



Dave Yost • Auditor of State



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Hicksville Exempted Village School District  
Defiance County  
958 East High Street  
Hicksville, Ohio 43526-1258

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hicksville Exempted Village School District, Defiance County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hicksville Exempted Village School District, Defiance County, Ohio, as of June 30, 2012, and the respective changes in cash financial position, thereof, and the budgetary comparison for the General fund for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012, on our consideration of the District'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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The Federal Awards Receipts and Expenditures Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State

December 6, 2012

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2012  
UNAUDITED**

The discussion and analysis of the financial performance of Hicksville Exempted Village School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

Net assets decreased \$288,366.

General revenues accounted for \$8,514,494, or 83 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$1,734,119 or 17 percent of total revenues of \$10,248,613.

The General fund and the Building/Land LFI fund are the District's only major funds.

The General fund had \$7,863,297 in receipts and other financing sources and \$8,075,560 in expenditures and other financing uses. The General fund's balance decreased \$212,263 from the prior fiscal year.

The Building/Land LFI fund had \$230 in receipts and no expenditures. The Building/Land LFI fund's balance increased \$230 from the prior fiscal year.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General fund is by far the most significant fund. The General fund and the Building/Land LFI fund are the District's only major funds.

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities, both reported on the cash basis, reflect how the District did financially during fiscal year 2012. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2012  
UNAUDITED  
(Continued)**

In the cash basis statement of net assets and the statement of activities, the District discloses a single type of activity, its governmental activities, which includes all of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

**Reporting the District's Most Significant Funds**

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The General fund and the Building/Land LFI fund are the District's other major funds.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2012 compared to fiscal year 2011.

<b>Table 1</b>		
<b>Net Assets</b>		
<b>Governmental Activities</b>		
	<b>2012</b>	<b>2011</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$6,106,143	\$6,394,509
<b><u>Net Assets:</u></b>		
Restricted for Debt Service	154,404	217,586
Restricted for Capital Outlay	1,022,631	1,158,113
Restricted for Other Purposes	335,625	236,399
Unrestricted	4,593,483	4,782,411
Total	\$6,106,143	\$6,394,509

As mentioned previously, net assets of governmental activities decreased \$288,366 during 2012.

Table 2 reflects the changes in net assets for fiscal year 2012 compared to fiscal year 2011.



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2012  
UNAUDITED  
(Continued)**

**Table 2  
Change in Net Assets  
Governmental Activities**

	2012	2011
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$722,795	\$657,241
Operating Grants and Contributions	1,011,324	1,403,279
Total Program Revenues	1,734,119	2,060,520
General Revenues:		
Property Taxes	2,203,076	2,200,515
Income Taxes	1,351,561	1,245,830
Grants and Entitlements	4,683,856	4,414,580
Investment Earnings	14,000	49,411
Gifts and Donations	69,899	24,090
Miscellaneous	5,139	6,639
Proceeds from Sale of Capital Assets	158,677	
Refund of Prior Year Expenditures	28,286	12,381
Total General Revenues	8,514,494	7,953,446
Total Revenues	10,248,613	10,013,966
<b><u>Expenses:</u></b>		
Instruction	5,767,953	5,604,715
Support Services:		
Pupils	423,435	376,793
Instructional Staff	427,130	342,825
Board of Education	28,135	28,782
Administration	901,762	802,554
Fiscal	315,626	257,467
Operation and Maintenance of Plant	689,878	684,803
Pupil Transportation	375,771	247,605
Central	40,096	40,281
Non-Instructional	389,598	360,125
Extracurricular Activities	525,871	399,270
Capital Outlay	11,433	164,270
Debt Service:		
Principal	240,000	230,000
Interest and Fiscal Charges	400,291	408,989
Total Expenses	10,536,979	9,948,479
Increase/Decrease in Net Assets	(\$288,366)	\$65,487

Revenues increased by \$234,647 or 2.3 percent.

Expenses increased by \$588,500 or 5.9 percent. The increase was primarily attributed an increase in wages and benefits due to 27 pay periods in 2012.

