



Dave Yost • Auditor of State

VILLAGE OF HICKSVILLE
DEFIANCE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Hicksville, Defiance County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 13, 2015

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$93,276	\$80,492		\$173,768
Municipal Income Tax	1,098,505			1,098,505
Intergovernmental	116,849	189,019		305,868
Special Assessments			\$51,321	51,321
Charges for Services	18,253	102,254		120,507
Fire Contracts		49,349		49,349
Fines, Licenses and Permits	35,053	345		35,398
Revolving Loan Repayments		215,443		215,443
Franchise Fees		17,569		17,569
Farm Lease/Tower Rent Receipts		22,605		22,605
Donations	280	11,176		11,456
Earnings on Investments	20,414	418		20,832
Miscellaneous	19,263	29,012		48,275
<i>Total Cash Receipts</i>	<u>1,401,893</u>	<u>717,682</u>	<u>51,321</u>	<u>2,170,896</u>
Cash Disbursements				
Current:				
Security of Persons and Property	451,019	217,771		668,790
Public Health Services	27,500			27,500
Leisure Time Activities	79,185		230	79,415
Community Environment		17,000		17,000
Building and Zoning	16,702			16,702
Basic Utility Services		30,888		30,888
Transportation		175,208	18,350	193,558
General Government	362,313	12	48,230	410,555
Capital Outlay	64,090	107,719	229,748	401,557
Debt Service:				
Principal Retirement		10,000		10,000
<i>Total Cash Disbursements</i>	<u>1,000,809</u>	<u>558,598</u>	<u>296,558</u>	<u>1,855,965</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>401,084</u>	<u>159,084</u>	<u>(245,237)</u>	<u>314,931</u>
Other Financing Receipts (Disbursements)				
Revolving Loan Disbursements		(204,704)		(204,704)
Transfers In		40,000	400,000	440,000
Transfers Out	(440,000)			(440,000)
Other Financing Uses	(18,287)	(15,323)		(33,610)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(458,287)</u>	<u>(180,027)</u>	<u>400,000</u>	<u>(238,314)</u>
<i>Net Change in Fund Cash Balances</i>	(57,203)	(20,943)	154,763	76,617
<i>Fund Cash Balances, January 1</i>	<u>1,451,612</u>	<u>786,132</u>	<u>1,281,993</u>	<u>3,519,737</u>
Fund Cash Balances, December 31				
Restricted		765,189	83,559	848,748
Assigned	334,926			334,926
Unassigned	1,059,483		1,353,197	2,412,680
<i>Fund Cash Balances, December 31</i>	<u>\$1,394,409</u>	<u>\$765,189</u>	<u>\$1,436,756</u>	<u>\$3,596,354</u>

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,812,663		\$1,812,663
Miscellaneous	24,641		24,641
<i>Total Operating Cash Receipts</i>	<u>1,837,304</u>		<u>1,837,304</u>
Operating Cash Disbursements			
Personal Services	352,566		352,566
Employee Fringe Benefits	79,792		79,792
Contractual Services	334,130		334,130
Supplies and Materials	107,875		107,875
<i>Total Operating Cash Disbursements</i>	<u>874,363</u>		<u>874,363</u>
<i>Operating Income</i>	<u>962,941</u>		<u>962,941</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(235,945)		(235,945)
Principal Retirement	(339,842)		(339,842)
Other Financing Sources	12,100	\$33,893	45,993
Other Financing Uses	(17,170)	(33,242)	(50,412)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(580,857)</u>	<u>651</u>	<u>(580,206)</u>
<i>Net Change in Fund Cash Balances</i>	382,084	651	382,735
<i>Fund Cash Balances, January 1</i>	<u>2,435,863</u>	<u>10</u>	<u>2,435,873</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,817,947</u></u>	<u><u>\$661</u></u>	<u><u>\$2,818,608</u></u>

