



**Auditor of State  
Betty Montgomery**



VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
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, 2004.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2003.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003.....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings .....	19

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**Auditor of State  
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 14, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Hicksville  
Defiance County  
111-113 South 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, 2004 and 2003. 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 audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following

paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, 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 of Hicksville, Defiance County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

As described in Note 3, during the year ended December 31, 2003, the Village reclassified its presentation of the Police Disability and Pension Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

September 14, 2005



**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, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$1,035,583	\$71,482		\$1,107,065
Special Assessments			\$88,097	88,097
Intergovernmental Receipts	236,497	162,417	63,063	461,977
Charges for Services	67,258	33,212		100,470
Fines, Licenses, and Permits	54,560	1,110		55,670
Earnings on Investments	97,805	2,510		100,315
Miscellaneous	60,650	236,668	5,484	302,802
Total Cash Receipts	<u>1,552,353</u>	<u>507,399</u>	<u>156,644</u>	<u>2,216,396</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	565,441	115,711		681,152
Public Health Services	13,415			13,415
Leisure Time Activities	117,632			117,632
Community Environment	15,696	16,358		32,054
Basic Utility Services		12,966		12,966
Transportation		146,039		146,039
General Government	299,998			299,998
Capital Outlay	83,108	54,800	329,429	467,337
Total Cash Disbursements	<u>1,095,290</u>	<u>345,874</u>	<u>329,429</u>	<u>1,770,593</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>457,063</u>	<u>161,525</u>	<u>(172,785)</u>	<u>445,803</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		110,000	319,723	429,723
Transfers-Out	(429,723)			(429,723)
Other Uses	(48,812)	(163,531)	(66,650)	(278,993)
Total Other Financing Receipts/(Disbursements)	<u>(478,535)</u>	<u>(53,531)</u>	<u>253,073</u>	<u>(278,993)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,472)	107,994	80,288	166,810
Fund Cash Balances, January 1	<u>1,457,016</u>	<u>375,672</u>	<u>1,665,316</u>	<u>3,498,004</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,435,544</b></u>	<u><b>\$483,666</b></u>	<u><b>\$1,745,604</b></u>	<u><b>\$3,664,814</b></u>
Reserves for Encumbrances, December 31	<u>\$1,224</u>	<u>\$4,000</u>	<u>\$11,773</u>	<u>\$16,997</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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$754,815		\$754,815
Miscellaneous	6,449		6,449
<b>Total Operating Cash Receipts</b>	<u>761,264</u>		<u>761,264</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	311,925		311,925
Transportation	586		586
Contractual Services	331,646		331,646
Supplies and Materials	54,366		54,366
Capital Outlay	34,061		34,061
<b>Total Operating Cash Disbursements</b>	<u>732,584</u>		<u>732,584</u>
Operating Income	<u>28,680</u>		<u>28,680</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	16,838	\$40,340	57,178
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>10,751</u>	<u>37,743</u>	<u>48,494</u>
Net Receipts Over Disbursements	34,767	2,597	37,364
Fund Cash Balances, January 1	<u>309,934</u>		<u>309,934</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$344,701</b></u>	<u><b>\$2,597</b></u>	<u><b>\$347,298</b></u>
Reserve for Encumbrances, December 31	<u>\$1,125</u>		<u>\$1,125</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 GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$1,033,363	\$76,021		\$1,109,384
Special Assessments			\$84,308	84,308
Intergovernmental Receipts	168,388	147,112	25,978	341,478
Charges for Services	78,762	36,261		115,023
Fines, Licenses, and Permits	41,677	1,358		43,035
Earnings on Investments	121,110	1,514		122,624
Miscellaneous	51,939	279,050	2,109	333,098
Total Cash Receipts	<u>1,495,239</u>	<u>541,316</u>	<u>112,395</u>	<u>2,148,950</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	548,732	126,060		674,792
Public Health Services	13,541			13,541
Leisure Time Activities	104,618			104,618
Community Environment	15,757	12,256		28,013
Basic Utility Services		13,410		13,410
Transportation		158,757		158,757
General Government	277,954			277,954
Capital Outlay	98,501	316,589	430,568	845,658
Total Cash Disbursements	<u>1,059,103</u>	<u>627,072</u>	<u>430,568</u>	<u>2,116,743</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>436,136</u>	<u>(85,756)</u>	<u>(318,173)</u>	<u>32,207</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		82,000	899,091	981,091
Transfers-Out	(981,091)			(981,091)
Other Uses	(41,345)	(301,750)	(40,395)	(383,490)
Total Other Financing Receipts/(Disbursements)	<u>(1,022,436)</u>	<u>(219,750)</u>	<u>858,696</u>	<u>(383,490)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(586,300)	(305,506)	540,523	(351,283)
Fund Cash Balances, January 1	<u>2,043,316</u>	<u>681,178</u>	<u>1,124,793</u>	<u>3,849,287</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,457,016</b></u>	<u><b>\$375,672</b></u>	<u><b>\$1,665,316</b></u>	<u><b>\$3,498,004</b></u>
Reserves for Encumbrances, December 31	<u>\$13,241</u>	<u>\$5,276</u>		<u>\$18,517</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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$755,617		\$755,617
Miscellaneous	7,908		7,908
	<u>763,525</u>		<u>763,525</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	314,939		314,939
Transportation	1,367		1,367
Contractual Services	331,700		331,700
Supplies and Materials	45,355		45,355
Capital Outlay	113,365		113,365
	<u>806,726</u>		<u>806,726</u>
Operating Loss	<u>(43,201)</u>		<u>(43,201)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	12,050	\$17,261	29,311
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>10,253</u>	<u>17,261</u>	<u>27,514</u>
Net Disbursements Over Receipts	(41,404)		(41,404)
Fund Cash Balances, January 1	<u>351,338</u>		<u>351,338</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$309,934</u></b>		<b><u>\$309,934</u></b>
Reserve for Encumbrances, December 31	<u>\$52,531</u>		<u>\$52,531</u>

