



Mary Taylor, CPA  
Auditor of State



VILLAGE OF MOSCOW  
CLERMONT COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report 2007 .....	1
Management's Discussion and Analysis .....	3
2007 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
2007 Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances Governmental Funds – December 31, 2007 .....	13
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Governmental Funds December 31, 2007.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund December 31,2007 .....	15
Notes to the Basic Financial Statement 2007 .....	17
Independent Accountants' Report 2006 .....	31
Management's Discussion and Analysis 2006.....	33
2006 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	41
Statement of Activities .....	42
2006 Fund Financial Statements:	
Statement of Cash Basis Assets – Governmental Funds .....	43
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Governmental Funds .....	44
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	45
Notes to the Basic Financial Statements 2006.....	47

VILLAGE OF MOSCOW  
CLERMONT COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	61
Schedule of Findings.....	63
Schedule of Prior Audit Findings.....	65



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Moscow  
Clermont County  
79 Elizabeth Street  
Moscow, Ohio 45153

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Village of Moscow, Clermont County, Ohio (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of state to audit and opinion on this entity, because Ohio Revised Code 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Village of Moscow, Clermont County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.audtor.state.oh.us](http://www.audtor.state.oh.us)

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

September 24, 2008

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

This discussion and analysis of the Village of Moscow's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$57,353, or 7.6% percent, a change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Capital Improvement Fund and Debt Fund.

The Village's general receipts are primarily property taxes and a state grant. These receipts represent respectively 37% and 44% percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as the Village has no development within the Village.

There were two bond issues placed on the ballot in November for 2007.

Bond #1, Submitted to the electors the question of issuing \$2,300,000 of bonds for the purpose of restoring and improving the riverfront area from the southern corporation line to riverfront park by constructing new retaining walls to be incorporated with the existing retaining walls, repairing the boat ramp, cleaning of the revetment area, adding lighting, and constructing a paved parking area, pedestrian walkways, and an overlook.

Election results:

43 for

85 against

Bond #2, Submitted to the electors the question of issuing \$1,300,000 of bonds for the purpose of remodeling and restoring the community center to create village office space and lease space, enhance community services, and provide for landscaping, parking and driveway improvements, and exterior lighting.

Election results:

50 for

78 against

The Village did receive a Grant in the amount of \$15,000 and a Loan in the amount of \$20,000 from USDA for the purpose of purchase an Emergency Generator.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity major funds in separate columns. All other non-major funds are presented in total in a single column.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Village as a Whole**

The Village of Moscow is a community of less than 300 residents. Partial renovation of an old school building created the Community Center. Residents of the village and surrounding areas can hold events at the Community Center at a minimum fee. The Village also provides free of charge to the residents sewage and trash removal.

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the



Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village does not have a business-type activity.

### **Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - All of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

### **The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

(Table 1)

**Net Assets**

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$753,583	\$696,230
Investments		
Total Assets	\$753,583	\$696,230
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$66,318	
Capital Outlay	35,682	\$47,000
Other Purposes	64,252	55,833
Unrestricted	587,331	593,397
Total Net Assets	\$753,583	\$696,230

As mentioned previously, net assets of governmental activities increased \$ 57,353 or 7.6% percent during 2007. The primary reasons contributing to the increase in cash balances are as follows:

Grant funds received from SB3 for Debt Service  
Grant/Loan for Capital Improvement

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$14,635	\$4,846
Operating Grants and Contributions	9,521	12,238
Capital Grants and Contributions	12,719	0
Total Program Receipts	36,876	17,084
General Receipts:		
Property and Other Local Taxes	211,684	416,095
Sale of Bonds	20,000	0
Grants and Entitlements Not Restricted to Specific Programs	249,811	46,329
Interest	36,376	32,268
Miscellaneous	10,566	8,002
Total General Receipts	528,437	502,694
Total Receipts	565,313	519,778
Disbursements:		
General Government	319,036	389,909
Security of Persons and Property:	48,311	48,278
Public Health Services	8,428	8,915
Leisure Time Activities	50,479	51,605
Economic Development		
Basic Utilities	25,856	26,056
Transportation	2,552	9,622
Capital Outlay	53,298	14,114
Total Disbursements	507,960	548,499
Increase (Decrease) in Net Assets	57,353	(28,721)
Net Assets, January 1, 2007	696,230	724,951
Net Assets, December 31, 2007	\$753,583	\$696,230

Program receipts represent less than 6.5% percent of total receipts and are primarily comprised of building permits and admissions fees collected at the Community Center.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

