,159	212,159
Interest and Fiscal Charges	417,521	417,521	425,971	425,971
Refund of Prior Year Receipts			4,696	4,696
Total Expenses	<u>\$10,070,331</u>	<u>\$8,080,359</u>	<u>\$17,472,142</u>	<u>\$14,563,116</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 75 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 80 percent. The remaining 20 percent is derived from charges for services, operating grants and contributions and capital grants and contributions.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED 30, 2010
UNAUDITED
(Continued)**

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund and the Building/Land LFI fund. Total governmental funds had revenues and other financing sources of \$10,212,102 and expenditures and other financing uses of \$10,090,331. The net change in fund balance in the General fund increased \$820,846. This was primarily due to overall revenues exceeding overall expenditures. Revenues decreased by 6 percent from 2009 and expenditures increased 10 percent. The net change in fund balance in the Building/Land LFI fund decreased \$308,938 due to actual expenditures for capital related expenditures on the construction of the new school building and principal and interest payments on the land acquired for construction exceeding investment earnings.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General fund. During the course of fiscal year 2010, the District amended its General fund budget as needed.

Final budgeted revenues and other financing sources changed by approximately three percent from the original budget. Actual revenues and other financing sources were less than final budgeted revenues and other financing sources by approximately three percent.

Final appropriations (expenditures and other financing uses) decreased by less than one percent from the original budget. The actual budget basis expenditures for fiscal year 2010 were \$6,866,403, which was \$4,533,597 (40 percent) less than the final budgeted appropriations. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Debt

In April 2006, the District issued \$9,930,000 in general obligation bonds. The bonds, which were used to retire the bond anticipation notes issued in January 2006, were issued for a twenty-one year period, with final maturity on December 1, 2033 and have an outstanding balance of \$9,345,000. The bonds are being retired through the Bond Retirement fund.

At June 30, 2010, the District's overall legal debt margin was (\$1,693,900), with an un-voted debt margin of \$85,012. Ohio Revised Code 133.06 (1) allows a school district to pass a levy in excess of the legal debt margin for the purpose of participating in the Ohio School Facilities Construction program. For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. Hicksville is a small rural community of 5,003 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the first year of the state biennium budget. Thirty-nine percent of District revenue sources are received from local funds, fifty-five percent is received from state funds and the remaining six percent is received from federal funds. The total expenditure per pupil was calculated at \$8,400.

In November 2005, the District's voters approved a 7.75 mill bond levy for the construction of a new Pre K – 12 school building. The District is contributing \$9.9 million dollars in local funds and the Ohio School Facilities Commission is contributing \$18.7 million to construct the new \$28.5 million dollar school.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED 30, 2010
UNAUDITED
(Continued)**

In November 2005, the District's voters also approved a 2.5 mill continuing Permanent Improvement Levy, which includes .5 mill for maintenance of the new facility, a state requirement for all new OSFC project schools.

The District moved into its new school building in January 2009.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Barbara Sprow-Kieffer, Treasurer, Hicksville Exempted Village School District, 958 East High Street, Hicksville, Ohio 43526-1258.

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY

Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ <u>6,329,022</u>
Net Assets:	
Restricted for Debt Service	247,837
Restricted for Capital Outlay	1,309,287
Restricted for Other Purposes	278,054
Unrestricted	4,493,844
<i>Total Net Assets</i>	\$ <u>6,329,022</u>

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2010**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 3,912,800	\$ 345,298	\$ 66,386	\$	\$ (3,501,116)
Special	944,390		813,491		(130,899)
Vocational	86,485		13,850		(72,635)
Adult/Continuing	65				(65)
Student Intervention Services	119,429				(119,429)
Support Services:					
Pupils	366,925		44,671		(322,254)
Instructional Staff	326,242		14,718		(311,524)
Board of Education	32,254				(32,254)
Administration	755,832	15,072	5,000		(735,760)
Fiscal	240,589				(240,589)
Operation and Maintenance of Plant	697,931	13,120	12,970		(671,841)
Pupil Transportation	264,509				(264,509)
Central	65,840				(65,840)
Operation of Non-Instructional Services	366,541	198,196	225,824		57,479
Extracurricular Activities	382,318	149,484			(232,834)
Capital Outlay	853,550			71,892	(781,658)
Debt Service:					
Principal	237,110				(237,110)
Interest and Fiscal Charges	417,521				(417,521)
<i>Totals</i>	<u>\$ 10,070,331</u>	<u>\$ 721,170</u>	<u>\$ 1,196,910</u>	<u>\$ 71,892</u>	<u>(8,080,359)</u>
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					1,567,881
Property Taxes, Levies for Capital Outlay					148,916
Property Taxes, Levied for Debt Service					571,628
Property Taxes, Levied for Other Purposes					37,228
Income Taxes					1,185,796
Grants and Entitlements not Restricted to Specific Programs					4,587,262
Gifts and Donations					39,618
Investment Earnings					22,725
Miscellaneous					9,863
Refund of Prior Year Expenditures					31,213
<i>Total General Revenues</i>					<u>8,202,130</u>
<i>Change in Net Assets</i>					121,771
<i>Net Assets Beginning of Year</i>					6,207,251
<i>Net Assets End of Year</i>					<u>\$ 6,329,022</u>

