



Dave Yost • Auditor of State



VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**



# 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 of the cash balances, receipts, and disbursements by fund type, and related notes of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the year ended December 31, 2015.

### ***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 opinions.

### ***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 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, 2015, or changes in financial position or cash flows thereof for the year 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, 2015, and its combined cash receipts and disbursements for the year 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 June 23, 2016, 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

June 23, 2016

**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, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$89,943	\$81,605		\$171,548
Municipal Income Tax	1,102,381			1,102,381
Intergovernmental	97,902	201,445	\$338,224	637,571
Special Assessments	1,187		98,007	99,194
Charges for Services	22,865	98,864		121,729
Revolving Loan Receipts		383,920		383,920
Fines, Licenses and Permits	22,799	185		22,984
Earnings on Investments	31,853	305		32,158
Miscellaneous	9,795	1,368		11,163
Lease/Tower Rent		22,169		22,169
Franchise Fees		15,773		15,773
Fire Contract		86,525		86,525
Donations	800			800
<i>Total Cash Receipts</i>	<u>1,379,525</u>	<u>892,159</u>	<u>436,231</u>	<u>2,707,915</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	474,270	230,791		705,061
Public Health Services	27,500			27,500
Leisure Time Activities	84,628			84,628
Community Environment		17,000		17,000
Building and Zoning	17,466			17,466
Basic Utility Services		15,294	13,701	28,995
Transportation		127,278	977,927	1,105,205
General Government	401,014	13,337	52,208	466,559
Capital Outlay	76,920	94,093		171,013
Debt Service:				
Principal Retirement		10,000		10,000
<i>Total Cash Disbursements</i>	<u>1,081,798</u>	<u>507,793</u>	<u>1,043,836</u>	<u>2,633,427</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>297,727</u>	<u>384,366</u>	<u>(607,605)</u>	<u>74,488</u>
<b>Other Financing Receipts (Disbursements)</b>				
Revolving Loan Disbursements		(206,639)		(206,639)
Transfers In		40,000	400,000	440,000
Transfers Out	(440,000)			(440,000)
Reimbursements		(20,100)		(20,100)
Other Financing Uses	(19,664)			(19,664)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(459,664)</u>	<u>(186,739)</u>	<u>400,000</u>	<u>(246,403)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(161,937)</u>	<u>197,627</u>	<u>(207,605)</u>	<u>(171,915)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,394,409</u>	<u>765,189</u>	<u>1,436,756</u>	<u>3,596,354</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		962,816	129,358	1,092,174
Assigned	771,756		1,099,793	1,871,549
Unassigned	460,716			460,716
<i>Fund Cash Balances, December 31</i>	<u>\$1,232,472</u>	<u>\$962,816</u>	<u>\$1,229,151</u>	<u>\$3,424,439</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, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,837,946		\$1,837,946
Miscellaneous	7,895		7,895
<i>Total Operating Cash Receipts</i>	<u>1,845,841</u>		<u>1,845,841</u>
<b>Operating Cash Disbursements</b>			
Personal Services	427,489		427,489
Employee Fringe Benefits	4,223		4,223
Contractual Services	539,831		539,831
Supplies and Materials	105,094		105,094
Other	1,429		1,429
<i>Total Operating Cash Disbursements</i>	<u>1,078,066</u>		<u>1,078,066</u>
<i>Operating Income</i>	<u>767,775</u>		<u>767,775</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	54,080		54,080
Capital Outlay	(257,658)		(257,658)
Principal Retirement	(339,842)		(339,842)
Other Financing Sources		\$19,130	19,130
Other Financing Uses	(9,854)	(19,791)	(29,645)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(553,274)</u>	<u>(661)</u>	<u>(553,935)</u>
<i>Net Change in Fund Cash Balances</i>	214,501	(661)	213,840
<i>Fund Cash Balances, January 1</i>	<u>2,817,947</u>	<u>\$661</u>	<u>2,818,608</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,032,448</u></u>		<u><u>\$3,032,448</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, 2015**

**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 and police services.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provide 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 repurchase agreement is recorded at the amount reported by First Federal Bank on December 31, 2015.