Program receipts account for 17 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2012  
UNAUDITED  
(Continued)**

The major program disbursements for governmental activities are for instruction, which accounts for 55 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 12 percent of governmental disbursements. Maintenance of the District's facilities and administration disbursements also represent a significant disbursement of 7 and 9 percent, respectively. The remaining 17 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Instruction	\$5,767,953	\$4,818,659	\$5,604,715	\$4,107,900
Support Services:				
Pupils	423,435	395,812	376,793	376,793
Instructional Staff	427,130	381,476	342,825	324,029
Board of Education	28,135	28,135	28,782	28,782
Administration	901,762	820,341	802,554	797,554
Fiscal	315,626	315,626	257,467	257,467
Operation and Maintenance of Plant	689,878	683,798	684,803	684,803
Pupil Transportation	375,771	360,719	247,605	242,181
Central	40,096	40,096	40,281	40,281
Non-Instructional	389,598	(49,901)	360,125	(29,427)
Extracurricular Activities	525,871	356,375	399,270	254,337
Capital Outlay	11,433	11,433	164,270	164,270
Debt Service:				
Principal	240,000	240,000	230,000	230,000
Interest and Fiscal Charges	400,291	400,291	408,989	408,989
Total Expenses	<u>\$10,536,979</u>	<u>\$8,802,860</u>	<u>\$9,948,479</u>	<u>\$7,887,959</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 83 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 83 percent. The remaining 17 percent is derived from charges for services, operating grants and contributions.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General fund and the Building/Land LFI fund. Total governmental funds had revenues and other financing sources of \$10,564,582 and expenditures and other financing uses of \$10,852,948. The net change in fund balance in the General fund decreased \$212,263. This was primarily due to the overall revenues exceeding overall expenditures. Revenues increased by 1.5 percent from 2011 and expenditures increased by 8 percent. The net change in fund balance in the Building/Land LFI fund increased \$230 due to interest being allocated to the fund with no expenditures being made in 2012.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2012  
UNAUDITED  
(Continued)**

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2012, the District amended its General fund budget as needed.

Final budgeted revenues and other financing sources changed by only 5 percent from the original budget. Actual revenues and other financing sources were less than final budgeted revenues and other financing sources by less than 1 percent.

Final appropriations (expenditures and other financing uses) decreased by less than 2 percent from the original budget. The actual budget basis expenditures and other financing uses for fiscal year 2012 were \$8,042,603, which was \$4,293,860 (35 percent) less than the final budgeted appropriations. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Debt**

In April 2006, the District issued \$9,930,000 in general obligation bonds. The bonds, which were used to retire the bond anticipation notes issued in January 2006, were issued for a twenty-one year period, with final maturity on December 1, 2033 and have an outstanding balance of \$8,875,000. The bonds are being retired through the Bond Retirement fund.

At June 30, 2012, the District's overall legal debt margin was (\$1,285,866), with an un-voted debt margin of \$84,327. Ohio Revised Code 133.06 (1) allows a school district to pass a levy in excess of the legal debt margin for the purpose of participating in the Ohio School Facilities Construction program. For further information regarding the District's debt, see the notes to the basic financial statements.

**Current Issues**

The District is holding its own in the state of a declining economy and uncertainty in State funding. Hicksville is a small rural community of 5,003 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The District is currently operating in the first year of the state biennium budget. 37 percent of District revenue sources are received from local funds, 55 percent is received from state funds and the remaining 8 percent is received from federal funds. The total expenditure per pupil was calculated at \$8,209.

In November 2005, the District's voters approved a 7.75 mill bond levy for the construction of a new Pre K – 12 school building. The District is contributing \$9.9 million dollars in local funds and the Ohio School Facilities Commission is contributing \$18.7 million to construct the new \$28.5 million dollar school.

In November 2005, the District's voters also approved a 2.5 mill continuing Permanent Improvement Levy, which includes .5 mill for maintenance of the new facility, a state requirement for all new OSFC project schools.

The District moved into the new school building in January 2009.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2012  
UNAUDITED  
(Continued)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Homer Hendricks, Treasurer, Hicksville Exempted Village School District, 958 East High Street, Hicksville, Ohio 43526-1258.