General receipts represent 93% percent of the Village's total receipts, and of this amount, over 40% percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts 47% percent. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the solicitor, treasurer, and maintenance department, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the contract for health services; Leisure Time Activities are the costs of maintaining the Community Center, parks and playing fields; Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page thirteen, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for government, capital outlay and leisure time activities, which account for 63%, 10% and 10% of all governmental disbursements, respectively. Security of Persons and Property also represent a significant cost, about 9.5% percent. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$319,036	\$316,896	\$389,909	\$386,726
Security of Persons and Property	48,311	48,311	48,278	48,278
Public Health Services	8,428	8,428	8,915	8,915
Leisure Time Activities	50,479	25,367	51,605	46,982
Community Environment		(40)		(40)
Basic Utilities	25,856	25,856	26,056	26,056
Transportation	2,552	(7,032)	9,622	384
Capital Outlay	53,298	53,298	14,114	14,114
Total Expenses	<u>\$507,960</u>	<u>\$471,084</u>	<u>\$548,499</u>	<u>\$531,415</u>

The dependence upon property tax receipts is apparent as over 41% percent of governmental activities are supported through these general receipts.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

**The Government's Funds**

Total governmental funds had receipts of \$565,313 and disbursements of \$507,960. The greatest change within governmental funds occurred within the Capital Improvement Fund. The fund balance of the Capital Improvement Fund increased \$35,000 as the result of a grant/loan received from USDA for an emergency generator. The grant received was in the amount of \$15,000 and the loan was for \$20,000. The loan is to be paid from general funds over a ten year period. Overall the Village reduced their expenses from 2006.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Village amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$1,038,212 while actual disbursements were \$460,077. The Village budgeted for infrastructure projects that were not implemented in 2007. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$6,066 for 2007.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2007, the Village's outstanding debt included \$20,000 in general obligation bonds issued for the purchase of an emergency generator. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Village of Moscow has relied on the property tax base of a Public Utility within the corporation limits. Since deregulation property taxes of this Public Utility have decreased. The State of Ohio has subsidized the Village for the last seven years; these funds started decreasing in 2007 and will continue to decrease until 2017 at which time the village will no longer be subsidized. In past years the Village managed to build a surplus from property tax collections from the Public Utility.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

---

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government'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 Karen Skeene, Fiscal Officer, 79 Elizabeth Street, P.O. Box 93, Moscow, Ohio 45153.

**MOSCOW VILLAGE, CLERMONT COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2007*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$753,583
<i>Total Assets</i>	<u><u>753,583</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	35,682
Debt Service	66,318
Other Purposes	64,252
Unrestricted	587,331
<i>Total Net Assets</i>	<u><u>\$753,583</u></u>

See accompanying notes to the basic financial statements

**MOSCOW VILLAGE, CLERMONT COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Security of Persons and Property	\$48,311	\$0	\$0	\$0	-\$48,311
Public Health Services	8,428	0	0	0	(8,428)
Leisure Time Activities	50,479	12,393	0	12,719	(25,367)
Community Environment	0	40	0	0	40
Basic Utility Services	25,856	0	0	0	(25,856)
Transportation	2,552	2,062	7,521	0	7,032
General Government	319,036	140	2,000	0	(316,896)
Capital Outlay	53,298	0	0	0	(53,298)
<i>Total Governmental Activities</i>	<u>\$507,960</u>	<u>\$14,635</u>	<u>\$9,521</u>	<u>\$12,719</u>	<u>(471,084)</u>
<b>General Receipts</b>					
Property Taxes					210,440
Other Taxes					1,244
Grants and Entitlements not Restricted to Specific Programs					249,811
Sale of Bonds					20,000
Cable Franchise Fees					529
Earnings on Investments					36,376
Miscellaneous					10,037
<i>Total General Receipts</i>					<u>528,437</u>
Change in Net Assets					57,353
<i>Net Assets Beginning of Year</i>					<u>696,230</u>
<i>Net Assets End of Year</i>					<u><u>\$753,583</u></u>

See accompanying notes to the basic financial statements



**MOSCOW VILLAGE, CLERMONT COUNTY**

*Statement of Cash Basis Assets and Fund Balances*

*Governmental Funds*

*December 31, 2007*

---

---

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$587,331	\$166,252	\$753,583
<i>Total Assets</i>	<u>587,331</u>	<u>166,252</u>	<u>753,583</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$1,024		\$1,024
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	586,307	\$0	586,307
Special Revenue Funds	0	64,252	64,252
Debt Service Fund	0	66,318	66,318
Capital Projects Funds	0	35,682	35,682
<i>Total Fund Balances</i>	<u>\$587,331</u>	<u>\$166,252</u>	<u>\$753,583</u>