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

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

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds 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, 2004 AND 2003  
(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 businesses that are used to issue low interest loans to area businesses.

Fire Levy Fund - This fund receives proceeds from a tax levy to provide fire department services.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

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

**4. Enterprise Funds**

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

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

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

Refuse Fund - This fund receives charges for services from residents to cover refuse service costs.

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

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

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.

**E. Budgetary Process**

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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. Village 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 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

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

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

	2004	2003
Cash on Hand	\$ 480	\$ 480
Demand deposits	393,448	36,386
Certificates of deposit	3,306,021	3,412,861
Total deposits	3,699,949	3,449,727
STAR Ohio	312,163	358,211
Total investments	312,163	358,211
Total deposits and investments	\$4,012,112	\$3,807,938

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

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

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

In 2003, the Village determined that the Police Disability and Pension Fund should be reported as a special revenue fund of the Village rather than an Expendable Trust Fund as was presented at December 31, 2002.

	Special Revenue Funds	Expendable Trust Fund
Fund Balance at December 31, 2002	\$672,728	\$8,450
Reclassification of Police Disability and Retirement Fund	8,450	(8,450)
Restated Fund Balance at December 31, 2002	\$681,178	

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,512,509	\$1,552,353	\$39,844
Special Revenue	595,731	617,399	21,668
Capital Projects	476,367	476,367	0
Enterprise	776,115	778,102	1,987
Total	\$3,360,722	\$3,424,221	\$63,499

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,713,241	\$1,575,049	\$1,138,192
Special Revenue	866,174	513,405	352,769
Capital Projects	1,915,063	407,852	1,507,211
Enterprise	952,531	744,460	208,071
Total	\$6,447,009	\$3,240,766	\$3,206,243



**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,430,644	\$1,495,239	\$64,595
Special Revenue	599,375	623,316	23,941
Capital Projects	1,011,486	1,011,486	0
Enterprise	756,550	775,575	19,025
Total	<u>\$3,798,055</u>	<u>\$3,905,616</u>	<u>\$107,561</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,026,141	\$2,094,780	\$931,361
Special Revenue	1,209,142	934,098	275,044
Capital Projects	1,592,199	470,963	1,121,236
Enterprise	1,075,203	869,510	205,693
Total	<u>\$6,902,685</u>	<u>\$4,369,351</u>	<u>\$2,533,334</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. LOCAL INCOME TAX**

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

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

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, 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, 2004.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is 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 coverages, 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 issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5 percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5 percent or \$25,000 of casualty losses and the lesser of 5 percent or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	2,227,808	1,871,123
Members' Equity	<u>\$4,457,714</u>	<u>\$3,531,044</u>

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



**Auditor of State  
Betty Montgomery**

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

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

To the Village Council:

We have audited the financial statements of the Village of Hicksville, Defiance County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 14, 2005, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America and reclassified its presentation of the Police Disability and Pension Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. 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 management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Village's management dated September 14, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

#### **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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated September 14, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

September 14, 2005

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Reportable Condition**

Posting Estimated Resources and Appropriations

Estimated resources and appropriations reported on the accounting system differed from amounts approved by the Council and submitted to the County Budget Commission in 2003 and 2004.