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$91,804	\$79,898		\$171,702
Municipal Income Tax	1,103,673			1,103,673
Intergovernmental	126,683	210,373	\$171,684	508,740
Special Assessments			97,184	97,184
Charges for Services	20,392	137,996		158,388
Fire Contracts		50,500		50,500
Fines, Licenses and Permits	26,961	179		27,140
Revolving Loan Receipts		208,445		208,445
Franchise Fees		18,845		18,845
Farm Lease/Tower Rent Receipts		22,605		22,605
Donations		1,900		1,900
Earnings on Investments	21,899	855		22,754
Miscellaneous	35,484	1,285		36,769
<i>Total Cash Receipts</i>	<u>1,426,896</u>	<u>732,881</u>	<u>268,868</u>	<u>2,428,645</u>
Cash Disbursements				
Current:				
Security of Persons and Property	477,881	215,504		693,385
Public Health Services	27,500			27,500
Leisure Time Activities	85,548			85,548
Community Environment		17,000		17,000
Building and Zoning	11,563			11,563
Basic Utility Services		16,040		16,040
Transportation		191,104	178,256	369,360
General Government	360,539		52,257	412,796
Capital Outlay	87,812	89,026	120,995	297,833
Debt Service:				
Principal Retirement		10,000		10,000
<i>Total Cash Disbursements</i>	<u>1,050,843</u>	<u>538,674</u>	<u>351,508</u>	<u>1,941,025</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>376,053</u>	<u>194,207</u>	<u>(82,640)</u>	<u>487,620</u>
Other Financing Receipts (Disbursements)				
Revolving Loan Disbursements		(100,000)		(100,000)
Transfers In		40,000	400,000	440,000
Transfers Out	(440,000)			(440,000)
Other Financing Uses	(21,629)	(31,944)		(53,573)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(461,629)</u>	<u>(91,944)</u>	<u>400,000</u>	<u>(153,573)</u>
<i>Net Change in Fund Cash Balances</i>	(85,576)	102,263	317,360	334,047
<i>Fund Cash Balances, January 1</i>	<u>1,537,188</u>	<u>683,869</u>	<u>964,633</u>	<u>3,185,690</u>
Fund Cash Balances, December 31				
Restricted		786,132	85,402	871,534
Assigned	432,703			432,703
Unassigned	1,018,909		1,196,591	2,215,500
<i>Fund Cash Balances, December 31</i>	<u>\$1,451,612</u>	<u>\$786,132</u>	<u>\$1,281,993</u>	<u>\$3,519,737</u>

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,843,563		\$1,843,563
Miscellaneous	10,156		10,156
<i>Total Operating Cash Receipts</i>	<u>1,853,719</u>		<u>1,853,719</u>
Operating Cash Disbursements			
Personal Services	291,090		291,090
Employee Fringe Benefits	112,907		112,907
Contractual Services	468,366		468,366
Supplies and Materials	63,533		63,533
<i>Total Operating Cash Disbursements</i>	<u>935,896</u>		<u>935,896</u>
<i>Operating Income</i>	<u>917,823</u>		<u>917,823</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	2,503		2,503
Capital Outlay	(292,208)		(292,208)
Principal Retirement	(339,842)		(339,842)
Other Financing Sources	11,600	\$21,642	33,242
Other Financing Uses	(14,155)	(22,520)	(36,675)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(632,102)</u>	<u>(878)</u>	<u>(632,980)</u>
<i>Net Change in Fund Cash Balances</i>	285,721	(878)	284,843
<i>Fund Cash Balances, January 1</i>	<u>2,150,142</u>	<u>888</u>	<u>2,151,030</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,435,863</u></u>	<u><u>\$10</u></u>	<u><u>\$2,435,873</u></u>

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Hicksville, Defiance County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and refuse utilities; park operations; and fire, emergency medical, and police services.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

The Village values U.S. Government and Agency securities at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Village's repurchase agreement is recorded at the amount reported by First Federal Bank on December 31, 2014.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Special Revenue Funds

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

Community Development Fund - This fund receives repayments from Community Development Revolving Loans that are used to issue low-interest loans to area businesses.

Fire/EMS Fund – This fund receives fire and EMS levy tax money for fire protection and emergency medical services.

3. Capital Project Funds

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

Capital Improvements Fund - This fund receives a portion of the Village income tax revenue. This revenue is used to make permanent improvements to the Village land and property.

4. Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

5. Fiduciary Funds

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund receives fines, bonds, and costs assessed by the Court and disburse these amounts to the State, the Village, or the payee.