See accompanying notes to the basic financial statements

**MOSCOW VILLAGE, CLERMONT COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>			
Property and Other Local Taxes	\$144,122	\$69,625	\$213,747
Intergovernmental	249,811	20,241	270,052
Charges for Services	12,393	0	12,393
Fines, Licenses and Permits	569	140	709
Earnings on Investments	34,175	2,200	36,376
Miscellaneous	11,917	120	12,037
<b>Total Receipts</b>	<b>452,987</b>	<b>92,326</b>	<b>545,313</b>
<b>Disbursements</b>			
Current:			
Security of Persons and Property	48,311	0	48,311
Public Health Services	8,428	0	8,428
Leisure Time Activities	50,378	101	50,479
Basic Utility Services	25,856	0	25,856
Transportation	0	2,552	2,552
General Government	316,820	2,216	319,036
Capital Outlay	0	53,298	53,298
<b>Total Disbursements</b>	<b>449,793</b>	<b>58,166</b>	<b>507,960</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>3,194</b>	<b>34,159</b>	<b>37,353</b>
<b>Other Financing Sources (Uses)</b>			
Sale of Bonds	0	20,000	20,000
Transfers In	0	9,260	9,260
Transfers Out	(9,260)	0	(9,260)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,260)</b>	<b>29,260</b>	<b>20,000</b>
<b>Net Change in Fund Balances</b>	<b>(6,066)</b>	<b>63,419</b>	<b>57,353</b>
<b>Fund Balances Beginning of Year</b>	<b>593,397</b>	<b>102,834</b>	<b>696,230</b>
<b>Fund Balances End of Year</b>	<b>\$587,331</b>	<b>\$166,252</b>	<b>\$753,583</b>

**MOSCOW VILLAGE, CLERMONT COUNTY***Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**General Fund**For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$155,533	\$144,100	\$144,122	\$21
Intergovernmental	253,227	249,811	249,811	0
Charges for Services	0	11,816	12,393	577
Fines, Licenses and Permits	600	569	569	0
Earnings on Investments	30,000	33,000	34,175	1,175
Miscellaneous	6,975	9,883	11,917	2,035
<i>Total receipts</i>	<u>446,335</u>	<u>449,179</u>	<u>452,987</u>	<u>3,808</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	51,300	51,300	48,311	2,989
Public Health Services	9,000	9,000	8,428	572
Leisure Time Activities	78,182	87,882	50,438	37,444
Community Environment	22,000	21,000	0	21,000
Basic Utility Services	133,000	133,000	25,856	107,144
Transportation	14,000	14,000	0	14,000
General Government	692,036	693,036	317,783	375,253
<i>Total Disbursements</i>	<u>999,518</u>	<u>1,009,218</u>	<u>450,817</u>	<u>558,401</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(553,183)</u>	<u>(560,039)</u>	<u>2,170</u>	<u>562,209</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(9,260)	(9,260)	0
Other Financing Uses	(29,934)	(19,734)	0	19,734
<i>Total Other Financing Sources (Uses)</i>	<u>(29,934)</u>	<u>(28,994)</u>	<u>(9,260)</u>	<u>19,734</u>
<i>Net Change in Fund Balance</i>	(583,117)	(589,033)	(7,090)	581,943
<i>Unencumbered Cash Balance Beginning of Year</i>	592,189	592,189	592,189	0
Prior Year Encumbrances Appropriated	<u>1,208</u>	<u>1,208</u>	<u>1,208</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$10,280</u>	<u>\$4,364</u>	<u>\$586,307</u>	<u>\$581,943</u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

---

**Note 1 – Reporting Entity**

The Village of Moscow, Clermont County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, sewer utilities, maintenance of Village roads and bridges, park operations (leisure time activities). The Village contracts with the Clermont Sheriff's department to provide security of persons and property.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Community Improvement Corporation (the CIC) is considered a blended component unit because the Village appoints a voting majority of the CIC board. The Village is able to impose its' will on the CIC, and the CIC board and Village council are substantaviely the same. The CIC is included as a special revenue fund and is included in both the entity wide statements (statement of net assets and statement of activities) and in the "Other Governmental Funds" information on the fund statements. The governing Board of the Corporation is comprised of the Village Council including the Mayor and three other residents of the village. The Mayor and the Village Council appoint the members of the Board for the CIC. The Chief Fiscal Officer of the Village receives and disburses funds on behalf of the Corporation.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village'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.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. The Village has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Village of Moscow has only governmental funds.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental fund is the 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 balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village'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. Any such modifications made by the Village are described in the appropriate section in this note.

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**

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 ordinance, 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 Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and 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 disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio is recorded at share value reported by the fund.

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 December 31, 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$34,175.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.



Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

J. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village. The Village of Moscow allows payment of unused sick leave at 50% with maximum of 530 hours.

K. Employer Contributions to Cost-Sharing Pension Plans

Full-time employees belong to the Public Employees Retirement System(PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007, PERS members contributed 9.5% of their wages. The Village contributed an amount equal to 13.85% of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**Note 3 – Compliance**

The Moscow Community Improvement Corporation (CIC) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, 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 statements include the (CIC) with nonmajor governmental funds, using the County's comprehensive accounting basis. The statements omit the Corporation's other assets, liabilities, fund equities, and disclosures that generally accepted accounting principles would require.

In 2007, expenditures exceeded appropriations in the Emergency Generator Fund

**Note 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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,208.00 for the general fund. The outstanding advances at year end amounted to \$0.00 for the general fund.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 5 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village 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 Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. 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 Village 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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 only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 5 – Deposits and Investments (Continued)**

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$100 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the Village's deposits was \$753,583 and the bank balance was \$737,129. Of the bank balance \$223,286 was covered by federal depository insurance and zero dollars was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC. Of the bank balance, \$537,086 was not covered by FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2007, \$537,086 of the Village's bank balance of \$737,129 during 2007 was exposed to custodial credit risk because those deposits were uninsured.

