



**HICKSVILLE EXEMPTED VILLAGE  
SCHOOL DISTRICT  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

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# Mary Taylor, CPA

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 the Hicksville Exempted Village School District, Defiance County, Ohio (the District), as of and for the year ended June 30, 2009, 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 the Hicksville Exempted Village School District, Defiance County, Ohio, as of June 30, 2009 and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting in Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 19, 2009

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2009  
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, 2009. 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 2009 are as follows:

In total, net assets decreased \$5,961,897. This was attributed to expenditures made on construction of the District's new school building.

General revenues accounted for \$8,601,219, or 75 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating and contributions, and capital grants and contributions accounted for \$2,909,026 or 25 percent of total revenues of \$11,510,245.

The General Fund, the Building and Land LFI Fund, and the OSCF Fund are the District's only major funds. The General Fund had \$8,136,125 in revenues and other financing sources and \$7,576,598 in expenditures and other financing uses. The General Fund's balance increased \$559,527 from the prior fiscal year.

The Building and Land LFI Fund had \$579,177 in revenues and other financing sources and \$2,737,024 in expenditures. The Building and Land LFI Fund's balance decreased \$2,157,847 from the prior fiscal year.

The OSCF Fund had \$1,415,993 in revenues and \$5,431,534 in expenditures and other financing uses. The OSCF Fund's balance decreased \$4,015,541 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, the Building and Land LFI Fund, and the OSCF 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 2009. 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

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2009  
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(Continued)**

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.

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, the Building and Land LFI Fund, and the OSCF 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 2009 compared to fiscal year 2008.

<b>Table 1</b>		
<b>Net Assets</b>		
<b>Governmental Activities</b>		
	<b>2009</b>	<b>2008</b>
<b><u>Assets:</u></b>		
Current and Other Assets	\$6,207,251	\$12,169,148
 <b><u>Net Assets:</u></b>		
Restricted for Debt Service	237,100	203,132
Restricted for Capital Outlay	2,094,077	8,635,738
Restricted for Other Purposes	203,076	216,807
Unrestricted	3,672,998	3,113,471
Total	\$6,207,251	\$12,169,148



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2009  
UNAUDITED  
(Continued)**

As mentioned previously, net assets of governmental activities decreased \$5,961,897 during 2009. The primary reason for the decrease was the District's increase in capital related expenditures on the construction of the new school building.

Table 2 reflects the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

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

	<b>2009</b>	<b>2008</b>
<b><u>Revenues:</u></b>		
Program Revenues:		
Charges for Services and Sales	\$727,687	\$778,670
Operating Grants, Contributions and Interest	886,758	875,212
Capital Grants and Contributions	1,294,581	8,137,012
Total Program Revenues	2,909,026	9,790,894
General Revenues:		
Property Taxes	2,262,800	2,335,966
Income Taxes	1,366,355	1,426,719
Grants and Entitlements	4,465,608	4,303,455
Investment Earnings	288,786	779,528
Gifts and Donations	80,172	78,004
Miscellaneous	18,190	5,309
Proceeds from Sale of Capital Assets	113,128	150
Refund of Prior Year Expenditures	6,180	40,829
Total General Revenues	8,601,219	8,969,960
Total Revenues	11,510,245	18,760,854
<b><u>Expenses:</u></b>		
Instruction	5,129,050	5,019,842
Support Services:		
Pupils	455,401	422,500
Instructional Staff	397,662	423,947
Board of Education	33,386	80,750
Administration	750,936	753,614
Fiscal	258,658	249,515
Operation and Maintenance of Plant	821,971	514,218
Pupil Transportation	370,899	218,885
Central	32,499	46,703
Non-Instructional	364,453	326,029
Extracurricular Activities	571,922	392,390
Capital Outlay	7,642,479	15,645,050
Debt Service:		
Principal	212,159	216,865
Interest and Fiscal Charges	425,971	433,884
Refund of Prior Year Receipts	4,696	
Total Expenses	17,472,142	24,744,192
Decrease in Net Assets	(\$5,961,897)	(\$5,983,338)

Expenses decreased 29 percent due to the District's participation in the Ohio School Facilities Commission construction project.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2009  
UNAUDITED  
(Continued)**