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**Statement of Cash Basis Assets and Fund Cash Balances
Governmental Funds
June 30, 2010**

	<u>General Fund</u>	<u>Building/Land LFI Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ <u>4,493,844</u>	\$ <u>686,801</u>	\$ <u>1,148,377</u>	\$ <u>6,329,022</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	\$ 61,366	\$ 92,968	\$ 109,275	\$ 263,609
Unreserved, Undesignated, Reported in:				
General Fund	4,432,478			4,432,478
Special Revenue Funds			211,740	211,740
Debt Service Funds			247,837	247,837
Capital Projects Funds		593,833	579,525	1,173,358
<i>Total Liabilities and Fund Balances</i>	\$ <u>4,493,844</u>	\$ <u>686,801</u>	\$ <u>1,148,377</u>	\$ <u>6,329,022</u>

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Building/Land LFI Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property and Other Local Taxes	\$ 1,567,881		\$ 757,772	\$ 2,325,653
Income Tax	1,185,796			1,185,796
Intergovernmental	4,489,940		1,366,124	5,856,064
Investment Earnings	22,322	\$ 18	385	22,725
Tuition and Fees	299,044		59,374	358,418
Extracurricular Activities			164,556	164,556
Gifts and Donations	10,000		29,618	39,618
Customer Sales and Services			198,196	198,196
Miscellaneous	9		9,854	9,863
<i>Total Revenues</i>	<u>7,574,992</u>	<u>18</u>	<u>2,585,879</u>	<u>10,160,889</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,467,026		445,774	3,912,800
Special	594,671		349,719	944,390
Vocational	86,485			86,485
Adult/Continuing			65	65
Student Intervention Services			119,429	119,429
Support Services:				
Pupils	361,731		5,194	366,925
Instructional Staff	309,680		16,562	326,242
Board of Education	32,254			32,254
Administration	740,132		15,700	755,832
Fiscal	220,043		20,546	240,589
Operation and Maintenance of Plant	483,104		214,827	697,931
Pupil Transportation	219,838		44,671	264,509
Central	59,996		5,844	65,840
Operation of Non-Instructional Services	58		366,483	366,541
Extracurricular Activities	230,019		152,299	382,318
Capital Outlay		296,730	556,820	853,550
Debt Service:				
Principal		12,110	225,000	237,110
Interest		116	417,405	417,521
<i>Total Expenditures</i>	<u>6,805,037</u>	<u>308,956</u>	<u>2,956,338</u>	<u>10,070,331</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>769,955</u>	<u>(308,938)</u>	<u>(370,459)</u>	<u>90,558</u>
Other Financing Sources and (Uses):				
Advances In	20,000			20,000
Refund of Prior Year Expenditures	30,891		322	31,213
Advances Out			(20,000)	(20,000)
<i>Total Other Financing Sources and Uses</i>	<u>50,891</u>		<u>(19,678)</u>	<u>31,213</u>
<i>Net Change in Fund Balances</i>	<u>820,846</u>	<u>(308,938)</u>	<u>(390,137)</u>	<u>121,771</u>
Fund Balance at Beginning of Year	3,672,998	995,739	1,538,514	6,207,251
Fund Balance at End of Year	<u>\$ 4,493,844</u>	<u>\$ 686,801</u>	<u>\$ 1,148,377</u>	<u>\$ 6,329,022</u>