The Village's investments are required to be categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Village's name. The investments in U.S. Treasury Bills are classified in category three. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 5 – Deposits and Investments (Continued)**

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 Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

The Village 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 Village 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 December 31, 2007, the Village had the following investments:

	<u>Carrying Value</u>
STAR Ohio	<u>\$537,129</u>

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village 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 fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service

Certificates of deposits were:

Park National Bank	\$100,000.00
Union Savings Bank	\$100,000.00

All certificates of deposits are FDIC insured and First Clermont Savings Bank provides a pledge management statement for any amount over \$100,000.

**Note 6 – Income Taxes**

The Village does not levy an income tax.

Village of Moscow  
 Clermont County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2007  
 (Continued)

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was 3% per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$2,431,790
Agriculture	0
Commercial/Industrial/Mineral	9,034,530
Public Utility Property	
Real	
Personal	29,479,930
Tangible Personal Property	23,186
Total Assessed Value	\$40,969,436

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 8 – Risk Management**

The Village has obtained commercial insurance through Mariemont Insurance Company for the following risk:

- Comprehensive property and general liability;
- Vehicles;
- Public Official's liability;
- Inland marine;
- Law enforcement;
- Crime;
- Boiler and machinery; and
- Umbrella;

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

**Note 9 – Defined Benefit Pension Plans**

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5% percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 9 – Defined Benefit Pension Plans (Continued)**

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006 and 2005 were \$40,165, \$36,221 and \$33,817 respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$23,860.13 made by the Village and \$16,305.31 made by the plan members.

**B. Ohio Police and Fire Pension Fund**

The Village does not contribute to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.70 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Village of Moscow  
 Clermont County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2007  
 (Continued)

**Note 10 - Postemployment Benefits (Continued)**

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Governmental Activities						
General Obligation Bonds						
2007 USDA Rural Development Equipment Acquisition Bond	4.125%	\$0	\$20,000	\$0	\$20,000	\$2,474
(Original Amount \$)		\$0	\$20,000	\$0	\$20,000	\$2,474



Village of Moscow  
 Clermont County  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2007  
 (Continued)

**Note 11 – Debt (Continued)**

Non- voted bond to be paid from property tax revenue

General

Year Ending December 31	Obligation Bonds		Total
	Principal	Interest	
2008	1,660	813.70	\$2,473.70
2009	1,720	756.53	2,476.53
2010	1800	685.58	2,485.58
2011	1,870	611.33	2,481.33
2012	1,940	535.65	2,475.65
2013	2,030	454.16	2,484.16
2014	2,110	370.43	2,480.43
2015	2,200	283.39	2,483.39
2016	2,290	193.17	2,483.17
2017	2,290	98.18	2,478.18
Total	<u>\$20,000</u>	<u>\$4,802.12</u>	<u>\$24,802.12</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$4,301,790 and an unvoted debt margin of \$2,480,964.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts.

The USDA Rural Development Bonds were obtained for the purpose of purchasing an Emergency Generator. The loan will be repaid over ten years.

**Note 12 – Interfund Transfers**

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$ 9,260
Total Transfers from the General Fund	<u>\$ 9,260</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2007  
(Continued)

---

**Note 13 – Construction and Contractual Commitments**

The Village of Moscow had no major construction projects for 2007.

**Note 14 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 15 – Component Units**

The Moscow Community Improvement Corporation (CIC) is a blended component unit; in other words, because of the level of control and because the two boards are substantially the same, the (CIC) is included as a special revenue fund and is included in both the entity wide statements (statement of net assets and statement of activities) and in the “Other Governmental Funds” information on the fund statements. The Moscow (CIC) is located within the corporate limits of the Village and has designated the Village of Moscow as its Agent. The governing Board of the Corporation is comprised of the Village Council including the Mayor and three other residents of the village. The Mayor and the Village Council appoint the members of the Board for the CIC. The Chief Fiscal Officer of the Village receives and disburses funds on behalf of the Corporation. The Corporation issues separate financial statements in accordance with generally accepted accounting principles (GAAP) which are available from the Chief Fiscal Officer.

Community Improvement Corporation, this not-for-profit corporation has been organized for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and research development of the Village of Moscow.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Moscow  
Clermont County  
79 Elizabeth Street  
Moscow, Ohio 45153

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Village of Moscow, Clermont County, Ohio (the Village), as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of state to audit and opinion on this entity, because Ohio Revised Code 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Village of Moscow, Clermont County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.audtor.state.oh.us](http://www.audtor.state.oh.us)

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

September 24, 2008

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

---

This discussion and analysis of the Village of Moscow's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

Net assets of Village activities decreased \$28,721 or 4% percent, not a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006; however, cost increases also affected *Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets. *General Obligation Fund* - The purpose of this fund is to retire general obligations related to the wastewater treatment and collection system. *Community Development Block Grant* - This fund was used to account for monies spent by Clermont County on the Village's behalf for the renovation of the old Moscow school building.