Program receipts account for 25 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 29 percent of all governmental disbursements. Capital outlay for the constructions of new school buildings account for 44 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 7 percent of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 5 percent. The remaining 15 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>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Instruction	\$5,129,050	\$4,180,172	\$5,019,842	\$3,983,202
Support Services:				
Pupils	455,401	360,936	422,500	316,418
Instructional Staff	397,662	367,602	423,947	410,855
Board of Education	33,386	33,386	80,750	80,750
Administration	750,936	736,036	753,614	737,591
Fiscal	258,658	258,658	249,515	249,515
Operation and Maintenance of Plant	821,971	813,381	514,218	514,218
Pupil Transportation	370,899	355,126	218,885	203,690
Central	32,499	32,499	46,703	46,703
Non-Instructional	364,453	48,829	326,029	24,498
Extracurricular Activities	571,922	385,767	392,390	227,071
Capital Outlay	7,642,479	6,347,898	15,645,050	7,508,038
Debt Service:				
Principal	212,159	212,159	216,911	216,911
Interest and Fiscal Charges	425,971	425,971	433,838	433,838
Refund of Prior Year Receipts	4,696	4,696		
<b>Total Expenses</b>	<u><b>\$17,472,142</b></u>	<u><b>\$14,563,116</b></u>	<u><b>\$24,744,192</b></u>	<u><b>\$14,953,298</b></u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 81 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 and capital grants and contributions.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2009  
UNAUDITED  
(Continued)**

**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, the Building and Land LFI Fund, and the OSCF Fund. Total governmental funds had revenues and other financing sources of \$12,044,581 and expenditures and other financing uses of \$18,006,478.

The General Fund's fund balance increased \$559,527 which was 32% less of an increase from 2008. Revenues only decreased less than one percent from 2008 and expenditures only increased three percent.

Building and Land LFI Fund's fund balance decreased \$2,157,847 due to actual expenditures for capital related expenditures on the construction of the new school building and principal and interest payments on the land acquired for construction.

The OSFC Fund's fund balance decreased \$4,015,541 due to a significant increase in capital related expenditures on the construction of the new school building.

**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 2009, the District amended its General Fund budget as needed.

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

Final appropriations (expenditures and other financing uses) increased by less than one percent from the original budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 was \$7,675,679, which was \$3,413,542 (31 percent) less than the final budgeted appropriations. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Debt**

The District entered into a note payable for the amount of \$154,806 to purchase land for the construction of the new District school building. The note will mature in March 2010 has an outstanding balance of \$12,086.

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 \$9,570,000. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2009, the District's overall legal debt margin was (\$2,186,678), with an un-voted debt margin of \$82,037. 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.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED 30, 2009  
UNAUDITED  
(Continued)**

**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. Forty-three percent of District revenue sources are received from local funds, fifty-two percent is received from state funds and the remaining five percent is received from federal funds. The total expenditure per pupil was calculated at \$7,983.

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 its new school building in January 2009.

**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 Barbara Sprow-Kieffer, 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, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>6,207,251</u>
<b>NET ASSETS:</b>	
Restricted for Debt Service	237,100
Restricted for Capital Outlay	2,094,077
Restricted for Other Purposes	203,076
Unrestricted	<u>3,672,998</u>
Total Net Assets	\$ <u>6,207,251</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, 2009**

Expenses	Program Revenues			Net(Expense) Revenue and Changes in Net Assets	
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
Instruction:					
Regular	\$ 3,953,309	\$ 344,291	\$ 73,707	\$ (3,535,311)	
Special	983,678		530,132	(453,546)	
Vocational	186,856			(186,856)	
Adult/Continuing	5,207	748		(4,459)	
Support Services:					
Pupils	455,401		94,465	(360,936)	
Instructional Staff	397,662		30,060	(367,602)	
Board of Education	33,386			(33,386)	
Administration	750,936	9,900	5,000	(736,036)	
Fiscal	258,658			(258,658)	
Operation and Maintenance of Plant	821,971	8,590		(813,381)	
Pupil Transportation	370,899		15,773	(355,126)	
Central	32,499			(32,499)	
Operation of Non-Instructional Services	364,453	178,003	137,621	(48,829)	
Extracurricular Activities	571,922	186,155		(385,767)	
Capital Outlay	7,642,479		1,294,581	(6,347,898)	
Debt Service:					
Principal	212,159			(212,159)	
Interest and Fiscal Charges	425,971			(425,971)	
Refund of Prior Year Receipts	4,696			(4,696)	
Totals	\$ 17,472,142	\$ 727,687	\$ 886,758	\$ 1,294,581	(14,563,116)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes				1,516,995	
Property Taxes, Levies for Capital Outlay				141,954	
Property Taxes, Levied for Debt Service				566,612	
Property Taxes, Levied for Other Purposes				37,239	
Income Taxes				1,366,355	
Grants and Entitlements not Restricted to Specific Programs				4,465,608	
Gifts and Donations				80,172	
Investment Earnings				288,786	
Miscellaneous				18,190	
Proceeds from Sale of Capital Assets				113,128	
Refund of Prior Year Expenditures				6,180	
Total General Revenues				8,601,219	
Change in Net Assets				(5,961,897)	
Net Assets Beginning of Year				12,169,148	
Net Assets End of Year				\$ 6,207,251	