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**Statement of Cash Basis Receipts, Disbursements,
and Changes in Fund Balances - (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Property and Other Local Taxes	\$ 1,515,214	\$ 1,523,704	\$ 1,567,881	\$ 44,177
Income Tax	1,366,355	1,266,355	1,185,796	(80,559)
Intergovernmental	4,703,310	4,694,082	4,489,940	(204,142)
Investment Earnings	86,450	86,450	22,322	(64,128)
Tuition and Fees	280,712	280,712	299,044	18,332
Gifts and Donations	48,267	11,000	10,000	(1,000)
Miscellaneous	261	262	9	(253)
<i>Total Revenues</i>	<u>8,000,569</u>	<u>7,862,565</u>	<u>7,574,992</u>	<u>(287,573)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,797,692	3,684,588	3,468,017	216,571
Special	935,888	1,028,838	595,228	433,610
Vocational	192,848	161,998	86,899	75,099
Support Services:				
Pupils	365,608	438,713	363,259	75,454
Instructional Staff	392,895	399,328	311,672	87,656
Board of Education	143,187	39,235	32,653	6,582
Administration	762,805	770,588	746,674	23,914
Fiscal	256,512	260,717	222,582	38,135
Operation and Maintenance of Plant	735,701	596,461	505,824	90,637
Pupil Transportation	329,686	247,413	229,649	17,764
Central	84,863	74,518	73,869	649
Operation of Non-Instructional Services	12,138	60	58	2
Extracurricular Activities	230,398	235,965	230,019	5,946
Capital Outlay	5,700	2,800		2,800
<i>Total Expenditures</i>	<u>8,245,921</u>	<u>7,941,222</u>	<u>6,866,403</u>	<u>1,074,819</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(245,352)</u>	<u>(78,657)</u>	<u>708,589</u>	<u>787,246</u>
Other Financing Sources and (Uses):				
Transfers In	12,427			
Advances In			20,000	20,000
Proceeds from Sale of Capital Assets	113,100			
Refund of Prior Year Expenditures	6,204	21,204	30,891	9,687
Transfers Out	(11,240)			
Refund of Prior Year Receipts	(4,725)			
Other Financing Uses	(3,029,667)	(3,458,778)		3,458,778
<i>Total Other Financing Sources and Uses</i>	<u>(2,913,901)</u>	<u>(3,437,574)</u>	<u>50,891</u>	<u>3,488,465</u>
<i>Net Change in Fund Balances</i>	<u>(3,159,253)</u>	<u>(3,516,231)</u>	<u>759,480</u>	<u>4,275,711</u>
Fund Balance at Beginning of Year	3,573,917	3,573,917	3,573,917	
Prior Year Encumbrances Appropriated	99,081	99,081	99,081	
<i>Fund Balance at End of Year</i>	<u>\$ 513,745</u>	<u>\$ 156,767</u>	<u>\$ 4,432,478</u>	<u>\$ 4,275,711</u>

See Accompanying Notes to the Basic Financial Statements

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY

Statement of Cash Basis Assets and Net Cash Assets
Fiduciary Funds
June 30, 2010

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>36</u>	\$ <u>58,084</u>
Liabilities:		
Undistributed Monies		\$ <u>58,084</u>
Net Assets:		
Held in Trust for Scholarships	\$ <u>36</u>	

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**Statement of Cash Basis Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2010**

		<u>Private Purpose Trust</u>
Additions:		
Donations and gifts	\$	23,350
Deductions:		
Payments in Accordance with Trust Agreements		<u>27,950</u>
<i>Change in Net Assets</i>		(4,600)
Net Assets Beginning of Year		<u>4,636</u>
<i>Net Assets End of Year</i>	\$	<u><u>36</u></u>

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

Hicksville Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Hicksville Exempted Village School District is an exempted village school district as defined by §3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional/support facilities staffed by 33 non-certified and 81 certified full-time teaching personnel who provide services to 1,035 students and other community members.

A. Primary Government

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District does not have any component units.

C. Jointly Governed Organizations and Purchasing Pools

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, Northwestern Ohio Education Research Council Inc., the Northwest Ohio Special Education Regional Resource Center, the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Ohio School Board Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report more detailed information about the District. The focus of governmental financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

1. Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The General fund and the Building/ Land LFI fund are the District's major governmental funds:

General Fund - The General fund is used to account for all financial resources, except those required to be accounted for in another fund. The General fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Building/Land LFI Fund – The Building/ Land LFI fund is used to account for the revenues and expenditures related to the purchase of land and the local share of expenditures for the new school building.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

C. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund, function, and object level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years.

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2010, investments were limited to certificates of deposit, money market mutual funds, and STAR Ohio. All investments were reported at cost, except for STAR Ohio.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District had invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$22,322, which includes \$2,891 assigned from other District funds.

F. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There are no amounts restricted by enabling legislation.

