



Dave Yost • Auditor of State



**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY  
DECEMBER 31, 2017 AND 2016**

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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 Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

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

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

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

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hicksville, Defiance County, Ohio as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, 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

November 13, 2018

**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, 2017*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$90,411	\$81,960		\$172,371
Municipal Income Tax	1,249,364			1,249,364
Intergovernmental	98,020	267,770	\$478,780	844,570
Special Assessments	313		63,809	64,122
Charges for Services	20,736	94,533		115,269
Revolving Loan Receipts		163,137		163,137
Fines, Licenses and Permits	46,449	2,095		48,544
Earnings On Investments	43,923	567		44,490
Miscellaneous	18,622	384	36,976	55,982
Fire/EMS Donations and Grants		6,255		6,255
Farm Lease and Tower Rent		18,905		18,905
Franchise Fees		14,737		14,737
Fire Contracts		49,000		49,000
<i>Total Cash Receipts</i>	<u>1,567,838</u>	<u>699,343</u>	<u>579,565</u>	<u>2,846,746</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	558,041	349,856		907,897
Public Health Services	27,500			27,500
Leisure Time Activities	150,733			150,733
Community Environment		15,000		15,000
Building and Zoning	28,265			28,265
Basic Utility Services		18,084	2,700,814	2,718,898
Transportation		214,830	300	215,130
General Government	448,915	372,219	47,559	868,693
Capital Outlay		7,000		7,000
Debt Service:				
Principal Retirement			158,943	158,943
Interest and Other Fiscal Charges	1,698			1,698
<i>Total Cash Disbursements</i>	<u>1,215,152</u>	<u>976,989</u>	<u>2,907,616</u>	<u>5,099,757</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>352,686</u>	<u>(277,646)</u>	<u>(2,328,051)</u>	<u>(2,253,011)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Loan Proceeds			1,882,083	1,882,083
Transfers In		40,100	400,000	440,100
Transfers Out	(440,100)			(440,100)
Reimbursements		(16,874)		(16,874)
Revolving Loan Disbursements		(10,675)		(10,675)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(440,100)</u>	<u>12,551</u>	<u>2,282,083</u>	<u>1,854,534</u>
<i>Net Change in Fund Cash Balances</i>	<u>(87,414)</u>	<u>(265,095)</u>	<u>(45,968)</u>	<u>(398,477)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,177,472</u>	<u>1,139,515</u>	<u>1,939,226</u>	<u>4,256,213</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		874,420	113,497	987,917
Assigned	938,947		1,779,761	2,718,708
Unassigned	151,111			151,111
<i>Fund Cash Balances, December 31</i>	<u>\$1,090,058</u>	<u>\$874,420</u>	<u>\$1,893,258</u>	<u>\$3,857,736</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, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,817,744		\$1,817,744
Miscellaneous	25,394		25,394
<i>Total Operating Cash Receipts</i>	<u>1,843,138</u>		<u>1,843,138</u>
<b>Operating Cash Disbursements</b>			
Personal Services	344,275		344,275
Employee Fringe Benefits	105,384		105,384
Contractual Services	578,849		578,849
Supplies and Materials	87,095		87,095
Other	42,628		42,628
<i>Total Operating Cash Disbursements</i>	<u>1,158,231</u>		<u>1,158,231</u>
<i>Operating Income</i>	<u>684,907</u>		<u>684,907</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Capital Outlay	(282,105)		(282,105)
Principal Retirement	(339,842)		(339,842)
Other Financing Sources		\$38,135	38,135
Other Financing Uses	(7,407)	(\$38,135)	(45,542)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(629,354)</u>		<u>(629,354)</u>
<i>Net Change in Fund Cash Balances</i>	55,553		55,553
<i>Fund Cash Balances, January 1</i>	<u>2,159,172</u>		<u>2,159,172</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,214,725</u></u>		<u><u>\$2,214,725</u></u>

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



**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 1 – Reporting Entity**

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

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

The Village participates in a jointly governed organization, Hicksville Union Cemetery, and a public entity risk pool, the Ohio Plan Risk Management, Inc. Notes 9 and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

*Street Construction, Maintenance and Repair Fund* – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair within the Village.

