

**VILLAGE OF MOSCOW  
CLERMONT COUNTY  
Regular Audit  
For the Years Ended December 31, 2013 and 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Village Council  
Village of Moscow  
P.O. Box 93  
Moscow, Ohio 45153

We have reviewed the *Independent Auditor's Report* of the Village of Moscow, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Moscow is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 21, 2014

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VILLAGE OF MOSCOW  
CLERMONT COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

September 30, 2014

Village of Moscow  
Clermont County  
P.O. Box 93  
Moscow, Ohio 45153

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the **Village of Moscow**, Clermont County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for *Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position, thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Moscow, Clermont County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 170,657	\$ -	\$ -	\$ -	\$ 170,657
Municipal Income Tax	29,541	-	-	-	29,541
Intergovernmental	208,135	9,650	-	-	217,785
Charges for Services	11,280	-	-	-	11,280
Fines, Licenses, and Permits	1,643	-	-	-	1,643
Earnings on Investments	2,410	234	-	-	2,644
Miscellaneous	24,977	6,250	-	-	31,227
<i>Total Cash Receipts</i>	<u>448,643</u>	<u>16,134</u>	<u>-</u>	<u>-</u>	<u>464,777</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	55,378	-	-	-	55,378
Public Health Services	9,233	-	-	-	9,233
Leisure Time Activities	191,423	2,858	-	-	194,281
Community Environment	3,914	5,348	-	-	9,262
Basic Utility Services	24,800	-	-	-	24,800
Transportation	5,885	44,778	-	-	50,663
General Government	457,399	-	-	-	457,399
Capital Outlay	-	-	-	317,833	317,833
Debt Service:					
Principal Retirement	-	-	49,375	-	49,375
Interest and Fiscal Charges	-	-	21,510	-	21,510
<i>Total Cash Disbursements</i>	<u>748,032</u>	<u>52,984</u>	<u>70,885</u>	<u>317,833</u>	<u>1,189,734</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(299,389)</u>	<u>(36,850)</u>	<u>(70,885)</u>	<u>(317,833)</u>	<u>(724,957)</u>
<b>Other Financing Receipts</b>					
Sale of Capital Assets	4,701	-	-	-	4,701
<i>Total Other Financing Receipts</i>	<u>4,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,701</u>
Extraordinary Items	200,923	5,432	-	-	206,355
<i>Net Change in Fund Cash Balances</i>	<u>(93,765)</u>	<u>(31,418)</u>	<u>(70,885)</u>	<u>(317,833)</u>	<u>(513,901)</u>
<i>Fund Cash Balances, January 1</i>	<u>518,094</u>	<u>88,401</u>	<u>184,016</u>	<u>352,489</u>	<u>1,143,000</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	56,983	113,131	34,656	204,770
Assigned	3,136	-	-	-	3,136
Unassigned	421,193	-	-	-	421,193
<i>Fund Cash Balances, December 31</i>	<u>\$ 424,329</u>	<u>\$ 56,983</u>	<u>\$ 113,131</u>	<u>\$ 34,656</u>	<u>\$ 629,099</u>

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

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 164,395	\$ -	\$ -	\$ -	\$ 164,395
Municipal Income Tax	34,272	-	-	-	34,272
Intergovernmental	231,823	10,770	-	-	242,593
Charges for Services	5,838	-	-	-	5,838
Fines, Licenses, and Permits	806	-	-	-	806
Earnings on Investments	6,572	360	-	-	6,932
Miscellaneous	58,986	14,422	-	100	73,508
<i>Total Cash Receipts</i>	<u>502,692</u>	<u>25,552</u>	<u>-</u>	<u>100</u>	<u>528,344</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	55,138	-	-	-	55,138
Public Health Services	35,505	-	-	-	35,505
Leisure Time Activities	646,383	80	-	-	646,463
Community Environment	1,046	13,274	-	-	14,320
Basic Utility Services	24,448	-	-	-	24,448
Transportation	1,603	9,369	-	-	10,972
General Government	407,496	-	-	-	407,496
Capital Outlay	-	-	-	72,121	72,121
Debt Service:					
Principal Retirement	-	-	47,469	-	47,469
Interest and Fiscal Charges	-	-	23,406	-	23,406
<i>Total Cash Disbursements</i>	<u>1,171,619</u>	<u>22,723</u>	<u>70,875</u>	<u>72,121</u>	<u>1,337,338</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(668,927)</u>	<u>2,829</u>	<u>(70,875)</u>	<u>(72,021)</u>	<u>(808,994)</u>
<b>Other Financing Receipts</b>					
Sale of Capital Assets	13,000	-	-	-	13,000
<i>Total Other Financing Receipts</i>	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Extraordinary Items	645,251	-	-	-	645,251
<i>Net Change in Fund Cash Balances</i>	<u>(10,676)</u>	<u>2,829</u>	<u>(70,875)</u>	<u>(72,021)</u>	<u>(150,743)</u>
<i>Fund Cash Balances, January 1</i>	<u>528,770</u>	<u>85,572</u>	<u>254,891</u>	<u>424,510</u>	<u>1,293,743</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	88,401	184,016	352,489	624,906
Assigned	3,507	-	-	-	3,507
Unassigned	514,587	-	-	-	514,587
<i>Fund Cash Balances, December 31</i>	<u>\$ 518,094</u>	<u>\$ 88,401</u>	<u>\$ 184,016</u>	<u>\$ 352,489</u>	<u>\$ 1,143,000</u>