M. Fund Balance Reserves

The District reserves any portion of fund balances which are not available for appropriation or which is legally segregated for a specified future use. Unreserved fund balance indicates that a portion of the fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$61,366.

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement be at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Under limited circumstances corporate debt interest rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Cash on Hand

At year-end, the District had \$235 in undeposited cash on hand, which is included on the balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS - (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$188,417 of the District's bank balance of \$2,843,087 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured

Investments

As of June 30, 2010, the District's only investment was \$3,670,414 in STAR Ohio.

Credit Risk – STAR Ohio carries a rating of AAA by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least on nationally recognized standard rating service.

5. PROPERTY TAXES

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years through 2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes for 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of 2010 taxes. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2010, on the value as of December 31, 2009. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. This year, the June 2010 tangible personal property tax settlement was not received until July 2010.

The District receives property taxes from Defiance County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Commercial/Industrial	\$10,192,790	12%	\$13,341,540	15%
Residential/Agricultural	68,705,300	84%	68,932,620	81%
Public Utility	3,138,820	4%	3,237,810	4%
Total Assessed Value	<u>\$82,036,910</u>	<u>100%</u>	<u>\$85,511,970</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$40.75		\$40.75	

6. INCOME TAX

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

7. RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and liability. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

For fiscal year 2010, the District participated in the Ohio School Plan (the Plan), an insurance purchasing pool (Note 15). The District maintains fleet insurance with the Plan. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage from last year.

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of districts within Defiance, Fulton, Henry, and Williams counties and other eligible governmental entities (Note 15). The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 15). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

8. DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at www.ohsers.org, under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers.

Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$128,984, \$94,115, and \$96,452, respectively; 48 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll free (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

8. DEFINED PENSION BENEFIT PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, (latest information available) the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$555,631, \$570,009, and \$584,603 respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2010, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

9. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800. The District's surcharge amount for 2010 was \$12,936.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. POSTEMPLOYMENT BENEFITS - (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$17,578, \$40,061, and \$41,056 respectively; 48 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.75 percent of covered payroll.

The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$7,670, \$6,325 and \$6,482, respectively; 48 percent has been contributed for fiscal year 2010 and 100 percent for fiscal year 2009 and 2008.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$42,741, \$43,847, and \$44,969, respectively; 84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008, the balance in the Fund was \$3.7 billion. For the year ended June 30, 2009, net health care costs paid by STRS were \$298,110,000 and STRS has 129,659 eligible benefit recipients.

10. COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Employees with less than one year of service earn .38-vacation day per month worked, not to exceed five days. Employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to .27 of the accumulated sick leave to a maximum of 60 days.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. COMPENSATED ABSENCES – (Continued)

Effective July 1, 2006 the total vacation time that an employee can accumulate at any given time can be no greater than one year plus the current year. Carry over of vacation time will be limited to no more than one year's accumulation of vacation time.

11. LONG-TERM OBLIGATIONS

During the year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Balance at 6/30/09</u>	<u>Deductions</u>	<u>Balance at 6/30/10</u>	<u>Due Within One Year</u>
Mortgage Note Payable	\$12,086	\$12,086		
General Obligation Bonds				
Serial – Series 2006	4,880,000	225,000	\$4,655,000	\$230,000
Term – Series 2006	4,690,000		4,690,000	
Total General Obligation Bonds	<u>9,570,000</u>	<u>225,000</u>	<u>9,345,000</u>	<u>230,000</u>
Total Long-Term Obligations	<u>\$9,582,086</u>	<u>\$237,086</u>	<u>\$9,345,000</u>	<u>\$230,000</u>

The mortgage note payable was issued in March 2005 for \$154,086. The interest rate was 3 percent. The proceeds were used to purchase land for the site of the new school building. The notes were retired from the Building/Land LFI funds in March 2010.

Debt outstanding at June 30, 2010 consisted of the following:

School Improvement Bonds – 2006

The District issued \$9,930,000 in voted general obligation bonds for the purpose of constructing, renovating, and improving existing school facilities and related site development. The bonds were issued on April 4, 2006 and will mature in December 2033. The bond issued included \$5,240,000 in serial bonds and \$4,690,000 in term bonds. The bonds will be retired with a voted property tax levy from the Debt Service fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. LONG-TERM OBLIGATIONS - (Continued)

Maturity Date (December 1)	Principal Amount	Interest Rate
2010	230,000	3.65%
2011	240,000	3.75%
2012	250,000	3.75%
2013	260,000	3.85%
2014	270,000	3.95%
2015	280,000	4.00%
2016	290,000	4.00%
2017	300,000	4.10%
2018	315,000	4.15%
2019	325,000	5.00%
2020	345,000	5.00%
2021	360,000	5.00%
2022	380,000	5.00%
2023	395,000	5.00%
2024	415,000	5.00%

The term bonds maturing on December 1, 2029, December 1, 2031, and December 1, 2033, are subject to mandatory sinking fund redemption in part by lot and are redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable mandatory redemption dates and in the principal amounts payable on those dates set forth in the Certificate of Award.