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

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

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

*Capital Projects Fund* – This fund receives a portion of the Village income tax revenue. The revenue is used to make permanent improvements to the Village land and property. In addition, this fund receives grant proceeds from the Ohio Public Works Commission and loan proceeds from

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

the Ohio Water Development Authority for various capital improvement projects throughout the Village.

Street Lights Fund – This fund receives special assessments paid by Village residents to cover street lighting expenses.

**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 Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents.

**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 generated by the Mayor's Court. Fine money is disbursed to the State Treasurer, the Village, and the City of Defiance.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

**Encumbrances** – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

***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 are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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

**Note 3 – Deposits and Investments**

The Village maintains a 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:

	2017
Demand deposits	\$2,643,278
Cash on hand	580
Total deposits and cash on hand	2,643,858
U.S. Government and Agency securities	3,407,991
STAR Ohio	20,612
Total investments	3,428,603
Total deposits, cash on hand, and investments	\$6,072,461

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. The financial institution has since joined the Ohio Pooled Collateral System (OPCS); however, at December 31, 2017, the financial institution still maintained its own collateral pool.

***Investments***

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

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,453,205	\$1,567,838	\$114,633
Special Revenue	728,778	739,443	10,665
Capital Projects	2,697,826	2,861,648	163,822
Enterprise	1,668,436	1,843,138	174,702
Total	\$6,548,245	\$7,012,067	\$463,822

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,988,110	\$1,752,770	\$235,340
Special Revenue	1,835,701	1,005,784	829,917
Capital Projects	4,960,227	3,939,397	1,020,830
Enterprise	3,313,548	1,901,931	1,411,617
Total	\$12,097,586	\$8,599,882	\$3,497,704

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

***Income Taxes***

The Village levies a municipal income tax of one 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$5,410,902	0.20%
Ohio Public Works Commission Loans	388,404	0%
Total	\$5,799,306	

The Village entered into a loan agreement dated August 25, 2005 with the Ohio Water Development Authority (Loan Number 4373) in the amount of \$6,659,443 for the purpose of expanding the sewer plant mandated by the Ohio Environmental Protection Agency. This loan is to be repaid over a period of 20 years in semi-annual installments of \$169,921, including .20% of interest. As of December 31, 2017, the balance of this loan was \$3,362,995.

The Village entered into a loan agreement dated August 25, 2016 with the Ohio Water Development

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

Authority (Loan Number 7450) for the purpose of making sanitary sewer improvements along Antwerp Drive. The total amount of proceeds the Village may draw for this loan is \$1,073,071. This loan will be repaid over a period of 30 years at .20% of interest once all loan proceeds have been drawn. During 2017, the Village drew down \$363,180. As of December 31, 2017, the balance of this loan is \$1,073,071.

The Village entered into a loan agreement dated March 30, 2017 with the Ohio Water Development Authority (Loan Number 7619) for the purpose of making improvements on Bryan and Main Streets included in the Long Term Control Plan Phase 1 project. The total amount of proceeds the Village may draw for this loan is \$1,406,227. This loan will be repaid over a period of 20 years at .98% of interest once all loan proceeds have been drawn. As of December 31, 2017, the Village received a total of \$971,556 in loan proceeds in addition to \$3,280 in capitalized interest. This loan was classified as active by Ohio Water Development Authority at December 31, 2017; therefore, there is no amortization schedule available for this loan at this time. However, the outstanding principal balance is included above.

The Village entered into a loan agreement dated March 17, 2017 with the Ohio Water Development Authority (Loan Number 7759) for the purpose of sanitary and sanitary and storm sewer improvements on Cornelia Street. The total amount of proceeds the Village may draw for this loan is \$300,000. As of December 31, 2017, the Village drew down \$158,943 of this loan which was repaid through the loan forgiveness program.

The Village entered into a loan agreement dated July 13, 2015 with the Ohio Public Works Commission (Project Number CS10T) for the CSO Abatement Program which includes various storm sewer and sanitary sewer improvements. The Village may draw a total of \$500,000 and as of December 31, 2017, the Village has drawn \$388,404. An amortization schedule is not available until the project is completed and all draws have been made.