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY

Statement of Net Assets  
June 30, 2012

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,106,143</u>
<b>Net Assets:</b>	
Restricted for Debt Service	154,404
Restricted for Capital Outlay	1,022,631
Restricted for Other Purposes	335,625
Unrestricted	<u>4,593,483</u>
<i>Total Net Assets</i>	<u>\$6,106,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2012**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
Instruction:			
Regular	\$4,590,800	\$366,806	\$338,865
Special	991,338		228,288
Vocational	94,372		11,628
Student Intervention Services	87,736		
Other	3,707		3,707
Support Services:			
Pupils	423,435		27,623
Instructional Staff	427,130		45,654
Board of Education	28,135		
Administration	901,762		81,421
Fiscal	315,626		
Operation and Maintenance of Plant	689,878		6,080
Pupil Transportation	375,771		15,052
Central	40,096		
Operation of Non-Instructional Services	389,598	186,493	253,006
Extracurricular Activities	525,871	169,496	
Capital Outlay	11,433		
Debt Service:			
Principal	240,000		
Interest and Fiscal Charges	400,291		
<b>Totals</b>	<b><u>\$10,536,979</u></b>	<b><u>\$722,795</u></b>	<b><u>\$1,011,324</u></b>
<b>General Revenues:</b>			
Taxes:			
Property Taxes, Levied for General Purposes			1,517,756
Property Taxes, Levies for Capital Outlay			140,808
Property Taxes, Levied for Debt Service			509,310
Property Taxes, Levied for Other Purposes			35,202
Income Taxes			1,351,561
Grants and Entitlements not Restricted to Specific Programs			4,683,856
Gifts and Donations			69,899
Investment Earnings			14,000
Miscellaneous			5,139
Proceeds from Sale of Capital Assets			158,677
Refund of Prior Year Expenditures			28,286
<b>Total General Revenues</b>			<b><u>8,514,494</u></b>
Change in Net Assets			(288,366)
Net Assets Beginning of Year			<u>6,394,509</u>
<b>Net Assets End of Year</b>			<b><u>\$6,106,143</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**Statement of Cash Basis Assets and Fund Cash Balances  
Governmental Funds  
June 30, 2012**

	<u>General Fund</u>	<u>Building/Land LFI Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>\$4,593,483</u>	<u>\$676,966</u>	<u>\$835,694</u>	<u>\$6,106,143</u>
<b>Fund Balances:</b>				
Restricted		\$676,966	\$836,291	\$1,513,257
Assigned	\$51,817			51,817
Unassigned (Deficit)	4,541,666		(597)	4,541,069
<i>Total Liabilities and Fund Balances</i>	<u>\$4,593,483</u>	<u>\$676,966</u>	<u>\$835,694</u>	<u>\$6,106,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**Statement of Cash Basis Receipts, Disbursements, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Building/Land LFI Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$1,517,756		\$685,320	\$2,203,076
Income Tax	1,351,561			1,351,561
Intergovernmental	4,562,576		1,132,604	5,695,180
Interest	13,770	\$230		14,000
Tuition and Fees	366,806			366,806
Extracurricular Activities	13,715		155,781	169,496
Gifts and Donations	100		69,799	69,899
Customer Sales and Services			186,493	186,493
Miscellaneous	3,050		2,089	5,139
<i>Total Revenues</i>	<u>7,829,334</u>	<u>230</u>	<u>2,232,086</u>	<u>10,061,650</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	3,995,487		595,313	4,590,800
Special	762,490		228,848	991,338
Vocational	94,372			94,372
Student Intervention Services			87,736	87,736
Other			3,707	3,707
Support Services:				
Pupils	395,812		27,623	423,435
Instructional Staff	374,931		52,199	427,130
Board of Education	28,135			28,135
Administration	817,344		84,418	901,762
Fiscal	293,430		22,196	315,626
Operation and Maintenance of Plant	613,672		76,206	689,878
Pupil Transportation	268,204		107,567	375,771
Central	38,076		2,020	40,096
Operation of Non-Instructional Services			389,598	389,598
Extracurricular Activities	377,638		148,233	525,871
Capital Outlay			11,433	11,433
Debt Service:				
Principal			240,000	240,000
Interest			400,291	400,291
<i>Total Expenditures</i>	<u>8,059,591</u>	<u>230</u>	<u>2,477,388</u>	<u>10,536,979</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(230,257)</u>	<u>230</u>	<u>(245,302)</u>	<u>(475,329)</u>
<b>Other Financing Sources and (Uses):</b>				
Transfers In			300,000	300,000
Advances In			15,969	15,969
Proceeds from Sale of Capital Assets	5,677		153,000	158,677
Refund of Prior Year Expenditures	28,286			28,286
Transfers Out			(300,000)	(300,000)
Advances Out	(15,969)			(15,969)
<i>Total Other Financing Sources and (Uses)</i>	<u>17,994</u>		<u>168,969</u>	<u>186,963</u>
<i>Net Change in Fund Balances</i>	<u>(212,263)</u>	<u>230</u>	<u>(76,333)</u>	<u>(288,366)</u>
Fund Balance at Beginning of Year	4,805,746	676,736	912,027	6,394,509
<i>Fund Balance at End of Year</i>	<u>\$4,593,483</u>	<u>\$676,966</u>	<u>\$835,694</u>	<u>\$6,106,143</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**Statement of Cash Basis Receipts, Disbursements,  
and Changes in Fund Balances - (Budgetary Basis)**