The Village's general receipts are primarily property taxes. These receipts represent 80% percent of the total cash received for Village activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as there were no new development within the Village.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Village Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity major funds in separate columns.

The notes to the financial statements are an integral part of the Village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

---

recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Village as a Whole**

The Village of Moscow is a community of less than 300 residents. Partial renovation on an old school building created the Community Center. The residents of the village can hold events in the Community Center at a minimum fee. The Village also provides free of charge sewage and trash removal.

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the Village and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each Village program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Village function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Village activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through Village activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village does not have a business-type activity.

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

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are all governmental.

Governmental Funds - All of the Village's activities are reported in governmental funds. The Village fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

---

Government's significant governmental funds are presented on the financial statements in separate columns. The information for non major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$696,230	\$724,951
Investments		
Total Assets	\$696,230	\$724,951
<b>Net Assets</b>		
Restricted for:		
Debt Service		
Capital Outlay	\$47,000	\$92,846
Other Purposes	55,833	52,767
Unrestricted	593,397	579,338
Total Net Assets	\$696,230	\$724,951

As mentioned previously, net assets of governmental activities decreased \$28,721 or 4% percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in salaries and utilities.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets in 2006.

(Table 2)

**Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$4,846	\$7,318
Operating Grants and Contributions	12,238	7,432
Total Program Receipts	<u>17,084</u>	<u>14,750</u>
General Receipts:		
Property and Other Local Taxes	416,095	149,543
Grants and Entitlements Not Restricted to Specific Programs	46,329	323,285
Interest	32,268	24,300
Miscellaneous	8,002	0
Total General Receipts	<u>502,694</u>	<u>497,128</u>
Total Receipts	<u>519,778</u>	<u>511,878</u>
Disbursements:		
General Government	389,909	468,163
Security of Persons and Property:	48,278	49,548
Public Health Services	8,915	8,663
Leisure Time Activities	51,605	57,878
Basic Utilities	26,056	29,060
Transportation	9,622	7,305
Capital Outlay	14,114	15,570
Total Disbursements	<u>548,499</u>	<u>636,187</u>
Increase (Decrease) in Net Assets	(28,721)	(124,309)
Net Assets, January 1, 2006	<u>724,951</u>	<u>849,260</u>
Net Assets, December 31, 2006	<u>\$696,230</u>	<u>\$724,951</u>

Program receipts represent less than 3% percent of total receipts and are primarily comprised of building permits and admissions fees collected at the Community Center.

General receipts represent 97% percent of the Village's total receipts, and of this amount, over 83% percent are local taxes. State, Federal grants and entitlements make up the balance of the Village's general receipts (9% percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the solicitor, treasurer, and maintenance departments, as well as internal services such as payroll and purchasing.



Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

---

Security of Persons and Property are the costs of police protection and streetlights; Public Health Services are provided by Clermont County, the cost represents the village's share; Leisure Time Activities are the costs of maintaining the Community Center, parks and playing fields; and Transportation is the cost of maintaining the roads and sidewalks.

**Governmental Activities**

If you look at the Statement of Activities on page thirty-eight, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and leisure time activities, which account for 71% and 9% of all Village disbursements, respectively. Security of persons and Property also represents a significant cost, about 9% percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost Of Services 2006	Net Cost of Services 2006	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$389,909	\$386,726	\$468,163	\$365,831
Security of Persons and Property	48,278	48,278	49,548	38,718
Public Health Services	8,915	8,915	8,663	6,769
Leisure Time Activities	51,605	46,982	57,878	45,227
Community Environment	0	(40)	0	0
Basic Utilities	26,056	26,056	29,060	22,708
Transportation	9,622	384	7,305	5,708
Capital Outlay	14,114	14,114	15,570	12,167
<b>Total Expenses</b>	<b>\$548,499</b>	<b>\$531,415</b>	<b>\$636,187</b>	<b>\$497,128</b>

The dependence upon property tax receipts is apparent as over 78% percent of Village activities are supported through these general receipts.

**Business-type Activities**

The Village of Moscow does not have a Business-type activity.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

---

**The Village's Funds**

Total Village funds had receipts of \$519,778 and disbursements of \$548,499. The greatest change within Village funds occurred within the General Fund. The fund balance of the General Fund decreased \$24,899.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Village amended its General Fund budget one time. The Village of Moscow was awarded an ODNR Grant to construct a Boat Ramp; the anticipated funds were not received in 2006. ODNR required studies to be done by the Village causing additional expenses not expected. The Village is considering not accepting the ODNR Grant and renovating the old Boat Ramp. The Village is awaiting on a report as to the Historic value of the boat ramp cobble stone before making a final decision.