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

Year Ended December 31:	OWDA Loans
2018	\$376,522
2019	376,682
2020	376,682
2021	376,682
2022	376,682
2023-2027	1,883,242
2028-2032	184,202
2033-2037	184,202
2038-2042	184,203
2043-2047	184,203
Total	<u>\$4,503,302</u>

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Several Village employees and officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees and officials contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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, 2017.

	2017
Assets	\$14,853,620
Liabilities	(9,561,108)
Members' Equity	\$5,292,512

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

**Note 10 – Interfund Transfers**

During 2017, the following transfers were made:

Fund	Transfer In
Transfer From General Fund To:	
Special Revenue Fund:	
Police Pension	\$40,100
Capital Projects Fund:	
Capital Projects	400,000
	\$440,100

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

**Note 11 – Related Party Transactions**

A Village Council member is part owner of a company from which the Village acquired auto parts and small tools. The Village paid \$7,885 in 2017. Another Village Council member is part owner of a newspaper and printing company that publishes notices and provides printed products. The Village paid \$7,460 in 2017.

**Note 12 – Jointly Governed Organization**

The Hicksville Union Cemetery is jointly governed by the Village of Hicksville and Hicksville Township. The Village Council and Township Trustees appoint the Cemetery's three-member Board of Trustees to direct cemetery operations, including grounds maintenance, opening and closing of graves, and the sale of grave lots. Both entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. Each May an annual joint meeting is held in the Village's Council chambers. Financial information can be obtained from Hicksville Union Cemetery, 924 Haver Drive, Hicksville, Ohio 43526.



**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, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$92,306	\$83,270		\$175,576
Municipal Income Tax	1,270,651			1,270,651
Intergovernmental	94,098	188,351	\$283,163	565,612
Special Assessments	5,485		65,959	71,444
Charges for Services	23,674	110,551		134,225
Revolving Loan Receipts		218,151		218,151
Fines, Licenses and Permits	36,547	1,730		38,277
Earnings On Investments	41,094	386		41,480
Miscellaneous	6,363	1,073	42,527	49,963
Donations and Grants		11,003		11,003
Farm Lease and Tower Rent		18,905		18,905
Franchise Fees		15,150		15,150
Fire Contracts		63,500		63,500
<i>Total Cash Receipts</i>	<u>1,570,218</u>	<u>712,070</u>	<u>391,649</u>	<u>2,673,937</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	558,222	309,160		867,382
Public Health Services	27,500			27,500
Leisure Time Activities	186,214			186,214
Community Environment		15,000		15,000
Building and Zoning	23,640			23,640
Basic Utility Services			447,107	447,107
Transportation		152,203	190,800	343,003
General Government	389,542	10,918	177,573	578,033
Capital Outlay		64,856		64,856
Debt Service:				
Principal Retirement		5,000		5,000
<i>Total Cash Disbursements</i>	<u>1,185,118</u>	<u>557,137</u>	<u>815,480</u>	<u>2,557,735</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>385,100</u>	<u>154,933</u>	<u>(423,831)</u>	<u>116,202</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Loan Proceeds			708,906	708,906
Sale of Assets			25,000	25,000
Transfer In		40,000	400,000	440,000
Transfers Out	(440,000)			(440,000)
Other Uses	(100)			(100)
Reimbursements		(10,789)		(10,789)
Revolving Loan Disbursements		(7,445)		(7,445)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(440,100)</u>	<u>21,766</u>	<u>1,133,906</u>	<u>715,572</u>
<i>Net Change in Fund Cash Balances</i>	<u>(55,000)</u>	<u>176,699</u>	<u>710,075</u>	<u>831,774</u>
<i>Fund Cash Balances, January 1</i>	<u>1,232,472</u>	<u>962,816</u>	<u>1,229,151</u>	<u>3,424,439</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		1,139,515	60,271	1,199,786
Assigned	534,905		1,878,955	2,413,860
Unassigned	642,567			642,567
<i>Fund Cash Balances, December 31</i>	<u>\$1,177,472</u>	<u>\$1,139,515</u>	<u>\$1,939,226</u>	<u>\$4,256,213</u>