**GENERAL FUND**

**For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$1,493,500	\$1,517,757	\$1,517,756	(\$1)
Income Tax	1,250,000	1,351,561	1,351,561	
Intergovernmental	4,525,000	4,564,384	4,562,576	(1,808)
Interest	25,000	17,000	13,770	(3,230)
Tuition and Fees	96,513	302,766	304,322	1,556
Extracurricular Activities				
Gifts and Donations	500	500	100	(400)
Miscellaneous		2,000	1,107	(893)
<i>Total Revenues</i>	<u>7,390,513</u>	<u>7,755,968</u>	<u>7,751,192</u>	<u>(4,776)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	3,929,496	3,972,852	3,948,573	24,279
Special	782,592	843,703	762,490	81,213
Vocational	101,264	97,336	94,586	2,750
Support Services:				
Pupils	352,033	403,264	394,463	8,801
Instructional Staff	407,131	414,294	375,355	38,939
Board of Education	35,027	35,634	28,135	7,499
Administration	758,001	830,988	810,395	20,593
Fiscal	249,313	294,600	295,076	(476)
Operation and Maintenance of Plant	649,721	664,852	622,608	42,244
Pupil Transportation	244,771	275,770	273,471	2,299
Central	70,852	73,852	35,830	38,022
Extracurricular Activities	375,054	378,256	377,525	731
<i>Total Expenditures</i>	<u>7,955,255</u>	<u>8,285,401</u>	<u>8,018,507</u>	<u>266,894</u>
<i>Excess of Expenditures Over Revenues</i>	<u>(564,742)</u>	<u>(529,433)</u>	<u>(267,315)</u>	<u>262,118</u>
<b>Other Financing Sources and (Uses):</b>				
Transfers In		2,175	2,175	
Refund of Prior Year Expenditures	10,000	28,286	28,286	
Proceeds from the Sale of Fixed Assets		5,677	5,677	
Transfers Out		(8,127)	(8,127)	
Advances Out		(15,969)	(15,969)	
Other Financing Uses	(4,621,933)	(4,026,966)		4,026,966
<i>Total Other Financing Sources and (Uses)</i>	<u>(4,611,933)</u>	<u>(4,014,924)</u>	<u>12,042</u>	<u>4,026,966</u>
<i>Net Change in Fund Balances</i>	<u>(5,176,675)</u>	<u>(4,544,357)</u>	<u>(255,273)</u>	<u>4,289,084</u>
Fund Balance at Beginning of Year	4,760,070	4,760,070	4,760,070	
Prior Year Encumbrances Appropriated	30,732	30,732	30,732	
<i>Fund Balance at End of Year</i>	<u>(\$385,873)</u>	<u>\$246,445</u>	<u>\$4,535,529</u>	<u>\$4,289,084</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY

Statement of Cash Basis Assets and Net Cash Assets  
Fiduciary Funds  
June 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$36</u>	<u>\$83,755</u>
<b>Liabilities:</b>		
Undistributed Monies	<u></u>	<u>\$83,755</u>
<b>Net Assets:</b>		
Held in Trust for Scholarships	<u>\$36</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY

Statement of Cash Basis Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2012

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Gifts and Donations	\$11,600
<b>Deductions:</b>	
Payments in Accordance with Trust Agreements	<u>11,600</u>
<i>Change in Net Assets</i>	
Net Assets Beginning of Year	<u>36</u>
Net Assets End of Year	<u><u>\$36</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**11. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

Hicksville Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Hicksville Exempted Village School District is an exempted village school district as defined by §3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's instructional/support facilities staffed by 45 non-certified and 71 certified full-time teaching personnel who provide services to 1,004 students and other community members.

**A. Primary Government**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District. The District does not have any component units.

**C. Jointly Governed Organizations and Purchasing Pools**

The District is associated with organizations, which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, Northwestern Ohio Education Research Council Inc., the Northwest Ohio Special Education Regional Resource Center, the Northern Buckeye Health Plan, Northwest Division of Optimal Health Initiatives (OHI), the Ohio School Board Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Receipts that are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements**

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report more detailed information about the District. The focus of governmental financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate nonmajor funds in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into two categories, governmental and fiduciary.

**1. Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The General fund and the Building/Land LFI fund are the District's major governmental funds:

General Fund - The General fund is used to account for all financial resources, except those required to be accounted for in another fund. The General fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Building/Land LFI Fund – The Building/Land LFI fund is used to account for the revenues and expenditures related to the purchase of land and the local share of expenditures for the new school building.

The other governmental funds of the District account for grants and other resources, debt retirement, and capital projects of the District whose uses are restricted to a particular purpose.