Final disbursements were budgeted at \$1,090,585 while actual disbursements were \$533,596. Receipts were close to expectations with the exception of the ODNR Grant. Appropriations were reduced by \$256,815 the anticipated amount of the ODNR Grant. The Village of Moscow spent very close to budgeted amounts as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$24,899 for 2006.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2006, the Village's outstanding debt included \$0 in general obligation bonds issued for improvements to buildings and structures, and \$0 in capital leases for facilities and equipment.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Village of Moscow has relied on the property tax base of a Public Utility within the corporation limits. Since deregulation property taxes of this Public Utility have decreased. The State of Ohio has subsidized the Village for the last six years; these funds are also going to start decreasing in 2007. In anticipation of deregulation the Village managed to build a surplus. This surplus is also decreasing as our disbursements are more than our receipts.

Village of Moscow  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

---

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village'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 Karen Skeene, Fiscal Officer, Village of Moscow, 79 Elizabeth Street, Moscow, OH 45153.

**This page intentionally left blank.**

**MOSCOW VILLAGE, CLERMONT COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$696,230</u>
<i>Total Assets</i>	<u><u>696,230</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	47,000
Other Purposes	55,833
Unrestricted	593,397
<i>Total Net Assets</i>	<u><u>\$696,230</u></u>

See accompanying notes to the basic financial statements

**MOSCOW VILLAGE, CLERMONT COUNTY**

*Statement of Activities-Cash Basis  
For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Security of Persons and Property	\$48,278	\$0	\$0	(\$48,278)
Public Health Services	8,915	0	0	(8,915)
Leisure Time Activities	51,605	4,623	0	(46,982)
Community Environment	0	40	0	40
Basic Utility Services	26,056	0	0	(26,056)
Transportation	9,622	0	9,238	(384)
General Government	389,909	183	3,000	(386,726)
Capital Outlay	14,114	0	0	(14,114)
<i>Total Governmental Activities</i>	<u>\$548,499</u>	<u>\$4,846</u>	<u>\$12,238</u>	<u>(531,415)</u>
<b>General Receipts</b>				
Property Taxes				414,634
Other Taxes				1,461
Grants and Entitlements not Restricted to Specific Programs				46,329
Cable Franchise Fees				512
Earnings on Investments				32,268
Miscellaneous				7,490
<i>Total General Receipts</i>				<u>502,694</u>
Change in Net Assets				(28,721)
<i>Net Assets Beginning of Year</i>				<u>724,951</u>
<i>Net Assets End of Year</i>				<u><u>\$696,230</u></u>

See accompanying notes to the basic financial statements

**MOSCOW VILLAGE, CLERMONT COUNTY**

*Statement of Cash Basis Assets and Fund Balance*

*Governmental Funds*

*December 31, 2006*

---

---

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>Assets</b>			
Cash	\$593,397	\$102,833	\$696,230
<i>Total Assets</i>	<u>593,397</u>	<u>102,833</u>	<u>696,230</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$1,208	\$5,000	\$6,208
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	592,189	0	592,189
Special Revenue Funds	0	55,833	55,833
Capital Projects Funds	0	42,000	42,000
<i>Total Fund Balances</i>	<u>\$593,397</u>	<u>\$102,833</u>	<u>\$696,230</u>

See accompanying notes to the basic financial statements

**MOSCOW VILLAGE, CLERMONT COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in - Cash Basis Balanced*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>			
Property and Other Local Taxes	\$414,634	\$2,851	\$417,485
Municipal Income Taxes	0	0	0
Intergovernmental	46,320	7,848	54,177
Special Assessments	0	0	0
Charges for Services	4,623	0	4,623
Fines, Licenses and Permits	552	183	735
Earnings on Investments	30,891	1,376	32,268
Miscellaneous	10,460	30	10,490
Total Receipts	<u>507,490</u>	<u>12,288</u>	<u>519,778</u>
<b>Disbursements</b>			
Current:			
Security of Persons and Property	48,278	0	48,278
Public Health Services	8,915	0	8,915
Leisure Time Activities	51,605	0	51,605
Community Environment	0	0	0
Basic Utility Services	26,056	0	26,056
Transportation	941	8,682	9,622
General Government	389,909	0	389,909
Capital Outlay	0	14,114	14,114
Total Disbursements	<u>525,703</u>	<u>22,796</u>	<u>548,499</u>
Excess of Receipts Over (Under) Disbursements	<u>(18,214)</u>	<u>(10,508)</u>	<u>(28,721)</u>
Other Financing Sources (Uses)			
Transfers In	0	6,685	6,685
Transfers Out	(6,685)	0	(6,685)
Total Other Financing Sources (Uses)	<u>(6,685)</u>	<u>6,685</u>	<u>0</u>
Net Change in Fund Balances	(24,898)	(3,823)	(28,721)
Fund Balances Beginning of Year	618,296	106,656	724,951
Fund Balances End of Year	<u>\$593,397</u>	<u>\$102,833</u>	<u>\$696,230</u>