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, 2009**

	<b>General Fund</b>	<b>Building/Land LFI Fund</b>	<b>OSFC Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ <u>3,672,998</u>	\$ <u>995,739</u>	\$ <u>1,021,956</u>	\$ <u>516,558</u>	\$ <u>6,207,251</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	99,081	684,812	91,182	67,348	942,423
Unreserved, Undesignated, Reported in:					
General Fund	3,573,917				3,573,917
Special Revenue Funds				162,132	162,132
Debt Service Funds				237,100	237,100
Capital Projects Funds		310,927	930,774	49,978	1,291,679
Total Liabilities and Fund Balances	\$ <u>3,672,998</u>	\$ <u>995,739</u>	\$ <u>1,021,956</u>	\$ <u>516,558</u>	\$ <u>6,207,251</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, 2009**

	<u>General Fund</u>	<u>Building/Land LFI Fund</u>	<u>OSFC Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$ 1,516,995			\$ 745,805	\$ 2,262,800
Income Tax	1,366,355				1,366,355
Intergovernmental	4,703,525		\$ 1,294,581	648,841	6,646,947
Interest	88,197	\$ 79,177	121,412		288,786
Tuition and Fees	280,877			72,004	352,881
Extracurricular Activities				196,803	196,803
Gifts and Donations	48,267			31,905	80,172
Customer Sales and Services				178,003	178,003
Miscellaneous	12,649			5,539	18,188
Total Revenues	<u>8,016,865</u>	<u>79,177</u>	<u>1,415,993</u>	<u>1,878,900</u>	<u>11,390,935</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction:					
Regular	3,628,646			324,663	3,953,309
Special	870,090			113,588	983,678
Vocational	186,856				186,856
Adult/Continuing				5,207	5,207
Support Services:					
Pupils	357,531			97,870	455,401
Instructional Staff	348,688			48,974	397,662
Board of Education	33,386				33,386
Administration	733,624			17,312	750,936
Fiscal	236,098			22,560	258,658
Operation and Maintenance of Plant	633,015			188,956	821,971
Pupil Transportation	243,396			127,503	370,899
Central	26,901			5,598	32,499
Operation of Non-Instructional Services	12,122			352,331	364,453
Extracurricular Activities	227,409			344,513	571,922
Capital Outlay	2,900	2,703,893	4,931,534	4,152	7,642,479
Debt Service:					
Principal		32,159		180,000	212,159
Interest		972		424,999	425,971
Total Expenditures	<u>7,540,662</u>	<u>2,737,024</u>	<u>4,931,534</u>	<u>2,258,226</u>	<u>17,467,446</u>
Excess of Revenues Over (Under) Expenditures	<u>476,203</u>	<u>(2,657,847)</u>	<u>(3,515,541)</u>	<u>(379,326)</u>	<u>(6,076,511)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Transfers In		500,000		14,336	514,336
Advances In				20,000	20,000
Proceeds from Sale of Capital Assets	113,128				113,128
Refund of Prior Year Expenditures	6,130			50	6,180
Other Financing Sources	2				2
Transfers Out	(11,240)		(500,000)	(3,096)	(514,336)
Advances Out	(20,000)				(20,000)
Refund of Prior Year Receipts	(4,696)				(4,696)
Total Other Financing Sources and Uses	<u>83,324</u>	<u>500,000</u>	<u>(500,000)</u>	<u>31,290</u>	<u>114,614</u>
Net Change in Fund Balances	559,527	(2,157,847)	(4,015,541)	(348,036)	(5,961,897)
Fund Balance at Beginning of Year	3,113,471	3,153,586	5,037,497	864,594	12,169,148
Fund Balance at End of Year	<u>\$ 3,672,998</u>	<u>\$ 995,739</u>	<u>\$ 1,021,956</u>	<u>\$ 516,558</u>	<u>\$ 6,207,251</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, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>CASH RECEIPTS:</b>				
Property and Other Local Taxes	\$ 1,586,543	\$ 1,515,214	\$ 1,516,995	\$ 1,781
Income Tax	1,427,000	1,366,355	1,366,355	
Intergovernmental	4,560,908	4,703,310	4,703,525	215
Interest	187,000	86,450	88,197	1,747
Tuition and Fees	370,057	280,712	280,877	165
Gifts and Donations	19,700	48,267	48,267	
Miscellaneous	550	262	12,649	12,387
Total Revenues	<u>8,151,758</u>	<u>8,000,570</u>	<u>8,016,865</u>	<u>16,295</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	3,781,896	3,741,414	3,636,641	104,773
Special	951,212	930,688	870,698	59,990
Vocational	186,235	191,695	188,009	3,686
Support Services:				
Pupils	355,605	364,983	358,156	6,827
Instructional Staff	412,284	391,507	350,078	41,429
Board of Education	97,879	90,094	36,479	53,615
Administration	754,692	758,782	737,648	21,134
Fiscal	237,967	254,696	237,915	16,781
Operation and Maintenance of Plant	624,844	696,899	671,436	25,463
Pupil Transportation	295,640	299,384	273,699	25,685
Central	75,211	75,211	36,553	38,658
Operation of Non-Instructional Services	13,226	12,138	12,122	16
Extracurricular Activities	226,323	230,398	227,409	2,989
Capital Outlay	19,170	5,700	2,900	2,800
Total Expenditures	<u>8,032,184</u>	<u>8,043,589</u>	<u>7,639,743</u>	<u>403,846</u>
Excess of Revenues Over (Under) Expenditures	<u>119,574</u>	<u>(43,019)</u>	<u>377,122</u>	<u>420,141</u>
Other Financing Sources and Uses:				
Transfers In		12,427		(12,427)
Proceeds from Sale of Capital Assets		113,100	113,128	28
Refund of Prior Year Expenditures	37,693	6,204	6,130	(74)
Other Financing Sources			2	2
Transfers Out	(25,000)	(11,240)	(11,240)	
Advances Out		(20,000)	(20,000)	
Refund of Prior Year Receipts		(4,725)	(4,696)	29
Other Financing Uses	<u>(3,020,000)</u>	<u>(3,009,667)</u>		<u>3,009,667</u>
Total Other Financing Sources and Uses	<u>(3,007,307)</u>	<u>(2,913,901)</u>	<u>83,324</u>	<u>2,997,225</u>
Net Change in Fund Balances	<u>(2,887,733)</u>	<u>(2,956,920)</u>	<u>460,446</u>	<u>3,417,366</u>
Fund Balance (Deficit) at Beginning of Year	3,014,806	3,014,806	3,014,806	
Prior Year Encumbrances Appropriated	98,665	98,665	98,665	
Fund Balance (Deficit) at End of Year	<u>\$ 225,738</u>	<u>\$ 156,551</u>	<u>\$ 3,573,917</u>	<u>\$ 3,417,366</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, 2009