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

**C. Basis of Accounting**

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

The budgetary process is prescribed by provision of the Ohio Revised Code and entails the preparation of budgetary documents within established timetable. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years.

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During fiscal year 2012, investments were limited to certificates of deposit, repurchase agreements, and STAR Ohio. All investments were reported at cost, except for STAR Ohio.



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The District had invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2012.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$13,770, which includes \$2,330 assigned from other District funds.

**F. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Compensated Absences**

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 District.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**K. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There are no amounts restricted by enabling legislation as of June 30, 2012.

**M. Fund Balance**

Fund Balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon use of the resources in governmental funds. The classifications are as follows:

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

**Restricted** - Fund balance is reported as 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** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by the Board of Education.

**Unassigned** - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The District first applies restricted resources when an expenditure is 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 can be used.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and certain funds included in the General fund as part of the GASB 54 requirements are not included in the budgetary statement.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Fund Cash Balance	
	General Fund
Cash Basis	\$4,593,483
Funds Budgeted Elsewhere	(13,438)
Adjustment for Encumbrances	(44,516)
Budget Basis	\$4,535,529

**4. DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**4. DEPOSITS AND INVESTMENTS - (Continued)**

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement be at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Under limited circumstances corporate debt interest rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Cash on Hand

At year-end, the District had \$235 in undeposited cash on hand, which is included on the balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

Investments

As of June 30, 2012, the District had the following investment:

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**4. DEPOSITS AND INVESTMENTS - (Continued)**

Investments	Carrying Value	Credit Rating	Investments Maturity Less Than 1 Year	% of Investment Balance
Star Ohio	\$3,440,653	AAAm	\$3,440,653	82%
Repurchase Agreement	745,537	N/A	745,537	18%
	<u>\$4,186,190</u>		<u>\$4,186,190</u>	<u>100%</u>

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the District. State statute limits repurchase agreements 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk – STAR Ohio carries a rating of AAA by Standard and Poor's. The District has no policy dealing with credit risk beyond the requirements of State Statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Repurchase agreements are limited to US Treasury bills, bonds, notes or any other obligation or security issued by the US Treasury or any other obligation guaranteed as to principal and interest by the US bonds, notes, debentures, or any other obligation or security issued by a federal government agency.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment in the repurchase agreement in the amount of \$745,537 is exposed to custodial credit risk as it is uninsured, unregistered, and held by the counterparty's trust department or agent in the District's name. The District has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

**5. PROPERTY TAXES**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years through 2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**5. PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes for 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2012 (other than public utility property) represents the collection of 2012 taxes. Tangible personal property taxes received in calendar year 2012 were levied after April 1, 2012, on the value as of December 31, 2011. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. This year, the June 2012 tangible personal property tax settlement was not received until July 2012.

The District receives property taxes from Defiance County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2012 taxes were collected are:

	<b>2011 Second- Half Collections</b>		<b>2012 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Commercial/Industrial	\$10,530,150	12%	\$10,444,580	12%
Residential/Agricultural	69,394,220	83%	69,919,520	83%
Public Utility	4,043,390	5%	4,154,230	5%
Total Assessed Value	<u>\$83,967,760</u>	<u>100%</u>	<u>\$84,518,330</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$40.20		\$40.20	

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**6. INCOME TAX**

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts in the amount of \$1,351,561 were credited to the General fund.

**7. RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and liability. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

For fiscal year 2012, the District participated in the Ohio School Plan (the Plan), an insurance purchasing pool (Note 15). The District maintains fleet insurance with the Plan. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Settled claims have not exceeded the amount of commercial coverage in any of the past three years, and there has been no significant reduction in the amount of insurance coverage from last year.

**B. Employee Insurance Benefits Program**

Effective January 1, 2012, the Employee Insurance Benefits Consortium was removed from Northern Buckeye Education Council (NBEC) and merged with Optimal Health Initiative Consortium (OHI) to form the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI. Northern Buckeye Education Council no longer acts as fiscal agent for the insurance consortium. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Workers' Compensation Group Program**

The District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 15). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**8. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's required contributions to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$151,834, \$125,270, and \$128,984, respectively; 69 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**8. DEFINED PENSION BENEFIT PLANS – (Continued)**

receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011 (latest information available), the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$564,007, \$545,087, and \$555,631 respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2012, four members of the Board of Education have elected Social Security. The employer contribution rate is 6.2 percent of wages and the employee contribution rate is 4.2 percent.