**MOSCOW VILLAGE, CLERMONT COUNTY***Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**General fund**For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$415,052	\$415,052	\$414,634	(\$418)
Intergovernmental	314,158	43,252	46,329	3,077
Charges for Services	0	5,000	4,623	(377)
Fines, Licenses and Permits	0	700	552	(148)
Earnings on Investments	0	29,000	30,891	1,891
Miscellaneous	0	10,475	10,460	(15)
<i>Total receipts</i>	<u>729,210</u>	<u>503,479</u>	<u>507,490</u>	<u>4,011</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	51,300	51,300	48,278	3,022
Public Health Services	9,000	9,000	8,915	85
Leisure Time Activities	88,900	88,900	1,677	37,223
Community Environment	22,000	22,000	0	22,000
Basic Utility Services	133,000	133,000	26,056	106,944
Transportation	10,000	10,000	941	9,059
General Government	729,900	729,900	391,045	338,855
<i>Total Disbursements</i>	<u>1,044,100</u>	<u>1,044,100</u>	<u>526,911</u>	<u>517,189</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(314,890)</u>	<u>(540,621)</u>	<u>(19,422)</u>	<u>521,199</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(270,500)	(13,685)	(6,685)	7,000
Other Financing Uses	(32,800)	(32,800)	0	32,800
<i>Total Other Financing Sources (Uses)</i>	<u>(303,300)</u>	<u>(46,485)</u>	<u>(6,685)</u>	<u>39,800</u>
<i>Net Change in Fund Balance</i>	(618,190)	(587,106)	(26,107)	560,999
<i>Fund Balance Beginning of Year</i>	618,296	615,296	618,296	0
<i>Fund Balance End of Year</i>	<u>\$106</u>	<u>\$31,190</u>	<u>\$592,189</u>	<u>\$560,999</u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006

---

**Note 1 – Reporting Entity**

The Village of Moscow, Clermont County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, sewer utilities, maintenance of Village roads and bridges, park operations (leisure time activities). The Village contracts with the Clermont Sheriff's department to provide security of persons and property.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Community Improvement Corporation (the CIC) is considered a blended component unit because the Village appoints a voting majority of the CIC board. The Village is able to impose its' will on the CIC, and the CIC board and Village council are substantaviely the same. The CIC is included as a special revenue fund and is included in both the entity wide statements (statement of net assets and statement of activities) and in the "Other Governmental Funds" information on the fund statements. The governing Board of the Corporation is comprised of the Village Council including the Mayor and three other residents of the village. The Mayor and the Village Council appoint the members of the Board for the CIC. The Chief Fiscal Officer of the Village receives and disburses funds on behalf of the Corporation.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village'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.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental fund is the 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 balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village of Moscow does not have Proprietary Funds

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village of Moscow does not have Fiduciary funds

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village'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. Any such modifications made by the Village are described in the appropriate section in this note.

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

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 ordinance, 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 Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and 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 loses at the time of sale are recorded as receipts or disbursements, respectively.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Certificates of deposit are valued at cost. STAR Ohio is recorded at share value reported by the fund.

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 December 31, 2006.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$30,891.47.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village. The Village of Moscow allows payment of unused sick leave at 50% with maximum of 530 hours.

K. Employer Contributions to Cost-Sharing Pension Plans

Full-time employees belong to the Public Employees Retirement System(PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006, PERS members contributed 9% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 3 – Accountability and Compliance**

Compliance

The Moscow Community Improvement Corporation (CIC) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, 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 statements include the (CIC) with nonmajor governmental funds, using the County's comprehensive accounting basis. The statements omit the Corporation's other assets, liabilities, fund equities, and disclosures that generally accepted accounting principles would require.

The following funds were found to have appropriations in excess of the amount certified as available by the Budget Commission for 2006 in the General Fund by \$225,625 and the ODNR Boat Ramp by \$232,370.

**Note 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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$0.00 for the general fund. The outstanding advances at year end amounted to \$0.00 for the general fund.

**Note 5 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village 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 Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. 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.



Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 5 – Deposits and Investments (Continued)**

Interim monies held by the Village 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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 only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$100 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 5 – Deposits and Investments (Continued)**

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”.

At year end, the carrying amount of the Village’s deposits was \$696,230 and the bank balance was \$678,236. Of the bank balance \$222,678 was covered by federal depository insurance and zero dollars was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC. Of the bank balance, \$479,933 was not covered by FDIC.

The Village’s investments are required to be categorized to give an indication of the level of risk assumed by the Village at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village’s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Village's name. The investments in U.S. Treasury Bills are classified in category three. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

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 Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

The Village 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 Village 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 December 31, 2006, the Village had the following investments:

STAR Ohio

STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village 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 fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 5 – Deposits and Investments (Continued)**

Certificates of deposits were:

Park National Bank	\$102,381
Union Savings Bank	\$100,000

All certificates of deposits are FDIC insured and First Clermont Savings Bank provides a pledge management statement for the amount over \$100,000.