The following variances in estimated resources were noted:

Fund	2003			2004		
	Approved Estimated Resources	Posted Estimated Resources	Variance	Approved Estimated Resources	Posted Estimated Resources	Variance
General	\$1,430,644	\$1,606,000	(\$175,356)	\$1,512,509	\$1,310,000	\$202,509
Special Revenue Funds:						
Street Construction Maintenance and Repair Fund						
	128,168	125,000	3,168	172,885	150,000	22,885
State Highway Fund	11,984	8,000	3,984	9,121	10,000	(879)
Housing Rehabilitation Fund	3,614	200	3,414	278	200	78
Community Development Fund	234,000	204,000	30,000	188,061	185,000	3,061
Permissive Tax Fund	8,664	50,000	(41,336)	3,941		3,941
Permissive MVR Tax Fund	27,330	28,000	(670)	26,114	29,000	(2,886)
Fire Levy Fund	102,604	100,000	2,604	100,030	95,000	5,030
Indigent Drive Fund	560	900	(340)	600	500	100
DUI Enforcement Grant Fund	637	900	(263)	510	600	(90)
Cable TV Fund	19,693	18,000	1,693	21,672	18,000	3,672
Capital Projects Funds:						
Capital Projects Fund	901,199	445,000	456,199	325,207	230,000	95,207
Infrastructure Fund	25,978	50,858	(24,880)	63,063	37,880	25,183
Street Light Assessment Fund	84,308	70,000	14,308	88,097	84,000	4,097
Enterprise:						
Water Fund	278,000	300,000	(22,000)	274,000	274,000	
Sanitary Sewer Fund	315,000	315,000		333,000	315,000	18,000
Refuse Fund	152,000	154,000	(2,000)	153,000	155,000	(2,000)
Utility Deposit Fund	11,550	11,500	50	16,115	10,000	6,115
Trust Funds:						
Police Disability and Pension Fund	62,120	51,000	11,120	65,519	59,800	5,719
Fire Damage Claim Fund				7,000		7,000

**FINDING NUMBER 2004-001  
(Continued)**

The following variances in appropriations were noted:

Fund	2003			2004		
	Approved Appropriations	Posted Appropriations	Variance	Approved Appropriations	Posted Appropriations	Variance
General	\$3,000,000	\$2,637,020	\$362,980	\$2,700,000	\$1,765,753	\$934,247
Special Revenue Funds:						
Street Construction Maintenance and Repair Fund	145,000	135,980	9,020	160,000	110,269	49,731
State Highway Fund	24,000	22,000	2,000	24,000	14,056	9,944
Housing Rehabilitation Fund	N/A	N/A	N/A	18,356	5,000	13,356
Community Development Fund	463,000	442,000	21,000	355,000	270,591	84,409
Permissive Tax Fund	8,664		8,664	3,941	(349)	4,290
Permissive MVR Tax Fund	N/A	N/A	N/A	76,000	47,559	28,441
Fire Levy Fund	349,000	205,095	143,905	109,000	71,391	37,609
Indigent Drive Fund	N/A	N/A	N/A	5,500	5,500	
DUI Enforcement Grant Fund	3,571	3,400	171	4,100	1,897	2,203
Cable TV Fund	39,000	26,750	12,250	38,000	13,555	24,445
Capital Projects Funds:						
Capital Projects Fund	1,400,000	1,300,000	100,000	1,800,000	1,437,012	362,988
Infrastructure Fund	N/A	N/A	N/A	63,063	37,880	25,183
Street Light Assessment Fund	93,000	70,000	23,000	52,000	18,619	33,381
Enterprise:						
Water Fund	355,000	331,960	23,040	284,000	164,037	119,963
Sanitary Sewer Fund	434,000	389,775	44,225	376,000	129,042	246,958
Refuse Fund	233,000	233,000		193,000	120,853	72,147
Utility Deposit Fund	47,000	34,000	13,000	47,000	34,000	13,000
Trust Funds:						
Police Disability and Pension Fund	66,094	60,000	6,094	60,000	53,732	6,268
Fire Damage Claim Fund				7,000		7,000

Failure to accurately reflect budgetary figures in the accounting records could result in management basing their decisions on inaccurate information and could possibly result in deficit spending. We recommend that the estimated resources posted be based on amounts certified by the County Budget Commission and that the appropriations posted be based on the Council approved amounts.

**VILLAGE OF HICKSVILLE  
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	ORC 5705.40, posted appropriations greater than Council approved appropriations.	No	Partially corrected. Reported in Management Letter
2002-002	Reportable condition regarding the proper posting of intergovernmental and tax revenue.	No	Partially corrected. Reported in Management Letter
2002-003	Reportable condition regarding the proper posting of estimated resources.	No	Not corrected. Repeated as Finding 2004-001.







**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  
OCTOBER 11, 2005**