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2012, 1.30 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800. The District's surcharge amount for 2012 was \$13,914

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$20,490, \$28,370, and \$17,578 respectively; 69 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$8,961, \$8,061, and \$7,670, respectively; 69 percent has been contributed for fiscal year 2012 and 100 percent for fiscal year 2011 and 2010.

**B. State Teachers Retirement System**

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were 43,385, \$41,930, and \$42,741, respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**10. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Employees with less than one year of service earn .38-vacation days per month worked, not to exceed five days. Employees are permitted to carry over vacation leave earned in the current year into the next year.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**10. COMPENSATED ABSENCES - (Continued)**

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to .27 of the accumulated sick leave to a maximum of 60 days.

Effective July 1, 2006, the total vacation time that an employee can accumulate at any given time can be no greater than one year plus the current year. Carry-over of vacation time will be limited to no more than one year's accumulation of vacation time.

**11. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2012, the following changes occurred in long-term obligations:

	<u>Balance at 6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/12</u>	<u>Due Within One Year</u>
General Obligation Bonds					
Serial – Series 2006	\$4,425,000		\$240,000	\$4,185,000	\$250,000
Term – Series 2006	4,690,000			4,690,000	
Total Long-Term Obligations	<u>\$9,115,000</u>		<u>\$240,000</u>	<u>\$8,875,000</u>	<u>\$250,000</u>

Debt outstanding at June 30, 2012 consisted of the following:

**School Improvement Bonds – 2006**

The District issued \$9,930,000 in voted general obligation bonds for the purpose of constructing, renovating, and improving existing school facilities and related site development. The bonds were issued on April 4, 2006 and will mature in December 2033. The bond issued included \$5,240,000 in serial bonds and \$4,690,000 in term bonds. The bonds will be retired with a voted property tax levy from the Debt Service fund.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$250,000	3.75%
2013	260,000	3.85%
2014	270,000	3.95%
2015	280,000	4.00%
2016	290,000	4.00%
2017	300,000	4.10%
2018	315,000	4.15%
2019	325,000	5.00%
2020	345,000	5.00%
2021	360,000	5.00%
2022	380,000	5.00%
2023	395,000	5.00%
2024	415,000	5.00%

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**11. LONG-TERM OBLIGATIONS - (Continued)**

The term bonds maturing on December 1, 2029, December 1, 2031, and December 1, 2033, are subject to mandatory sinking fund redemption in part by lot and are redeemed pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable mandatory redemption dates and in the principal amounts payable on those dates set forth in the Certificate of Award.

Redemption Date (December 1)	Principal Amount To Be Redeemed
2025	\$435,000
2026	455,000
2027	475,000
2028	495,000
2029	520,000
2030	540,000
2031	565,000
2032	590,000
2033	615,000

The scheduled payments of principal and interest on debt outstanding at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$250,000	\$391,104	\$641,104
2014	260,000	381,411	641,411
2015	270,000	371,074	641,074
2016	280,000	360,141	640,141
2017	290,000	348,741	638,741
2018 – 2022	1,645,000	1,538,103	3,183,103
2023 – 2027	2,080,000	1,085,344	3,165,344
2028 – 2032	2,595,000	562,806	3,157,806
2033 - 2034	1,205,000	53,266	1,258,266
Total	\$8,875,000	\$5,091,990	\$13,966,990

**12. CAPITALIZED LEASES – LESSEE DISCLOSURE**

The District entered into various capital leases for the acquisition of computers. The District disbursed \$103,508 to pay lease costs for the year ended June 30, 2012. These expenditures were reflected as regular instruction on the accompanying financial statements. Future lease payments are as follows:

Year Ending June 30,	Principal and Interest
2013	\$30,734
2014	66,824
2015	16,362
	\$113,920

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**13. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. A similar provision related to the purchase of textbooks and other instructional materials was repealed effective July 1, 2011.

The following cash basis information describes the change in the year-end set-aside amounts for capital acquisition and construction of capital improvements. Disclosure of this information is required by State statute.

