



**Auditor of State  
Betty Montgomery**



VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Hicksville  
Defiance County  
111-113 S. Main Street  
Hicksville, Ohio 43526-1398

To the Village Council:

We have audited the accompanying financial statements of the Village of Hicksville, Defiance County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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Defiance County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the finance committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

May 27, 2003

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$1,022,636	\$56,293		\$13,180	\$1,092,109
Special Assessments			\$51,605		51,605
Intergovernmental Receipts	209,315	354,144	63,592	1,637	628,688
Charges for Services	48,663	36,261			84,924
Fines, Licenses, and Permits	57,999	2,204			60,203
Earnings on Investments	254,846	3,355			258,201
Miscellaneous	55,609	236,650			292,259
	<u>1,649,068</u>	<u>688,907</u>	<u>115,197</u>	<u>14,817</u>	<u>2,467,989</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	528,706	49,827		47,846	626,379
Public Health Services	18,458				18,458
Leisure Time Activities	95,834				95,834
Community Environment	13,554	53,080			66,634
Basic Utility Services		12,809			12,809
Transportation		135,832			135,832
General Government	291,094	665,231			956,325
Capital Outlay	97,773		688,510		786,283
	<u>1,045,419</u>	<u>916,779</u>	<u>688,510</u>	<u>47,846</u>	<u>2,698,554</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>603,649</u>	<u>(227,872)</u>	<u>(573,313)</u>	<u>(33,029)</u>	<u>(230,565)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		30,000	421,395	35,000	486,395
Transfers-Out	(486,395)				(486,395)
Other Uses	(18,622)	(301,541)	(37,559)	(350)	(358,072)
	<u>(505,017)</u>	<u>(271,541)</u>	<u>383,836</u>	<u>34,650</u>	<u>(358,072)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	98,632	(499,413)	(189,477)	1,621	(588,637)
Fund Cash Balances, January 1	1,944,684	1,172,141	1,314,270	6,829	4,437,924
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,043,316</u></b>	<b><u>\$672,728</u></b>	<b><u>\$1,124,793</u></b>	<b><u>\$8,450</u></b>	<b><u>\$3,849,287</u></b>
Reserves for Encumbrances, December 31	<u>\$26,141</u>	<u>\$7,520</u>	<u>\$73,220</u>		<u>\$106,881</u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

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

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$761,772		\$761,772
Miscellaneous	29,607		29,607
<b>Total Operating Cash Receipts</b>	<b>791,379</b>		<b>791,379</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	301,452		301,452
Transportation	844		844
Contractual Services	302,617		302,617
Supplies and Materials	51,060		51,060
Capital Outlay	520,097		520,097
<b>Total Operating Cash Disbursements</b>	<b>1,176,070</b>		<b>1,176,070</b>
Operating Loss	(384,691)		(384,691)
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	12,960	\$17,367	30,327
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	11,605	17,807	29,412
Net Receipts Under Disbursements	(383,336)	(440)	(383,776)
Fund Cash Balances, January 1	734,674	440	735,114
<b>Fund Cash Balances, December 31</b>	<b>\$351,338</b>		<b>\$351,338</b>
Reserve for Encumbrances, December 31	\$6,203		\$6,203

