



Dave Yost • Auditor of State

VILLAGE OF MOSCOW
CLERMONT COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

July 30, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Moscow
Clermont County
P.O. 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, 2011 and 2010. 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 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 opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Moscow, Clermont County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Moscow adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2012, on our consideration of the Township'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.



Dave Yost
Auditor of State

July 30, 2012

**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, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$164,547				\$164,547
Municipal Income Tax	2,311				2,311
Intergovernmental	246,218	10,919	33,159		290,296
Charges for Services	11,324				11,324
Fines, Licenses and Permits	3,088				3,088
Earnings on Investments	5,784	362			6,146
Miscellaneous	12,755				12,755
<i>Total Cash Receipts</i>	<u>446,027</u>	<u>11,281</u>	<u>33,159</u>	<u>0</u>	<u>490,467</u>
Cash Disbursements					
Current:					
Security of Persons and Property	59,528				59,528
Public Health Services	8,461				8,461
Leisure Time Activities	92,065	87		160,047	252,199
Community Environment	2,769				2,769
Basic Utility Services	27,707				27,707
Transportation		7,582			7,582
General Government	303,816	500			304,316
Capital Outlay				1,125	1,125
Debt Service:					
Principal Retirement			25,512		25,512
Interest and Fiscal Charges			10,826		10,826
<i>Total Cash Disbursements</i>	<u>494,346</u>	<u>8,169</u>	<u>36,338</u>	<u>161,172</u>	<u>700,025</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(48,319)</u>	<u>3,112</u>	<u>(3,179)</u>	<u>(161,172)</u>	<u>(209,558)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds				550,000	550,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>550,000</u>	<u>550,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(48,319)</u>	<u>3,112</u>	<u>(3,179)</u>	<u>388,828</u>	<u>340,442</u>
<i>Fund Cash Balances, January 1</i>	<u>577,089</u>	<u>82,460</u>	<u>258,070</u>	<u>35,682</u>	<u>953,301</u>
Fund Cash Balances, December 31					
Restricted	0	85,572	254,891	424,510	764,973
Assigned	3,149	0	0	0	3,149
Unassigned (Deficit)	525,621	0	0	0	525,621
<i>Fund Cash Balances, December 31</i>	<u>\$528,770</u>	<u>\$85,572</u>	<u>\$254,891</u>	<u>\$424,510</u>	<u>\$1,293,743</u>

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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$150,724	\$0	\$0	\$0	\$150,724
Intergovernmental	255,174	10,233	66,318		331,725
Charges for Services	8,620				8,620
Fines, Licenses and Permits	880				880
Earnings on Investments	10,714	509			11,223
Miscellaneous	17,466	1,776			19,242
Total Cash Receipts	443,578	12,518	66,318	0	522,414
Cash Disbursements:					
Current:					
Security of Persons and Property	52,822				52,822
Public Health Services	7,638				7,638
Leisure Time Activities	69,108	811			69,919
Community Environment	3,237				3,237
Basic Utility Service	22,663				22,663
Transportation		7,896			7,896
General Government	283,290	6,315			289,605
Debt Service:					
Redemption of Principal			1,800		1,800
Interest and Fiscal Charges			685		685
Total Cash Disbursements	438,758	15,022	2,485	0	456,265
Total Receipts Over/(Under) Disbursements	4,820	(2,504)	63,833	0	66,149
Other Financing Receipts / (Disbursements):					
Other Financing Sources	69,833				69,833
Total Other Financing Receipts / (Disbursements)	69,833	0	0	0	69,833
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	74,653	(2,504)	63,833	0	135,982
Fund Cash Balances, January 1	502,436	84,964	194,238	35,682	817,320
Fund Cash Balances, December 31	\$577,089	\$82,460	\$258,071	\$35,682	\$953,302
Reserve for Encumbrances, December 31	\$2,681	\$0	\$0	\$0	\$2,681

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, 2011 AND 2010**

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, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. 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 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 the 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 Corporation 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
DECEMBER 31, 2011 AND 2010
(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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

State Highway – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. 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 Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Permanent Improvement Fund – This fund received the proceeds from the sale of bonds, distributions from the fund are used to fund improvement projects in the Village.

VILLAGE OF MOSCOW
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (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.

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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:

	2011	2010
Demand deposits	\$1,062,051	\$421,641
Petty Cash	\$100	\$100
Certificates of deposit	175,103	475,104
Total deposits	1,237,254	896,845
STAR Ohio	56,489	56,457
Total investments	56,489	56,457
Total deposits and investments	\$1,293,743	\$953,302

Deposits: Deposits are insured by the Federal Depository 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 ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$444,781	\$446,027	\$1,246
Special Revenue	10,832	11,281	449
Debt Service	33,159	33,159	0
Capital Projects	550,000	550,000	0
Total	\$1,038,772	\$1,040,467	\$1,695

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$796,329	\$497,495	\$298,834
Special Revenue	64,700	8,169	56,531
Debt Service	322,481	36,338	286,143
Capital Projects	583,600	161,172	422,428
Total	\$1,767,110	\$703,174	\$1,063,936

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$512,062	\$513,411	\$1,349
Special Revenue	12,105	12,518	413
Debt Service	66,318	66,318	0
Total	\$590,485	\$592,247	\$1,762

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$921,643	\$441,439	\$480,204
Special Revenue	77,579	15,022	62,557
Debt Service	260,556	2,485	258,071
Capital Projects	35,681	0	35,681
Total	\$1,295,459	\$458,946	\$836,513

4. Property Tax

Real property taxes become a lien on January 1 preceding 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.

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. Local Income Tax

The Village levies a municipal income tax of 1% 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) on a monthly or quarterly basis, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Local Income Tax (Continued)

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, 2011 was as follows:

	Principal	Interest Rate
Building Improvement Bonds	\$527,969	4.5%
2007 USDA Rural Development Equipment Acquisition Bonds	12,950	4.125%
Total	\$540,919	

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:

	Acquisition Bonds	Building Improvement Bonds
Year ending December 31:		
2012	\$2,476	\$68,401
2013	2,484	68,401
2014	2,480	68,401
2015	2,483	68,401
2016	2,483	68,401
2017-2021	2,478	342,007
Total	\$14,884	\$684,012

**VILLAGE OF MOSCOW
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Retirement Systems

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10 and 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

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.



Dave Yost • 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
P.O. Box 93
Moscow, Ohio 45153

To the Village Council:

We have audited the financial statements of the Village of Moscow, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 30, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Village also adopted Government Accounting Standards Board Statement No. 54 in 2011. We also noted 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 opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 30, 2012.

We intend this report solely for the information and use of the audit committee, management, Village Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

July 30, 2012

VILLAGE OF MOSCOW
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-01

Noncompliance Citation/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted a posting error that affected the actual as well as the budgetary numbers reported in the financial statements.

Ohio Admin. Code Section 117-2-01(D) provides that when designing a public office's system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The Township posted bond receipts and disbursements to the General Fund instead of the Capital Projects Funds as provided in the bond agreement.

As a result of this error, receipts and disbursements for certain line items in the General and Capital Projects Funds were incorrectly reported on the annual report. Material audit adjustments were required to the cash fund balances, cash receipts, and cash disbursements to fairly state the individual line items on the financial statements. These adjustments have been corrected to the District's financial statements and accounting records.

Officials' Response:

Officials did not respond to the finding reported above.

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VILLAGE OF MOSCOW
CLERMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Posting errors which resulted in audit adjustments and reclassifications to the financial statements.	No	Reissued as Finding 2011-01

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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
OCTOBER 02, 2012