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ <u>4,636</u>	\$ <u>46,377</u>
<b>Liabilities</b>		
Current Liabilities:		
Undistributed Monies		\$ <u>46,377</u>
<b>Net Assets</b>		
Held in Trust for Scholarships	\$ <u>4,636</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, 2009**

		<u>Private Purpose Trust</u>
<b>ADDITIONS:</b>		
Donations and gifts	\$	7,650
<b>DEDUCTIONS:</b>		
Payments in Accordance with Trust Agreements		<u>3,650</u>
Change in Net Assets		4,000
Net Assets Beginning of Year		<u>636</u>
Net Assets End of Year	\$	<u><u>4,636</u></u>

See Accompanying Notes to the Basic Financial Statements

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**1. 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 33 non-certified and 74 certified full-time teaching personnel who provide services to 1,054 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 Education Council's Employee Insurance Benefits Program, the Ohio School Board Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 15 and 16 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, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(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, the Building and Land LFI Fund, and the OSFC 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, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

Building and Land LFI Fund – The Building and 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.

OSFC Fund - The OSFC Fund is used to account for the revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources, 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, function, and object level for all funds.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 2009, investments were limited to certificates of deposit, money market mutual funds, and STAR Ohio. All investments were reported at cost, except for STAR Ohio.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(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 2009. 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, 2009.

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 2009 amounted to \$88,197, which includes \$34,720 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 9 and 10, 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**

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.



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**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.