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$972,434	\$77,678		\$12,796	\$1,062,908
Special Assessments			\$78,538		78,538
Intergovernmental Receipts	244,091	195,183	48,139	1,546	488,959
Charges for Services	42,122	36,261			78,383
Fines, Licenses, and Permits	56,234	2,064			58,298
Earnings on Investments	237,599	5,617			243,216
Miscellaneous	65,536	214,505		235	280,276
	<u>1,618,016</u>	<u>531,308</u>	<u>126,677</u>	<u>14,577</u>	<u>2,290,578</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	467,342	46,365		46,414	560,121
Public Health Services	13,356				13,356
Leisure Time Activities	97,641				97,641
Community Environment	7,704	38,159			45,863
Basic Utility Services		10,964			10,964
Transportation		131,736			131,736
General Government	267,357				267,357
Capital Outlay	133,856	268,522	327,091		729,469
	<u>987,256</u>	<u>495,746</u>	<u>327,091</u>	<u>46,414</u>	<u>1,856,507</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>630,760</u>	<u>35,562</u>	<u>(200,414)</u>	<u>(31,837)</u>	<u>434,071</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		30,000	378,050	38,000	446,050
Transfers-Out	(446,050)				(446,050)
Other Uses	(22,517)	(1,498)	(36,301)	(328)	(60,644)
	<u>(468,567)</u>	<u>28,502</u>	<u>341,749</u>	<u>37,672</u>	<u>(60,644)</u>
<b>Total Other Financing Receipts and (Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	162,193	64,064	141,335	5,835	373,427
Fund Cash Balances, January 1	1,782,491	1,108,077	1,172,935	994	4,064,497
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,944,684</b></u>	<u><b>\$1,172,141</b></u>	<u><b>\$1,314,270</b></u>	<u><b>\$6,829</b></u>	<u><b>\$4,437,924</b></u>
Reserves for Encumbrances, December 31	<u>\$1,339</u>	<u>\$2,463</u>	<u>\$16,560</u>		<u>\$20,362</u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$759,862		\$759,862
Miscellaneous	8,485		8,485
<b>Total Operating Cash Receipts</b>	<b>768,347</b>		<b>768,347</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	252,051		252,051
Transportation	1,007		1,007
Contractual Services	236,144		236,144
Supplies and Materials	60,068		60,068
Capital Outlay	33,800		33,800
<b>Total Operating Cash Disbursements</b>	<b>583,070</b>		<b>583,070</b>
Operating Income	185,277		185,277
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	12,993	\$29,501	42,494
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	11,733	29,061	40,794
Net Cash Receipts Over Cash Disbursements	186,537	440	186,977
Fund Cash Balances, January 1	548,137		548,137
<b>Fund Cash Balances, December 31</b>	<b>\$734,674</b>	<b>\$440</b>	<b>\$735,114</b>
Reserve for Encumbrances, December 31	\$8,392		\$8,392

*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, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Hicksville, Defiance County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services including police and fire protection, maintenance of streets, utilities (water, sewer, and refuse), and park operations (leisure time activities).

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit and U.S. Government Securities are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

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

**2. Special Revenue Fund**

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

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

*Downtown Revitalization Grant* – This fund receives Community Development Block Grant money for the improvement of businesses within the downtown business.

**3. Capital Project Funds**

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

*Capital Improvement 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 that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Refuse Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Police Disability and Pension Fund* – This fund receives levy moneys to provide for the payment of village police retirement.

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

	2002	2001
Cash on hand	\$480	\$480
Demand deposits	106,738	209,878
Certificates of deposit	3,539,852	4,219,325
Total cash on hand and deposits	3,647,070	4,429,683
STAR Ohio	553,555	543,723
U.S. Government Securities		199,632
Total investments	553,555	743,355
Total cash on hand, deposits and investments	\$4,200,625	\$5,173,038

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** U.S. Government Securities are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,640,891	\$1,649,068	\$8,177
Special Revenue	718,646	718,907	261
Capital Projects	536,592	536,592	
Enterprise	804,339	804,339	
Fiduciary	50,457	49,817	(640)
Total	\$3,750,925	\$3,758,723	\$7,798

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,001,339	\$1,576,577	\$1,424,762
Special Revenue	1,640,951	1,225,840	415,111
Capital Projects	1,624,174	799,289	824,885
Enterprise	1,368,392	1,193,878	174,514
Fiduciary	50,500	48,196	2,304
Total	\$7,685,356	\$4,843,780	\$2,841,576

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,584,181	\$1,618,016	\$33,835
Special Revenue	592,148	561,308	(30,840)
Capital Projects	504,727	504,727	
Enterprise	777,304	781,340	4,036
Fiduciary	51,804	52,577	773
Total	<u>\$3,510,164</u>	<u>\$3,517,968</u>	<u>\$7,804</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,004,502	\$1,457,162	\$547,340
Special Revenue	1,387,698	499,707	887,991
Capital Projects	1,560,658	379,952	1,180,706
Enterprise	1,232,972	603,195	629,777
Fiduciary	49,293	46,742	2,551
Total	<u>\$6,235,123</u>	<u>\$2,986,758</u>	<u>\$3,248,365</u>

Contrary to Ohio law, appropriations measures approved by the Village Council and submitted to the Defiance County Auditor did not reconcile to the appropriated amounts recorded in the Village disbursement ledgers for the years ended December 31, 2002 and December 31, 2001.