**Note 6 – Income Taxes**

The Village does not levy an income tax.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was 3% per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 7 – Property Taxes (Continued)**

Real Property	
Residential	\$2,502,120
Agriculture	0
Commercial/Industrial/Mineral	9,051,200
Public Utility Property	
Real	
Personal	33,499,980
Tangible Personal Property	55,145
Total Assessed Value	<u>\$45,108,445</u>

**Note 8 – Risk Management**

The Village has obtained commercial insurance through Mariemont Insurance Company for the following risk:

- Comprehensive property and general liability;
- Vehicles;
- Public Official's liability;
- Inland marine;
- Law enforcement;
- Crime;
- Boiler and machinery; and
- Umbrella;

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

**Note 9 – Defined Benefit Pension Plans**

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 9 – Defined Benefit Pension Plans (Continued)**

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2006 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005 and 2004 were \$36,221.14, \$33,817 and \$32,993 respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$21,860.20 made by the Village and \$14,360.94 made by the plan members.

**B. Ohio Police and Fire Pension Fund**

The Village does not contribute to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 10 - Postemployment Benefits**

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Village of Moscow  
Clermont County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006  
(Continued)

---

**Note 11 – Interfund Transfers**

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	<u>\$6,685</u>
Total Transfers from the General Fund	<u>\$6,685</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 12 – Construction and Contractual Commitments**

The Village of Moscow was awarded a grant from ODNR to construct a Boat Ramp in the amount of \$320,500.00 of which the village was to contribute \$35,000.00 from General Funds. The construction of the Boat Ramp has been delayed and the Village is considering not accepting the Grant.

**Note 13 – Component Units**

The Moscow Community Improvement Corporation (CIC) is a blended component unit; in other words, because of the level of control and because the two boards are substantially the same, the (CIC) is included as a special revenue fund and is included in both the entity wide statements (statement of net assets and statement of activities) and in the “Other Governmental Funds” information on the fund statements. The Moscow (CIC) is located within the corporate limits of the Village and has designated the Village of Moscow as its Village Agent. The governing Board of the Corporation is comprised of the Village Council including the Mayor and three other residents of the village. The Mayor and the Village Council appoint the members of the Board for the CIC. The Clerk of the Village receives and disburses funds on behalf of the Corporation. The Corporation issues separate financial statements in accordance with generally accepted accounting principles (GAAP).

**This page intentionally left blank.**





# 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*

Village of Moscow  
Clermont County  
75 Elizabeth Street  
Moscow, Ohio 45153

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Moscow, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 24, 2008 wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 Village'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 Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village'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 deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted certain matters that we reported to the Village's management in a separate letter dated September 24, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village management in a separate letter dated September 24, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

September 24, 2008

VILLAGE OF MOSCOW  
CLERMONT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

**Material Noncompliance/Significant Deficiency**

**Ohio Rev. Code, Section 1724.05**, requires the Moscow Community Improvement Corporation to prepare its annual financial report in accordance with rules prescribed by the auditor of state pursuant to section 117.20 of the Revised Code, and accounting principles generally accepted in the United States of America. However, as discussed in Note 1, 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 statements include the Community Improvement Corporation with nonmajor governmental funds, using the Village's comprehensive accounting basis. The statements omit the Corporation's other assets, liabilities, fund equities, and disclosures that generally accepted accounting principles would require. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 1724.05.

**Ohio Administrative Code, Section 117-2-03**, requires the Community Improvement Corporation (CIC) to prepare its annual financial report in accordance with generally accepted accounting principles. The CIC prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments*. 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 presumably material, cannot be reasonably determined at this time. The CIC can be fined and various other administrative remedies may be taken against the CIC.

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

**Officials' Response:**

We did not receive a response from Officials to this finding.

FINDING NUMBER 2007-002

**Material Noncompliance Citation**

**Ohio Rev. Code, Section 5705.39**, provides that appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefore, as certified by the County Budget Commission. The following funds were materially found to have appropriations in excess of the amount certified as available by the Budget Commission for 2006 in the General Fund by \$225,625 and the ODNR Boat Ramp by \$232,370.

The Management of the Village should monitor the budgetary receipts and expenditures. The fiscal officer should provide budgetary documents at least quarterly to be reviewed and approved by the Village Council. By regularly reviewing the budgetary documents throughout the year, the Village will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which effect the overall cash position of the Village.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2007-003**

**Material Noncompliance Citation**

**Ohio Rev. Code, Section 5705.41(B)**, prohibits a subdivision or taxing unit from making an expenditure unless it has been first been appropriated. In 2007, the Village had expenditures that exceeded appropriations in the Emergency Generator Fund by \$41,979.

The Village should implement procedures to ensure that annual appropriation measures are properly adopted and amended in order to avoid over expenditure of available funds. The Village should also refer to the Ohio Compliance Supplement and Village Officer's Handbook for additional guidance on budgetary laws and procedures.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

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>
2005-001	Village did not obtain approval from the fiscal officer before making an expenditure.	Yes	
2005-002	The Moscow CIC did not prepare the financial statements in accordance with gaap.	No	Reissued as finding number 2007-001.
2005-003	Appropriations shall not exceed total estimated revenue.	No	Reissued as finding number 2007-002.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF MOSCOW**

**CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 14, 2008**