



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MOSCOW
CLERMONT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Moscow
Clermont County
79 Elizabeth Street, Box 93
Moscow, OH 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, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2001 and 2000, 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 July 30, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Audit Committee, management, the 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 30, 2002

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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	\$351,603	\$0	\$155,036	\$0	\$506,639
Intergovernmental Receipts	74,846	6,982	1,687		83,515
Fines, Licenses, and Permits	220	273			493
Earnings on Investments	41,194	4,417			45,611
Miscellaneous	17,157				17,157
Total Cash Receipts	485,020	11,672	156,723	0	653,415
Cash Disbursements:					
Current:					
Security of Persons and Property	38,872				38,872
Public Health Services	23,070				23,070
Leisure Time Activities	16,591				16,591
Community Improvement Corporation Support	10,000				10,000
Basic Utility Services	22,570				22,570
Transportation		10,199			10,199
General Government	279,052		1,990		281,042
Debt Service:					
Principal Payments	18,006		120,000		138,006
Interest Payments	896		12,438		13,334
Total Cash Disbursements	409,057	10,199	134,428	0	553,684
Total Receipts Over/(Under) Disbursements	75,963	1,473	22,295	0	99,731
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	2,000				2,000
Transfers-In	15,480				15,480
Transfers-Out		(15,480)			(15,480)
Other Uses	(19,624)				(19,624)
Total Other Financing Receipts/(Disbursements)	(2,144)	(15,480)	0	0	(17,624)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	73,819	(14,007)	22,295	0	82,107
Fund Cash Balances, January 1	705,732	62,511	80,474	10,000	858,717
Fund Cash Balances, December 31	\$779,551	\$48,504	\$102,769	\$10,000	\$940,824
Reserves for Encumbrances, December 31	\$12,017	\$0	\$0	\$0	\$12,017

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

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<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	\$401,821	\$0	\$119,499	\$0	\$521,320
Intergovernmental Receipts	133,657	7,009	1,121		141,787
Fines, Licenses, and Permits	120	144			264
Earnings on Investments	32,149	4,649			36,798
Miscellaneous	11,485				11,485
Total Cash Receipts	<u>579,232</u>	<u>11,802</u>	<u>120,620</u>	<u>0</u>	<u>711,654</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	34,877				34,877
Public Health Services	27,097				27,097
Leisure Time Activities	12,652				12,652
Community Environment	1,035				1,035
Community Improvement Corporation Support	5,000				5,000
Basic Utility Services	22,868				22,868
Transportation	286	7,326			7,612
General Government	237,961		1,498		239,459
Debt Service:					
Principal Payments	34,304		110,000		144,304
Interest Payments	3,415		17,773		21,188
Total Cash Disbursements	<u>379,495</u>	<u>7,326</u>	<u>129,271</u>	<u>0</u>	<u>516,092</u>
Total Receipts Over/(Under) Disbursements	<u>199,737</u>	<u>4,476</u>	<u>(8,651)</u>	<u>0</u>	<u>195,562</u>
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	10,101				10,101
Total Other Financing Receipts/(Disbursements)	<u>10,101</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,101</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	209,838	4,476	(8,651)	0	205,663
Fund Cash Balances, January 1	495,894	58,035	89,125	10,000	653,054
Fund Cash Balances, December 31	<u>\$705,732</u>	<u>\$62,511</u>	<u>\$80,474</u>	<u>\$10,000</u>	<u>\$858,717</u>
Reserves for Encumbrances, December 31	<u>\$2,237</u>	<u>\$800</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,037</u>

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

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Moscow, Clermont County, Ohio (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 sewer utilities and park operations (leisure time activities). The Village contracts with the Clermont County Sheriff's department to provide security of persons and property.

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 obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (3) the Village is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the levying of taxes. The Village has a component unit as described below.

The Moscow Community Improvement Corporation (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).

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 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.

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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:

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 Fund

This fund is 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 fund:

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.

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. During the fiscal years ending December 31, 2001 and 2000, the Village did not consistently utilize the encumbrance method of accounting.

A summary of 2001 and 2000 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. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments 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:

	2001	2000
Demand deposits	\$18,865	\$30,058
Petty Cash	25	25
Certificates of deposit	330,378	309,065
Total deposits	349,268	339,148
STAR Ohio		
Total investments	591,556	519,569
Total deposits and investments	\$940,824	\$858,717

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

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

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$458,597	\$502,500	\$43,903
Special Revenue	10,450	11,672	1,222
Debt Service	182,892	156,723	(26,169)
Capital Projects	0	0	0
Total	\$651,939	\$670,895	\$18,956

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$680,203	\$440,698	\$239,505
Special Revenue	63,200	25,679	37,521
Debt Service	139,443	134,428	5,015
Capital Projects	0	0	0
Total	\$882,846	\$600,805	\$282,041

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$536,762	\$589,333	\$52,571
Special Revenue	7,367	11,802	4,435
Debt Service	119,492	120,620	1,128
Capital Projects	0	0	0
Total	\$663,621	\$721,755	\$58,134

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$769,812	\$381,732	\$388,080
Special Revenue	39,608	8,126	31,482
Debt Service	129,442	129,271	171
Capital Projects	10,000	0	10,000
Total	\$948,862	\$519,129	\$429,733

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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 payments, 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, 2001 was as follows:

	Principal	Interest Rate
Waste Water Treatment Facility Bonds	\$125,000	4.85%

The Waste Water Treatment Facility Bonds were issued in 1993. The bond amount was \$930,000. The purpose of these bonds are to construct certain improvements to municipally owned wastewater treatment system.

A Truck and Equipment Loan was issued in 1999 for \$52,311. The loan was for the purchase of a dump truck and equipment for the truck. The loan was collateralized by the purchased truck. The loan was paid in full during the audit period.

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

	Waste Water Treatment Facility Bonds
Year ending December 31: 2002	\$131,438

6. RETIREMENT SYSTEMS

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 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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, OH 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, 2001 and 2000, and have issued our report thereon dated July 30, 2002. 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 *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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-30413-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 July 30, 2002.

Village of Moscow
Clermont County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the Audit Committee, management and the 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

July 30, 2002

VILLAGE OF MOSCOW
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30413-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Of the transactions reviewed, nine percent were noted where the purchase order was not attached or signed and thirty-six percent were noted where the invoice was dated prior to the purchase order. These did not meet the exceptions provided in the Code.



STATE OF OHIO
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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
SEPTEMBER 5, 2002**