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

	2014	2013
Demand deposits	\$2,747,817	\$2,244,852
Cash on hand	580	580
Total deposits and cash on hand	2,748,397	2,245,432
U.S. Government and Agency securities	2,830,664	2,821,753
STAR Ohio	20,263	20,257
Repurchase agreement	815,638	868,168
Total investments	3,666,565	3,710,178
Total deposits and investments	\$6,414,962	\$5,955,610

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

Investments: The U.S. Government and Agency securities are held in book-entry form by the counterparty's trust or agent, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,360,000	\$1,401,893	\$41,893
Special Revenue	710,556	757,682	47,126
Capital Projects	451,000	451,321	321
Enterprise	1,806,600	1,849,404	42,804
Total	\$4,328,156	\$4,460,300	\$132,144

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,740,689	\$1,464,161	\$276,528
Special Revenue	952,690	798,240	154,450
Capital Projects	1,255,805	296,558	959,247
Enterprise	3,194,717	1,509,832	1,684,885
Total	\$7,143,901	\$4,068,791	\$3,075,110

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,377,300	\$1,426,896	\$49,596
Debt Service	750,968	772,881	21,913
Capital Projects	668,867	668,868	1
Enterprise	1,821,200	1,867,822	46,622
Total	<u>\$4,618,335</u>	<u>\$4,736,467</u>	<u>\$118,132</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,745,433	\$1,517,283	\$228,150
Special Revenue	937,075	678,962	258,113
Capital Projects	967,724	351,508	616,216
Enterprise	2,833,870	1,587,810	1,246,060
Total	<u>\$6,484,102</u>	<u>\$4,135,563</u>	<u>\$2,348,539</u>

4. Property Tax

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

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

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

5. Local Income Tax

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

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

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$4,358,855	0.20%
Ohio Department of Commerce Small Government Fire Department Services Loan	15,000	
Total	\$4,373,855	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA loaned the Village \$6,659,443 for this project. The Village is repaying the loans in semiannual installments of \$169,921, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Department of Commerce Small Government Fire Department Service Loan relates to the construction of a new fire station used to house the Village fire department's apparatus and operations. The Village is repaying the loan from the fire levy fund in quarterly payments of \$2,500 over 10 years. The new fire station is collateral for the loan.

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

	Ohio Water Development Authority Loan	Ohio Department of Commerce Small Government Loan
Year ending December 31:		
2015	\$339,842	\$10,000
2016	339,842	5,000
2017	339,842	
2018	339,842	
2019	339,842	
2020-2024	1,699,208	
2025-2027	1,019,356	
Total	\$4,417,774	\$15,000

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For OP&F from January 1, 2013 thru July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through June 30, 2014, plan members were required to contribute 10.75% of their covered salary. From July 1, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their covered salary. For 2014 and 2013, the Village contributed to OP&F an

**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013, respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	<u>(6,687,193)</u>	<u>(7,968,395)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

VILLAGE OF HICKSVILLE
DEFIANCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

9. Interfund Transactions

Interfund transfers for the years ended December 31, 2014 and 2013, consisted of the following, as reported on the financial statements:

	<u>Amount</u>
<i>For the Year Ended December 31, 2014:</i>	
Transfers From the General Fund To:	
Special Revenue Police Pension Fund	\$40,000
Capital Projects Fund	400,000
Total Transfers	<u><u>\$440,000</u></u>

For the Year Ended December 31, 2013:

Transfers From the General Fund To:	
Special Revenue Police Pension Fund	\$40,000
Capital Projects Fund	400,000
Total	<u><u>\$440,000</u></u>

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

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

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

To the Members of Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Hicksville, Defiance County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 13, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

May 13, 2015

VILLAGE OF HICKSVILLE
DEFIANCE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

Material Weakness – Monitoring of Financial Statements

Accurate financial reporting is the responsibility of the Clerk-Treasurer and Village Council and is essential to ensure the information provided to the readers of the financial statements is fairly stated.

The Village lack of a policy regarding financial review contributed to the following errors occurring without detection:

- In 2014 and 2013, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$334,926 and \$432,703, respectively.
- In 2014, water/well project expenses totaling \$224,814 in the Capital Projects Fund were incorrectly reported as basic utility services disbursements rather than as capital outlay disbursements. Similarly, in 2013, waterline project expenses totaling \$120,995 in the Capital Project funds were reported as basic utility services disbursements instead of as capital outlay disbursements.

The Village's financial statements and accounting records have been adjusted to reflect these and other discrepancies.

To ensure the financial statements and notes to the statements are complete and accurate, the Village Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements, by the Clerk-Treasurer and Finance Committee to identify and correct errors and omissions.

Officials' Response:

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

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**VILLAGE OF HICKSVILLE
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code § 5705.41(D) for material unrecorded outstanding purchase commitments existed at December 31, 2011.	Yes	
2012-002	Material weakness due to lack of monitoring of financial transactions.	No	Not corrected. Reissued as finding 2014-001 in this report.

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VILLAGE OF HICKSVILLE

DEFIANCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 28, 2015**