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

**VILLAGE OF HICKSVILLE**  
**Defiance County**

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2016*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,615,184		\$1,615,184
Miscellaneous	16,600	\$48,421	65,021
<i>Total Operating Cash Receipts</i>	<u>1,631,784</u>	<u>48,421</u>	<u>1,680,205</u>
<b>Operating Cash Disbursements</b>			
Personal Services	327,220		327,220
Employee Fringe Benefits	107,570		107,570
Contractual Services	734,724		734,724
Supplies and Materials	84,531		84,531
Other	3,188	48,421	51,609
<i>Total Operating Cash Disbursements</i>	<u>1,257,233</u>	<u>48,421</u>	<u>1,305,654</u>
<i>Operating Income</i>	<u>374,551</u>		<u>374,551</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Capital Outlay	(894,633)		(894,633)
Principal Retirement	(339,842)		(339,842)
Other Financing Sources		26,214	26,214
Other Financing Uses	(13,352)	(\$26,214)	(39,566)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,247,827)</u>		<u>(1,247,827)</u>
<i>Net Change in Fund Cash Balances</i>	(873,276)		(873,276)
<i>Fund Cash Balances, January 1</i>	<u>3,032,448</u>		<u>3,032,448</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,159,172</u></u>		<u><u>\$2,159,172</u></u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1 – Reporting Entity**

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

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

The Village participates in a jointly governed organization, Hicksville Union Cemetery, and a public entity risk pool, the Ohio Plan Risk Management, Inc. Notes 9 and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

*Street Construction, Maintenance and Repair Fund* – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair within the Village.

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

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

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

Street Lights Fund – This fund receives special assessments paid by Village residents to cover street lighting expenses.

**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 Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund accounts for the provision of sanitary sewer services to the residents.

**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 Funds:

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

Fire Damage Claim Fund – This fund receives deposits from insurance companies for properties damaged by fire in the Village. The deposits in the Fire Damage Claim Fund are released to the property owner when they submit a contractor's signed estimate of the costs for removing, repairing, or securing the building or other structure if the Village has not incurred any costs that would require compensation from this fund.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**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 2016 budgetary activity appears in Note 4.

***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 are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**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.

**Note 3 – 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:

	2016
Demand deposits	\$3,016,410
Cash on hand	580
Total deposits and cash on hand	3,016,990
U.S. Government and Agency securities	3,378,001
STAR Ohio	20,394
Total investments	3,398,395
Total deposits, cash on hand, and investments	\$6,415,385

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

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,470,515	\$1,570,218	\$99,703
Special Revenue	719,884	752,070	32,186
Capital Projects	1,242,016	1,525,555	283,539
Enterprise	1,489,615	1,631,784	142,169
Total	\$4,922,030	\$5,479,627	\$557,597

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,902,186	\$1,651,183	\$251,003
Special Revenue	1,396,093	784,949	611,144
Capital Projects	1,443,899	1,068,526	375,373
Enterprise	3,835,248	2,792,166	1,043,082
Total	\$8,577,426	\$6,296,824	\$2,280,602

Contrary to Ohio law, appropriations exceeded estimated resources by \$145,302 in the Water Enterprise fund for the fiscal year ended December 31, 2016.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

***Income Taxes***

The Village levies a municipal income tax of one 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$4,404,658	0.20%

The Village entered into a loan agreement dated August 25, 2005 with the Ohio Water Development Authority (Loan Number 4373) in the amount of \$6,659,443 for the purpose of expanding the sewer plant mandated by the Ohio Environmental Protection Agency. This loan is to be repaid over a period of 20 years in semi-annual installments of \$169,921, including .20% of interest. As of December 31, 2016, the balance of this loan was \$3,695,613.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

The Village entered into a loan agreement dated August 25, 2016 with the Ohio Water Development Authority (Loan Number 7450) for the purpose of making sanitary sewer improvements along Antwerp Drive. The total amount of proceeds the Village may draw for this loan is \$1,073,071. This loan will be repaid over a period of 30 years at .20% of interest once all loan proceeds have been drawn. As of December 31, 2016, the Village received a total of \$708,906 loan proceeds in addition to \$139 in capitalized interest. This loan was classified as active by Ohio Water Development Authority at December 31, 2016; therefore, there is no amortization schedule available for this loan at this time. However, the outstanding principal balance is included above.