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

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Moscow, Clermont County (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides 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 for the purpose of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the Village. The governing Board of the Corporation is comprised of seven Trustees including the Mayor and three Village council members and three other residents of the Village. The Mayor and the Village Council appoint the members of the Board for the CIC. The Fiscal Officer of the Village receives and disburses funds on behalf of the Corporation. The CIC cash basis financial information is included in the Village financial statements as a Special Revenue Fund. The 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. The CIC issues separate financial statements in accordance with generally accepted accounting principles (GAAP) which are available from the Chief Fiscal Officer.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

*Tree Fund* - This fund receives donations for the replanting of Village trees.

**3. Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

*Other Debt Service Fund* - The purpose of this fund is to retire general obligations related to the construction of the Community Center.

**4. Capital Projects Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

*Community Center Remodeling Fund* - The purpose of this fund is to pay for the remodeling of the Community Center.

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. 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 re-appropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

	<b>2013</b>	<b>2012</b>
Demand Deposits	\$ 396,517	\$ 911,298
Certificates of Deposit	175,930	175,072
Petty Cash	100	100
Total Deposits	572,547	1,086,470
STAR Ohio	56,552	56,530
Total Investments	56,552	56,530
Total Deposits and Investments	\$ 629,099	\$ 1,143,000

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

**2013 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 653,445	\$ 654,267	\$ 822
Special Revenue	21,146	21,566	420
Total	\$ 674,591	\$ 675,833	\$ 1,242

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 914,205	\$ 751,168	\$ 163,037
Special Revenue	97,948	52,984	44,964
Debt Service	184,000	70,885	113,115
Capital Projects	352,489	317,833	34,656
Total	\$ 1,548,642	\$ 1,192,870	\$ 355,772

**2012 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,160,401	\$ 1,160,943	\$ 542
Special Revenue	25,009	25,552	543
Capital Projects	100	100	-
Total	\$ 1,185,510	\$ 1,186,595	\$ 1,085

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,603,405	\$ 1,175,126	\$ 428,279
Special Revenue	78,272	22,723	55,549
Debt Service	254,000	70,875	183,125
Capital Projects	424,453	72,121	352,332
Total	\$ 2,360,130	\$ 1,340,845	\$ 1,019,285

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The Village has a full credit for the municipal income tax. If a resident or employee is already paying a 1% municipal income tax elsewhere, they do not pay any income tax to the Village.

RITA electronically deposits the collections into the Village's primary checking account after deducting a fee of 3% for administrative costs.

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Building Improvement Bonds	\$ 435,095	4.5%
2007 USDA Rural Development Equipment Acquisition Bonds	8,980	4.125%
Total	\$ 444,075	

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**6. DEBT (Continued)**

The USDA Rural Development Bonds were obtained for the purpose of purchasing an Emergency Generator. The loan will be paid over ten years. The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts. The Ohio Revised Code provides that the net general obligation debt of the Village, exclusive of certain debt, issued without a vote of the electors shall never exceed 5.5 percent of the 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 Village's taxing authority collateralized the bonds.

The Village issued \$550,000 qualified tax-exempt bonds during 2011 for the purpose of constructing improvements to the Village Community Center and Administration Building.

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

Year Ending December 31,	2007 USDA Rural	
	Building Improvement Bonds	Development Equipment Acquisition Bonds
2014	\$ 68,401	\$ 2,480
2015	68,401	2,483
2016	68,401	2,483
2017	68,401	2,478
2018	68,401	-
2019-2023	171,005	-
Total	<u>\$ 513,010</u>	<u>\$ 9,924</u>

**7. RETIREMENT SYSTEMS**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village had paid all contributions required through December 31, 2013.

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012  
(Continued)**

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Public Officials 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.

**9. EXTRAORDINARY ITEMS**

The extraordinary receipts represent the proceeds from an insurance settlement that resulted from wind damage to the Village Hall.

***Perry & Associates***  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 30, 2014

Village of Moscow  
Clermont County  
P.O. Box 93  
Moscow, Ohio 45153

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Moscow**, Clermont County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated September 30, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of audit findings to be a material weakness.

**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, opining 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 no instances of noncompliance or the matters we must report under *Government Auditing Standards*.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

VILLAGE OF MOSCOW  
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

**Material Weakness**

**Fund Balance Classification**

Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54.

Fund Balances were not always classified correctly. The following errors were noted:

- In 2013 and 2012, encumbrances outstanding at year end for the General Fund were misclassified as Unassigned rather than Assigned fund balance.
- In 2013 and 2012, a portion of the Special Revenue Funds was misclassified as Committed rather than Restricted fund balance.
- In 2012, a portion of the Capital Project Funds was misclassified as Committed rather than Restricted fund balance.

Not classifying Fund Balances accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all Fund Balances are properly classified on the financial statements.

We also recommend the Fiscal Officer refer to Auditor of State Bulletin 2011-004 to determine proper classification of Fund Balances.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF MOSCOW  
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2011-001	Noncompliance/Material Weakness – Ohio Revised Code Section – 117-2-02(A)	Yes	



# Dave Yost • 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  
NOVEMBER 06, 2014**