**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, 2015  
(continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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:

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

**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 2015 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, 2015  
(continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**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:

	2015
Demand deposits	\$2,751,330
Cash on hand	580
Total deposits and cash on hand	2,751,910
U.S. Government and Agency Securities	3,350,368
STAR Ohio	20,285
Repurchase agreement	334,324
Total investments	3,704,977
Total deposits and investments	\$6,456,887

**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 year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,095,000	\$1,379,525	\$284,525
Special Revenue	888,285	932,159	43,874
Capital Projects	604,300	836,231	231,931
Enterprise	1,835,500	1,899,921	64,421
Total	\$4,423,085	\$5,047,836	\$624,751

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**3. Budgetary Activity**

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,754,526	\$1,542,212	\$212,314
Special Revenue	1,200,368	735,414	464,954
Capital Projects	2,006,226	1,057,336	948,890
Enterprise	3,649,322	2,029,437	1,619,885
Total	\$8,610,442	\$5,364,399	\$3,246,043

**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.

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$4,027,565	0.02%
Ohio Department of Commerce Small Government Fire Department Services Loan	5,000	
Total	\$4,032,565	

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**6. DEBT (continued)**

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:

Year ending December 31:	Ohio Water Development Authority Loan	Ohio Department of Commerce Small Government Loan
2016	\$339,842	\$5,000
2017	339,842	
2018	339,842	
2019	339,842	
2020	339,842	
2021-2025	1,699,210	
2026-2027	679,514	
Total	<u>\$4,077,934</u>	<u>\$5,000</u>

**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, 2015 through June 30, 2015, participants contributed 11.5% of their wages. From July 1, 2015 through December 31, 2015, participants contributed 12.25% of their wages. For 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015, 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, 2015.

**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.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)**

**8. RISK MANAGEMENT (continued)**

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 774 and 783 members as of December 31, 2013 and 2014 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, 2013 and 2014 (the latest information available).

	<b>2013</b>	<b>2014</b>
Assets	<u>\$13,774,304</u>	<u>\$14,830,185</u>
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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



VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(continued)

9. INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2015, consisted of the following, as reported on the financial statements:

	<u>Amount</u>
<i>For the Year Ended December 31, 2015:</i>	
<b>Transfers From the General Fund To:</b>	
Special Revenue Police Pension Fund	\$40,000
Capital Projects Fund	400,000
Total Transfers	<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.

**This page intentionally left blank**



# Dave Yost • Auditor of State

## 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 cash balances, receipts, and disbursements by fund type of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated June 23, 2016, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 23, 2016

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2015-001**

**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. In addition, per Audit Bulletin 2011-004, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

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

- In 2015, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$771,756 for subsequent appropriations.
- In 2015, unassigned fund balance was overstated and assigned fund balance was understated in the Capital Projects Fund by \$1,099,793
- In 2015, the Village did not properly record the receipt or disbursement of an Ohio Public Works Commission Grant passed through the Defiance County Engineer in the amount of \$52,622
- In 2015, the Village recorded Community Development Block Grant Funds passed through the Defiance County Commissioners in the amount of \$17,300 as other financing uses rather than intergovernmental revenues in the Water Fund.
- In 2015, the Village recorded a State of Ohio Safety and Hygiene Grant in the amount of \$36,780 in the Water Enterprise Fund as intergovernmental revenue and again in the Fire and Emergency Medical Services (EMS) Special Revenue Fund as fire contracts revenue. The Village made numerous entries in an attempt to correct the error during 2015, resulting fire contracts revenue in the Fire and EMS Fund to be understated by \$36,780 and the intergovernmental revenue in the Water Enterprise Fund and the Capital Projects Fund to be overstated by \$35,339 and \$1,441, respectively, at December 31, 2015.

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

To help 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.

**This page intentionally left blank.**

VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	Material weakness due to lack of monitoring of financial transactions.	No	Not corrected. Reissued as finding 2015-001 in this report.

**This page intentionally left blank.**





# Dave Yost • Auditor of State

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  
JULY 19, 2016