The Village obtained an Ohio Department of Commerce Small Government Fire Department Service Loan for the construction of a new fire station used to house the Village's fire department's apparatus and operations. The Village repaid the loan from the Fire Levy fund in quarterly payments of \$2,500 over a 10 year period. The new fire station was collateral for the loan. As of December 31, 2016, the loan has been repaid.

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

Year Ended December 31:	OWDA Loans
2017	\$339,842
2018	339,842
2019	339,842
2020	339,842
2021	339,842
2022-2026	1,699,209
2027	339,672
Total	<u>\$3,738,091</u>

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.



**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

***Social Security***

Several Village employees and officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees and officials contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Risk Management**

The Village belongs to the Ohio Pan Risk Management, Inc. (OPRM) (the "Plan"), a non-accessible, 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. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	\$5,234,206

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

**Note 10 – Interfund Transfers**

During 2016, the following transfers were made:

Fund	Transfer In
Transfer From General Fund To:	
Special Revenue Fund:	
Police Pension Fund	\$40,000
Capital Projects Fund:	
Capital Projects	400,000
	\$440,000

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

**Note 11 – Related Party Transactions**

A Village Council member is part owner of a company from which the Village acquired auto parts and small tools. The Village paid \$5,690 in 2016. Another Village Council member is part owner of a newspaper and printing company that publishes notices and provides printed products. The Village paid \$7,805 in 2016.

**Note 12 – Jointly Governed Organization**

The Hicksville Union Cemetery is jointly governed by the Village of Hicksville and Hicksville Township. The Village Council and Township Trustees appoint the Cemetery's three-member Board of Trustees to direct cemetery operations, including grounds maintenance, opening and closing of graves, and the sale of grave lots. Both entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. Each May an annual joint meeting is held in the Village's Council chambers. Financial information can be obtained from Hicksville Union Cemetery, 924 Haver Drive, Hicksville, Ohio 43526.

**Note 13 – Miscellaneous Revenues**

Miscellaneous revenues in the Fire Damage Claim Agency Fund consisted of monies received from insurance companies for properties damaged by fire in the Village.



# 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 Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Hicksville, Defiance County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 13, 2018 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-002.

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

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 13, 2018

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

**Monitoring of Financial Statements**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were identified in the accompanying 2017 and 2016 financial statements:

- Other financing sources and uses were understated by \$38,135 in the Mayor's Court Agency Fund in 2017.
- Other loan proceeds were understated and intergovernmental revenues were overstated in the Capital Projects Fund by \$708,906 and \$1,718,261 in 2016 and 2017, respectively.
- Principal debt payments and other loan proceeds were understated in the Capital Projects Fund by \$158,943 in 2017.
- Appropriation Authority in the budgetary note to the financial statements for the Enterprise Fund was overstated by \$344,018 in 2016.
- In 2016 and 2017, General Fund encumbrances and subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned instead of assigned by \$534,905 and \$938,947, respectively.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. As a result, the Village's financial statements and notes to the financial statements did not correctly reflect the financial activity of the Village. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

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

**Officials' Response:**

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

## FINDING NUMBER 2017-002

### Noncompliance Citation

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

As of December 31, 2016, appropriations exceeded estimated resources in the Water Enterprise Fund by \$145,302.

This error was not identified and corrected prior to the audit due to deficiencies in the Village’s financial statement monitoring. The failure to limit appropriations to amounts certified could allow for deficit spending practices, resulting in deficit fund balances.

Management officials should monitor estimated resources and appropriations throughout the year and make the necessary modifications, with approval of the Council, to avoid appropriations exceeding estimated resources which can help avoid overspending.

### Officials’ Response:

The Fiscal Officer will continue to monitor pertinent budgetary compliance requirements pertaining to appropriations and estimated resources.

# VILLAGE OF HICKSVILLE

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Hicksville Ohio 43526-1398  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	This finding was first reported in 2005. Material weakness for lack of monitoring of financial transactions due to errors in the financial statements.	Not corrected and reissued as finding 2017-001 in this report.	This comment was reissued primarily due to mispostings of on-behalf of loans; fund balance classifications; Mayor's Court activity; and budgetary notes. The Fiscal Officer will review the mispostings and take them into consideration for future audits.

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# 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  
NOVEMBER 27, 2018