	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2011	
Current Year Set-aside Requirement	\$171,148
Current Year Offsets	(171,148)
Cash Balance Carried Forward to FY 2013	_____
Total Restricted Assets	_____

**14. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. All payments made by the District for services received are made to the Northern Buckeye Education Council. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA were \$60,723. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**14. JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. The District made no payments to NBEC. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**C. Four County Career Center**

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Fulton County Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to the Four County Career Center, Jennifer Bonner, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**14. JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

**E. Northwest Ohio Special Education Regional Resource Center**

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to provide services to families, educators, and agencies regarding educational law and curriculum and instruction for students with disabilities. The SERRC serves a thirteen county area in Northwest Ohio. The Governing Board consists of superintendents from each of the cooperating School Districts, the fiscal agent superintendent, two parents of children with disabilities, one superintendent of a county board of MR/DD, one representative from a chartered non-public school, one representative from the University of Toledo, one representative from Bowling Green State University, one representative from a community school, and any other representatives from other agencies as designated by the Governing Board or the Ohio Department of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Dave Michel, Eastwood Local School District, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

**15. GROUP PURCHASING POOLS**

**A. Northern Buckeye Health Plan's Employee Insurance Benefits Program**

Effective January 1, 2012, the Employee Insurance Benefits Consortium was removed from Northern Buckeye Education Council (NBEC) and merged with Optimal Health Initiative Consortium (OHI). The new name of the local insurance group consortium is Northern Buckeye Health Plan, Northwest Division of OHI. Northern Buckeye Education Council no longer acts as fiscal agent for the insurance consortium.

In fiscal year 2012, the District contributed a total of \$344,272 to the Northern Buckeye Education Council for all four plans. Financial information for the period July 1, 2011 through December 31, 2011 can be obtained from Robin Pfund, Treasurer, at 209 Nolan Parkway, Archbold, OH 43502.

In fiscal year 2012, the District contributed a total of \$368,773 to the Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period January 1, 2012 through June 30, 2012 can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, OH 45242.

**B. Ohio School Board Association Workers' Compensation Group Rating Plan**

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three-member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**15. GROUP PURCHASING POOLS - (Continued)**

**C. Ohio School Plan**

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 300 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	2011	2010
Assets	\$4,280,876	\$3,859,753
Liabilities	1,812,420	1,732,921
Members' Equity	2,468,456	2,126,832

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

**16. INTERFUND TRANSFERS**

During the year ended June 30, 2012, the General fund transferred \$8,127 to the Uniform School Supply fund to use on school related expenses. The Laptop Service fund transferred \$2,175 to the General fund for miscellaneous reimbursements. Under the provisions of GASB Statement 54, the Uniform School Supply fund and the Laptop Service fund are included as part of the General fund on the Accompanying Financial Statements. The Ohio School Facilities Commission (OSFC) project fund transferred \$300,000 to the Permanent Improvement fund for unexpended OSFC project balances.

**17. INTERFUND ADVANCES**

During the year ended June 30, 2012, the General Fund advanced \$15,000 to the Race to the Top – Early College Program Grant fund and \$969 to the Title II-A Technology Grant fund to help with operations until grant monies were received.

**18. CONTINGENCIES**

**A. Litigation**

There are currently no matters in litigation with the District as defendant.



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**18. CONTINGENCIES – (Continued)**

**B. Student Attendance**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**19. FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Building/Land LFI</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:				
Regular Instruction			\$29,830	\$29,830
Athletics			60,621	60,621
Food Service Operations			123,019	123,019
Facilities Maintenance			122,752	122,752
Permanent Improvement			258,202	258,202
Debt Retirement			154,404	154,404
Building Construction		\$676,966	87,463	764,429
Total Restricted		676,966	836,291	1,513,257
Assigned for:				
Educational Activities	\$7,341			7,341
Unpaid Obligations (encumbrances)	44,476			44,476
Total Assigned	51,817			51,817
Unassigned (Deficit)	4,541,666		(597)	4,541,069
Total Fund Balance	\$4,593,483	\$676,966	\$835,694	\$6,106,143

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**20. RELATED PARTY TRANSACTION**

The District used two local businesses in 2012 which had ties to two board of education members. The District made purchases of labor and parts for repairs on the District's buses and school vehicles from Jim Schmidt Ford/Chevrolet, which is owned by the husband of Board Member, Karen Schmidt, in the amount of \$51,686. The District also made purchases of newspaper subscriptions, printing supplies, and advertisements for various bids and employment from Tribune Printing Company, which is owned by the husband and mother in law of Board Member, Julie Barth.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553	\$38,961	\$38,961
National School Lunch Program			
Cash Assistance	10.555	203,190	203,190
Non- Cash Assistance (Food Distribution)		27,737	27,737
Total National School Lunch Program		<u>230,927</u>	<u>230,927</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>269,888</u></b>	<b><u>269,888</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title II-D Technology Grant	84.318		969
Education Jobs Fund	84.410	240,941	225,283
ARRA - Race-to-the-Top Incentive Grants, Recovery Act	84.395	9,949	12,540
ARRA - Race-to-the-Top Incentive Grants, Recovery Act - Early College High School		95,213	105,639
Total Race-to-the-Top Incentive Grants		<u>105,162</u>	<u>118,179</u>
Title I Grants to Local Educational Agencies	84.010	130,333	118,471
Improving Teacher Quality State Grants	84.367	42,739	31,907
<b>Total U.S. Department of Education</b>		<b><u>519,175</u></b>	<b><u>494,809</u></b>
<b>Totals</b>		<b><u><u>\$789,063</u></u></b>	<b><u><u>\$764,697</u></u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Hicksville Exempted Village School District (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Hicksville Exempted Village School District  
Defiance County  
958 East High Street  
Hicksville, Ohio 43526-1258