Redemption Date (December 1)	Principal Amount To Be Redeemed
2025	\$435,000
2026	455,000
2027	475,000
2028	495,000
2029	520,000
2030	540,000
2031	565,000
2032	590,000
2033	615,000

The scheduled payments of principal and interest on debt outstanding at June 30, 2010 are as follows:

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. LONG-TERM OBLIGATIONS - (Continued)

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$230,000	\$408,989	\$638,989
2012	240,000	400,291	640,291
2013	250,000	391,104	641,104
2014	260,000	381,411	641,411
2015	270,000	371,074	641,074
2016 – 2020	1,510,000	1,679,222	3,189,222
2021 – 2025	1,895,000	1,278,469	3,173,469
2026 – 2030	2,380,000	781,719	3,161,719
2031 – 2034	2,310,000	208,991	2,518,991
Total	<u>\$9,345,000</u>	<u>\$5,901,270</u>	<u>\$15,246,270</u>

12. CAPITALIZED LEASES – LESSEE DISCLOSURE

The District entered into various capital leases for the acquisition of computers. The District disbursed \$87,331 to pay lease costs for the year ended June 30, 2010. These expenditures were reflected as regular instruction on the accompanying financial statements. Future lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal and Interest</u>
2011	\$154,061
2012	103,508
2013	81,196
2014	16,362
Total	<u>\$355,127</u>

13. SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital acquisitions. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Current Year Set-aside Requirement	\$158,329	\$158,329	316,658
Qualifying Disbursements	(130,829)		(130,829)
Excess Qualified Disbursements from Prior Years	(37,099)		(37,099)
Current Year Offsets		(158,329)	(158,329)
Total	<u>\$(9,599)</u>	<u></u>	<u>\$(9,599)</u>
Cash Balance Carried Forward to FY 2011	<u>\$(9,599)</u>	<u></u>	<u>\$(9,599)</u>

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. SET-ASIDE CALCULATIONS AND FUND RESERVES – (Continued)

The District had qualifying disbursements during the year that reduced the set-aside amounts to below zero. Current year offsets do not carry forward. The negative amounts may be used to offset future year textbook set-aside requirements; however, they may not be used to reduce capital set-aside requirements.

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. All payments made by the District for services received are made to the Northern Buckeye Education Council. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA were \$53,857. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. The District made no payments to NBEC. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS – (Continued)

D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

E. Northwest Ohio Special Education Regional Resource Center

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities. The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating School Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of MR/DD, one representative from a chartered non-public school, one representative from the University of Toledo, one representative from Bowling Green State University, one representative from a community school, and any other representatives from other agencies as designated by the Governing Board or the Ohio Department of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Dave Michel, Eastwood Local School District, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

15. GROUP PURCHASING POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council Employee Insurance Benefits Program includes health, dental, life and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2010, the District contributed a total of \$694,966 for all four plans. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. GROUP PURCHASING POOLS - (Continued)

B. Ohio School Board Association Workers' Compensation Group Rating Plan

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three-member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

C. Ohio School Plan

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financials statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	2009	2008
Assets	\$3,662,470	\$3,273,989
Liabilities	1,729,914	1,873,157
Members' Equity	1,932,556	1,400,832

You can read the complete audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

16. INTERFUND BALANCES

Interfund Advances

A short-term loan was paid back in 2010 from the Food Service Fund to the General Fund in the amount of \$20,000.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

17. CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

B. Litigation

There are currently no matters in litigation with the District as defendant.