**M. Fund Balance Reserves**

The District reserves any portion of fund balances which are not available for appropriation or which is legally segregated for a specified future use. Unreserved fund balance indicates that a portion of the fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**3. COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**4. 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 Revenues, Expenditures 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).

The encumbrances outstanding at year end (budgetary basis) amounted to \$99,081.

**5. 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.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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.

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 \$185 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."

Cash Held With Fiscal Agents

At year-end, the District had \$235,101, held in escrow accounts for contractors associated with the construction of the District's new school building.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$210,276 of the District's bank balance of \$2,927,232 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured

Investments

As of June 30, 2009, the District's only investment was \$3,629,285 in STAR Ohio.

Credit Risk – STAR Ohio carries a rating of AAA by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least on nationally recognized standard rating service.

**6. PROPERTY TAXES**

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.

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 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2009, on the value as of December 31, 2008. 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 2009 tangible personal property tax settlement was not received until July 2009.

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, 2009, are available to finance fiscal year 2009 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 2009 taxes were collected are:

	<b>2008 Second- Half Collections</b>		<b>2009 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Commercial/Industrial	\$10,015,900	12%	\$10,192,790	12%
Residential/Agricultural	65,343,940	80%	68,705,300	84%
Public Utility	3,751,340	5%	3,138,820	4%
Tangible Personal	2,762,020	3%		
Total Assessed Value	<u>\$81,873,200</u>	<u>100%</u>	<u>\$82,036,910</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$40.75		\$40.75	

**7. 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 revenue is credited to the General Fund.

**8. 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 2009, the District participated in the Ohio School Plan (the Plan), an insurance purchasing pool (Note 16). 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.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

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**

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities (Note 16). The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, 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 16). 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.

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.

**9. 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 at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.82 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. DEFINED PENSION BENEFIT PLANS (Continued)**

Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$94,115, \$96,452, and \$97,136, respectively; 53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**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 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, 2009, 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 2008, 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, 2009, 2008, and 2007 were \$570,009, \$584,603, and \$560,673 respectively; 92 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. DEFINED PENSION BENEFIT PLANS (Continued)**

**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, 2009, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**10. 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.

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 2009, 4.18 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 2009, this amount was \$35,800.

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, 2009, 2008, and 2007 were \$40,061, \$41,056, and \$30,481 respectively; 53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$6,325, \$6,482 and \$6,243, respectively; 53 percent has been contributed for fiscal year 2009 and 100 percent for fiscal year 2008 and 2007.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS (Continued)**

**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 2009, 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, 2009, 2008, and 2007 were \$43,847, \$44,969, and \$43,129, respectively; 92 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008, the balance in the Fund was \$3.7 billion. For the year ended June 30, 2009, net health care costs paid by STRS were \$288,878,000 and STRS has 126,506 eligible benefit recipients.

**11. 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 day 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.

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.



**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**12. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2009, the following changes occurred in long-term obligations:

	<u>Balance at 6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/09</u>	<u>Due Within One Year</u>
Mortgage Note Payable	\$44,245		\$32,159	\$12,086	\$12,086
General Obligation Bonds					
Serial – Series 2006	5,060,000		180,000	4,880,000	225,000
Term – Series 2006	4,690,000			4,690,000	
Total General Obligation Bonds	<u>9,750,000</u>		<u>180,000</u>	<u>9,570,000</u>	<u>225,000</u>
Total Long-Term Obligations	<u>\$9,794,245</u>		<u>\$212,159</u>	<u>\$9,582,086</u>	<u>\$237,086</u>

Debt outstanding at June 30, 2009 consisted of the following:

**Mortgage Notes Payable - 2005**

The mortgage note payable was issued in March 2005 for \$154,086. The interest rate was 3.0 percent. The proceeds were used to purchase land for the site of the new school building. The notes are being retired from the Building/Land LFI funds. The notes mature in March 2010.

**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>
2009	225,000	3.75%
2010	230,000	3.65%
2011	240,000	3.75%
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  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**12. 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, 2009 are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$237,086	\$417,481	\$654,567
2011	230,000	408,989	638,989
2012	240,000	400,291	640,291
2013	250,000	391,104	641,104
2014	260,000	381,411	641,411
2015 – 2019	1,455,000	1,740,852	3,195,852
2020 – 2024	1,805,000	1,370,970	3,175,970
2025 – 2029	2,275,000	884,844	3,159,844
2030 - 2034	2,830,000	322,810	3,152,810
Total	\$9,582,086	\$6,318,752	\$15,900,838

**13. CAPITALIZED LEASES – LESSEE DISCLOSURE**

The District entered into various capital leases for the acquisition of computers. The District disbursed \$72,774 to pay lease costs for the year ended June 30, 2009. 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
2010	\$87,146
2011	137,699
2012	87,146
2013	64,835
Total	\$376,826

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**14. 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 purchase of textbooks and other instructional materials and an equal amount 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.