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hicksville Exempted Village School District, Defiance County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 6, 2012, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected. We consider finding 2012-002 described in the accompanying schedule of findings to be a material weakness.

### Compliance and Other Matters

As part of reasonably assuring whether the District'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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 6, 2012.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, Board of Education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

December 6, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Hicksville Exempted Village School District  
Defiance County  
958 East High Street  
Hicksville, Ohio 43526-1258

To the Board of Education:

### Compliance

We have audited the compliance of Hicksville Exempted Village School District, Defiance County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

As described in finding 2012-003 in the accompanying schedule of findings, the District did not comply with requirements regarding Equipment and Real Property Management applicable to its ARRA – Race-to-the-Top Incentive Grant, Recovery Act major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Hicksville Exempted Village School District, Defiance County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2012-003 to be a material weakness.

The District's response to the finding identified in our audit is described in the accompanying schedule of finding. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

December 6, 2012



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified – Nutrition Cluster Qualified – Race-to-the-Top Incentive Grant
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster – School Breakfast Program CFDA #10.553 and National School Lunch Program #10.555 ARRA – Race-to-the-Top Incentive Grant, Recovery Act – CFDA # 84.395
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2012-001**

**Noncompliance Citation**

**Ohio Revised Code, § 117.38**, provides in part that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Administrative Code § 117-2-03(B)**, which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2012, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

**Officials' Response:**

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

**FINDING NUMBER 2012-002**

**Material Weakness**

**Section 2400.102 of the Codification of Governmental Accounting Standards Board (GASB) Statements** requires budgetary comparisons be presented for the General fund and for each major special revenue fund that has a legally adopted annual budget.

The budgetary comparison schedule should present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the government's budgetary basis. A separate column to report the variance between the final budget and actual amounts is encouraged but not required.

The *original budget* is the first complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes *before* the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law. For example, a legal provision may require the automatic rolling forward of appropriations to cover prior-year encumbrances.

**FINDING NUMBER 2012-002  
 (Continued)**

The *final budget* is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

The District did not properly report original and final estimated resources and appropriations on its budgetary statements.

Adjustments to original and final estimated resources and appropriations were recorded to the District's budgetary statements ranging from \$400 to \$4,804,391.

We recommend original and final estimated resources and appropriations be presented on the budgetary statements in accordance with Board approved amounts.

**Officials' Response:**

The District has corrected this process going forward.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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**Noncompliance Citation / Material Weakness**

<b>Finding Number</b>	2012-003
<b>CFDA Title and Number</b>	ARRA - Race-to-the -Top Incentive Grant, Recovery Act – CFDA #84.395
<b>Federal Award Number/Year</b>	2012
<b>Federal Agency</b>	United States Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**34 CFR 80.32 (d)** states the requirements for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

The District has established equipment and inventory policies; however, the District's inventory tracking system has not been updated to include any current federal and non-federal capital assets.

**FINDING NUMBER 2012-003  
(Continued)**

In order to ensure the District is tracking all of its federal and nonfederal capital assets in accordance with the federal requirements above and its own internal equipment and inventory policies, we recommend the District update its inventory tracking system to include all federal and nonfederal capital assets meeting the District's capital asset threshold. In addition, the District should take a physical inventory in order to reconcile to its updated inventory tracking system.

**Officials' Response:**

The District plans to implement its inventory policies and procedures.

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY

**CORRECTIVE ACTION PLAN**  
**OMB CIRCULAR A -133 § .315 (c)**  
**JUNE 30, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-003	The District plans to implement its inventory policies and procedures.	FY 2013	Homer Hendricks, CFO/Treasurer

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**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2012**

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>
2011-001	Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2012-001 in this report.
2011-002	State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act – ARRA – Reporting – Three checks greater than \$25,000 were not reported to ODE for 1512 ARRA Subrecipient Vendor Reporting	Yes	

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# Dave Yost • Auditor of State

HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

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  
DECEMBER 20, 2012