18. RELATED PARTY TRANSACTION

The District used two local businesses in 2010 which had ties to two board of education members. The District made purchases of labor and parts for repairs on the District's buses and school vehicles (\$67,853) from Jim Schmidt Ford/Chevrolet, which is owned by the husband of Board Member, Karen Schmidt, in the amount of \$67,853. The District also used McCalla Excavating, which is owned by Board Member, John McCalla, Expenditures in the amount of \$18,201 were made for tile installation, work at the practice football field, and final grading and seeding at the new school.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**Federal Awards Receipts and Expenditures Schedule
For the Year Ended June 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<u>Child Nutrition Cluster:</u>				
School Breakfast Program - Cash Assistance		10.553	29,452	29,452
National School Lunch Program		10.555		
Cash Assistance			192,260	192,260
Non- Cash Assistance (Food Distribution)			86,371	86,371
Total National School Lunch Program			<u>278,631</u>	<u>278,631</u>
Total U.S. Department of Agriculture			<u>308,083</u>	<u>308,083</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
State Fiscal Stabilization Fund (SFSF) - Education State Grants - ARR/		84.394	280,587	252,145
Title II-D Technology Grant	045419-TJS1-2010	84.318	1,365	1,589
<u>Title I Cluster:</u>				
Title I Grants to Local Educational Agencies	045419-C1S1-2009	84.010	29,297	10,836
	045419-C1S1-2010	84.010	<u>126,672</u>	<u>124,499</u>
			155,969	135,335
Title I Grants to Local Educational Agencies - ARRA	045419-STIMDK-2010	84.389	<u>7,601</u>	<u>6,500</u>
Total Title I Cluster			163,570	141,835
Safe and Drug-Free Schools and Communities State Grants	045419-DRS1-2009	84.186	939	
	045419-DRS1-2010		<u>2,596</u>	<u>2,596</u>
Total Education Technology State Grants			3,535	2,596
Improving Teacher Quality State Grants - Title II-A and Teacher Evaluation	045419-TRS1-2009	84.367	4,348	
	045419-TRS1-2010		<u>37,539</u>	<u>37,620</u>
			41,887	37,620
Improving Teacher Quality State Grants - Teacher Evaluation	045419-TRS1-2010	84.367		<u>5,292</u>
Total Improving Teacher Quality State Grants			<u>41,887</u>	<u>42,912</u>
Total U.S. Department of Education			<u>490,944</u>	<u>441,077</u>
Totals			<u>\$799,027</u>	<u>\$749,160</u>

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Hicksville Exempted Village School District's (the District's) federal award programs receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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Mary Taylor, CPA

Auditor of State

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

Hicksville Exempted Village School District
Defiance County
958 East Main Street
Hicksville, Ohio 43526-1258

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hicksville Exempted Village School District, Defiance County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2010, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 described in the accompanying schedule of findings to be a material weakness.

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Compliance and Other Matters

As part of reasonably assuring whether the District'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 determination of financial statement amounts. However, providing an opinion 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 21, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Board of Education, federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 21, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Hicksville Exempted Village School District
Defiance County
958 East Main Street
Hicksville, Ohio 43526-1258

To the Board of Education:

Compliance

We have audited the compliance of Hicksville Exempted Village School District, Defiance County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Hicksville Exempted Village School District, Defiance County, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 21, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 21, 2010

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster – CFDA #10.553 and #10.555 State Fiscal Stabilization Fund (SFSF) – Education State Grants CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code § 117-2-03 (B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2010, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

FINDING NUMBER 2010-002

Material Weakness – Failure To Record On-Behalf Grant Activity

Auditor of State Bulletin 2000-08 requires that when an entity enters into an "on-behalf-of" program with another government whereby the entity is the beneficiary under the agreement, the cash value benefit of the program should be recorded as memorandum receipts and disbursements in the year the "on-behalf-of" payments are made. Government Accounting Standard Board (GASB) Statement #24 provides accounting and financial reporting for certain grants and other financial assistance including pass-through grants. Pass-through grants are grants that are received by a primary recipient and transferred to or "spent on behalf of" a secondary recipient.

The Northwest Ohio Educational Service Center (ESC) expended Preschool Disabilities (\$8,089), IDEA Part-B (\$192,603) and American Recovery and Reinvestment Act (ARRA) IDEA Part-B (\$114,296) grant monies on behalf of the District in 2010. The District did not record these grant monies. As such, receipts and expenditures were understated by \$314,988. These amounts were adjusted to the District's financial statements for 2010.

We recommend the District follow the guidelines of Auditor of State Bulletin 2000-008, which describes the proper accounting treatment for "on-behalf-of" programs and post all "on-behalf of" grant monies to the District's financial ledgers.

Officials' Response:

We did not receive a response from Officials to this finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2010-001 in this report.



Mary Taylor, CPA
Auditor of State

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

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
JANUARY 13, 2011**