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

	<b>Textbooks</b>	<b>Capital Acquisition</b>	<b>Totals</b>
Set-aside Cash Balance as of June 30, 2008	(\$93,733)		(\$93,733)
Current Year Set-aside Requirement	155,694	\$155,694	311,388
Offsets	(14,638)	(225,848)	(240,486)
Qualifying Disbursements	(84,422)		(84,422)
<b>Total</b>	<b>(\$37,099)</b>	<b>(\$70,154)</b>	<b>(\$107,253)</b>
Cash Balance Carried Forward to FY 2010	(\$37,099)		(\$37,099)

The District has qualifying cash disbursements during the fiscal year that reduced the textbooks set-aside amount to below zero. This amount may be used to reduce the set-aside requirement in future fiscal years. Although the District had qualifying offsets and disbursements during the fiscal year that reduced the set aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

**15. 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. NWOCA is governed by the Northern Buckeye Education Council and its participating members. The District paid \$44,960 for services rendered through NWOCA. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**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.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**15. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**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.

**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.

**16. GROUP PURCHASING POOLS**

**A. Northern Buckeye Education Council's Employee Insurance Benefits Program**

The Northern Buckeye Education Council Employee Insurance Benefits Program includes health, dental, life and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**16. GROUP PURCHASING POOLS (Continued)**

Each member pays a monthly premium amount, which is established annually by the Council, to the Treasurer to comply with the terms of any contract with any third-party claims administrator or insurance company. The insurance group is governed by a council of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2009, the District contributed a total of \$600,319 for all four plans. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

The District participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Ohio School Board Association Workers' Compensations Group Rating Program (WCGRP) was established through the Ohio School Boards Association (OSBA) as an insurance pool.

The Board of Directors of the Ohio School Board Association Workers' Compensation Plan has designated the Executive Director to serve as the coordinator of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

**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 400 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 financials 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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$3,273,989	\$2,646,185
Liabilities	1,873,157	1,621,941
Members' Equity	1,400,832	1,024,244

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).

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**17. INTERFUND BALANCES**

**A. Interfund Transfers**

During the year ended June 30, 2009, the General Fund transferred \$11,000 to the Permanent Improvement Fund and \$240 to Public School Support Fund to move unrestricted balances to support the operations. The Ohio School Facilities Commission Fund transferred \$500,000 to the Building/Land Local Fund, authorized by the Ohio School Facilities Commission, to move interest balances. The Athletic Fund transferred \$2,000 to the Permanent Improvement Fund to fund a portion of equipment. The Public School Support Fund transferred \$1,096 to the Student Incentive Fund to fund an activity.

**B. Interfund Advances**

A short-term loan was made in 2009 from the General Fund to the Food Service Fund in the amount of \$20,000 to subsidize food service operations. This loan remained unpaid as of June 30, 2009.

**18. CONTINGENCIES**

**A. Grants**

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 is 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

**B. Litigation**

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



**Mary Taylor, CPA**  
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 the Hicksville Exempted Village School District, Defiance County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 19, 2009, wherein we noted the District followed the cash accounting basis rather than generally accepted accounting principles, contrary to Ohio law. 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 expressing our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated November 19, 2009.

### **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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain noncompliance matters, not required to be included in this report, that we reported to the District's management in a separate letter dated November 19, 2009.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. 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 and Board of Education. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 19, 2009



HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2009

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

FINDING NUMBER 2009-001

**Noncompliance Citation**

**Ohio Revised Code § 117.38** provides that each public office 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 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For 2009, the District prepared its 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 this accounting practice and GAAP that, while 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.

**HICKSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2009**

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>
2008-001	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 2009-001 in this report.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Hicksville Exempted Village School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on October 16, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  1. A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  2. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  3. A procedure for reporting prohibited incidents;
  4. A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  5. A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the

"Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C.1232q, as amended, have access to any written reports pertaining to the prohibited incident;

6. A procedure for documenting any prohibited incident that is reported;
7. A procedure for responding to and investigating any reported incident;
8. A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
9. A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
10. A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat.571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 19, 2009



**Mary Taylor, CPA**  
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 15, 2009**