



**VILLAGE OF MOSCOW
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF MOSCOW
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Moscow
Clermont County
79 Elizabeth Street, Box 93
Moscow, Ohio 45153

To the Village Council:

We have audited the accompanying financial statements of the Village of Moscow, Clermont County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2000, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 7, 2000

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**VILLAGE OF MOSCOW
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Property Tax and Other Local Taxes	\$446,679	\$548	\$132,906	\$0	\$580,133
Special Assessments		315			315
Intergovernmental Receipts	68,188	14,200	1,108		83,496
Fines, Licenses, and Permits	140	314			454
Earnings on Investments	19,226	2,015			21,241
Miscellaneous	11,566				11,566
Total Cash Receipts	545,799	17,392	134,014	0	697,205
Cash Disbursements:					
Current:					
Security of Persons and Property	46,353				46,353
Public Health Services	27,681				27,681
Leisure Time Activities	10,065				10,065
Community Environment	4,140				4,140
Basic Utility Services	23,805				23,805
Transportation	160,496	7,396			167,892
General Government	342,765		1,665		344,430
Debt Service:					
Principal Payments			105,000		105,000
Interest Payments			22,603		22,603
Total Disbursements	615,305	7,396	129,268	0	751,969
Total Receipts Over/(Under) Disbursements	(69,506)	9,996	4,746	0	(54,764)
Other Financing Receipts/(Disbursements):					
Proceeds of Loan	52,311				52,311
Total Other Financing Receipts/(Disbursements)	52,311	0	0	0	52,311
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,195)	9,996	4,746	0	(2,453)
Fund Cash Balances January 1	513,089	48,039	84,379	10,000	655,507
Fund Cash Balances, December 31	\$495,894	\$58,035	\$89,125	\$10,000	\$653,054
Reserves for Encumbrances, December 31	\$25,486	\$888	\$0	\$0	26,374

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

**VILLAGE OF MOSCOW
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$443,814	\$479	\$132,056	\$0	\$576,349
Intergovernmental Receipts	63,205	13,343	1,087		77,635
Fines, Licenses, and Permits	165	317			482
Earnings on Investments	19,729	2,436			22,165
Miscellaneous	16,211				16,211
Total Cash Receipts	<u>543,124</u>	<u>16,575</u>	<u>133,143</u>	<u>0</u>	<u>692,842</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	47,116				47,116
Public Health Services	28,286				28,286
Leisure Time Activities	11,845				11,845
Community Environment	2,415				2,415
Basic Utility Services	31,668				31,668
Transportation		268			268
General Government	231,645		1,657		233,302
Debt Service:					
Principal Payments			100,000		100,000
Interest Payments			27,003		27,003
Total Disbursements	<u>352,975</u>	<u>268</u>	<u>128,660</u>	<u>0</u>	<u>481,903</u>
Total Receipts Over/(Under) Disbursements	<u>190,149</u>	<u>16,307</u>	<u>4,483</u>	<u>0</u>	<u>210,939</u>
Fund Cash Balances January 1	<u>322,940</u>	<u>31,732</u>	<u>79,896</u>	<u>10,000</u>	<u>444,568</u>
Fund Cash Balances, December 31	<u>\$513,089</u>	<u>\$48,039</u>	<u>\$84,379</u>	<u>\$10,000</u>	<u>\$655,507</u>
Reserves for Encumbrances, December 31	<u>\$213,447</u>	<u>\$6,019</u>	<u>\$0</u>	<u>\$0</u>	<u>219,466</u>

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

**VILLAGE OF MOSCOW
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Moscow, Clermont County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including sewer utilities, park operations (leisure time activities). The Village contracts with the Clermont County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

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

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

**VILLAGE OF MOSCOW
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Obligation Fund - The purpose of this fund is to collect tax money to pay bonds related to the wastewater treatment and collection system.

4. Capital Project Funds

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

Construction Fund - This fund receives fund transfers for capital outlay.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

VILLAGE OF MOSCOW
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 355,771	\$ 369,727
Certificates of deposit	<u>297,283</u>	<u>283,780</u>
Total deposits	653,054	655,507

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 499,580	\$ 598,110	\$ 98,530
Special Revenue	4,900	17,392	12,492
Debt Service	<u>133,107</u>	<u>134,014</u>	<u>907</u>
Total	<u>\$ 637,587</u>	<u>\$ 749,516</u>	<u>\$ 111,929</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 902,306	\$ 640,791	\$ 261,515
Special Revenue	40,849	8,284	32,565
Debt Service	<u>129,270</u>	<u>129,268</u>	<u>2</u>
Total	<u>\$ 1,072,425</u>	<u>\$ 778,343</u>	<u>\$ 294,082</u>

VILLAGE OF MOSCOW
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 517,410	\$ 543,124	\$ 25,714
Special Revenue	9,836	16,575	6,739
Debt Service	132,690	133,143	453
Total	\$ 659,936	\$ 692,842	\$ 32,906

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 703,140	\$ 566,422	\$ 136,718
Special Revenue	31,000	6,287	24,713
Debt Service	130,152	128,660	1,492
Total	\$ 864,292	\$ 701,369	\$ 162,923

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Waste Water Treatment Facility Bonds	355,000	4.85%
Truck & Equipment Loan	52,311	5.00%
Total	\$ 407,311	

**VILLAGE OF MOSCOW
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The Waste Water Treatment Facility Bonds were issued in 1983. The bond amount was \$930,000. The purpose of these bonds are to construct certain improvements to municipally owned wastewater treatment system.

The Truck & Equipment Loan was issued in 1999. The loan amount was \$52,311. The purpose of this loan was to buy a new truck, snow plow and salt spreader package for the maintenance department.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Waste Water Treatment Facility Bonds	Truck & Equipment Loan
2000	127,773	18,860
2001	132,437	18,860
2002	131,438	18,860
Total	<u>\$ 391,648</u>	<u>\$ 56,580</u>

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including post-retirement 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial Auto, Property and Inland Marine Coverage

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

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

Village of Moscow
Clermont County
79 Elizabeth Street, Box 93
Moscow, Ohio 45153

To the Village Council:

We have audited the accompanying financial statements of the Village of Moscow, Clermont County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 7, 2000.

Village of Moscow
Clermont County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
AUGUST 29, 2000