**4. PROPERTY TAX**

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 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.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 government entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's, modified for each member's needs.

The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverage's and reinsures these coverage's 100 percent rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health insurance coverage to full-time employees through a private carrier.



**Auditor of State  
Betty Montgomery**

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

Village of Hicksville  
Defiance County  
111-113 S. Main Street  
Hicksville, Ohio 43526-1398

To the Village Council:

We have audited the accompanying financial statements of the Village of Hicksville, Defiance County, (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 27, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 27, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-002 and 2002-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 27, 2003.

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



**Betty Montgomery**  
Auditor of State

May 27, 2003

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**FINDING NUMBER 2002-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.40 provides that appropriation measures may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. The legally adopted appropriations varied from the posted appropriations in the following funds:

Fiscal Year	Fund	Approved Appropriations	Posted Appropriations	Variance
2002	General Fund	\$3,000,000	\$1,903,481	\$1,096,519
	Special Revenue Funds:			
2002	Community Development Fund	800,000	432,000	368,000
2002	Fire Levy Fund	300,000	163,499	136,501
2002	Downtown Revitalization Fund	255,137	188,850	66,287
	Capital Projects Funds:			
2002	Street Light Assessment Fund	64,022	80,218	(16,196)
	Enterprise Funds:			
2002	Water Fund	430,000	378,650	51,350
2002	Sanitary Sewer Fund	650,000	627,610	22,390
2001	General Fund	2,000,000	1,784,202	215,798
	Special Revenue Funds:			
2001	Permissive MVR Tax Fund	118,419	142,000	(23,581)
2001	Downtown Revitalization Fund	104,584	250,000	(145,416)
	Capital Projects Funds:			
2001	Street Light Assessment Fund	148,519	80,000	68,519
	Enterprise Funds:			
2001	Water Fund	351,000	379,300	(28,300)
2001	Refuse Fund	261,000	224,675	36,325

In addition, during 2002 and 2001, there were several funds where immaterial variances were noted between legally adopted appropriations and appropriations posted to the Village ledgers.

We recommend that the Clerk-Treasurer only post Council approved appropriation measures to the Village ledgers.

**FINDING NUMBER 2002-002**

**Reportable Condition - Posting to Revenue Ledgers**

During 2002 and 2001, there were sixteen instances where intergovernmental or tax revenues in amounts from \$640 to \$158,682 were posted to inappropriate line items or funds. Failure to correctly classify revenue transactions may generate materially misstated financial statements. In addition, posting to improper funds may lead to illegal expenditures.

We recommend the Clerk-Treasurer post receipts received to revenue line items as set forth in the guidelines provided by the State of Ohio Village Clerk Handbook. Furthermore, the Village Council should regularly review transaction ledgers to monitor the accuracy of account postings. The accompanying financial statements have been adjusted to correct material mispostings.

**FINDING NUMBER 2002-003**

**Reportable Condition - Amended Certificates of Estimated Resources**

Sound accounting practices provide that budgeted revenues posted to the Village's ledgers be based on amounts formally approved by the Council. Ten funds in 2002 and twelve funds in 2001 did not have estimated revenues properly posted to the Village's ledgers to reflect the amounts on the Amended Certificates formally approved by the Village Council. The amounts listed on the Amended Certificate and the Village Ledger varied from \$315 to \$1,096,519. This may cause appropriations to exceed estimated resources. We recommend that estimated revenue amounts posted to the Village's ledgers be reconciled with the amounts officially approved, by Council, on the amended Certificates of Estimated Resources.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF HICKSVILLE**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 1, 2003**