



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MECCA TOWNSHIP
TRUMBULL COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Mecca Township
Trumbull County
P.O. Box 567
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Mecca Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Township'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 Township 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 Township as of December 31, 2001 and December 31, 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 June 17, 2002, 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 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 management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

June 17, 2002

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**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
Cash Receipts:					
Local Taxes	\$43,638	\$103,589			\$147,227
Intergovernmental	77,695	69,665	\$48,990		196,350
Charges for Services		46,457			46,457
Licenses, Permits, and Fees	5,406	2,150			7,556
Earnings on Investments	11,723	1,911		109	13,743
Other Revenue	43,794	27,126			70,920
Total Cash Receipts	182,256	250,898	48,990	109	482,253
Cash Disbursements:					
Current:					
General Government	75,806	28,185			103,991
Public Safety		54,906			54,906
Public Works	2,341	113,785			116,126
Health	59	3,806			3,865
Conservation - Recreation	10,320				10,320
Debt Service:					
Redemption of Principal	14,021	23,302			37,323
Interest and Fiscal Charges	2,423	3,785			6,208
Capital Outlay	22,971	17,250	48,990		89,211
Total Cash Disbursements	127,941	245,019	48,990	0	421,950
Total Receipts Over/(Under) Disbursements	54,315	5,879	0	109	60,303
Fund Cash Balances, January 1, 2001	163,926	119,091	0	3,374	286,391
Fund Cash Balances, December 31, 2001	\$218,241	\$124,970	\$0	\$3,483	\$346,694
Reserve for Encumbrances, December 31, 2001	\$5,936	\$2,334	\$0	\$0	\$8,270

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

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$43,461	\$103,084		\$146,545
Intergovernmental	78,117	68,241		146,358
Charges for Services		23,925		23,925
Licenses, Permits, and Fees	10,266	2,095		12,361
Earnings on Investments	11,616	1,151	197	12,964
Other Revenue	9,196	2,966		12,162
Total Cash Receipts	<u>152,656</u>	<u>201,462</u>	<u>197</u>	<u>354,315</u>
Cash Disbursements:				
Current:				
General Government	87,391	19,700		107,091
Public Safety		26,688		26,688
Public Works	2,343	66,626		68,969
Health	601	3,033		3,634
Conservation - Recreation	10,840			10,840
Debt Service:				0
Redemption of Principal	28,725	21,784		50,509
Interest and Fiscal Charges	3,145	5,304		8,449
Capital Outlay	38,831	62,192		101,023
Total Cash Disbursements	<u>171,876</u>	<u>205,327</u>	<u>0</u>	<u>377,203</u>
Total Receipts Over/(Under) Disbursements	<u>(19,220)</u>	<u>(3,865)</u>	<u>197</u>	<u>(22,888)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	38,831			38,831
Sale of Fixed Assets	15,105			15,105
Total Other Financing Receipts/(Disbursements)	<u>53,936</u>	<u>0</u>	<u>0</u>	<u>53,936</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,716	(3,865)	197	31,048
Fund Cash Balances, January 1, 2000-Restated-See Note 8	<u>129,210</u>	<u>122,956</u>	<u>3,177</u>	<u>255,343</u>
Fund Cash Balances, December 31, 2000	<u>\$163,926</u>	<u>\$119,091</u>	<u>\$3,374</u>	<u>\$286,391</u>

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

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mecca Township, Trumbull County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, volunteer fire protection and emergency medical services. The Township contracts with the Trumbull County Sheriff's Department for police protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in fund cash balances. 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. The investment in STAR Ohio is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire District Fund Fund - This fund receives tax levy money for contracting with an outside fire department.

3. Capital Projects Funds

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

Issue II Fund - The Township received a grant from the State of Ohio for the Edgewater Drive Project.

4. Fiduciary Funds (Non-Expendable Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements. The Township maintains a non-expendable trust fund for cemetery bequests.

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. The Board of Trustees 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 Township 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 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.

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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	\$134,498	\$126,864
Certificates of deposit	3,311	2,148
Total deposits	137,809	129,012
STAR Ohio	208,885	157,379
Total investments	208,885	157,379
Total deposits and investments	\$346,694	\$286,391

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or 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.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,824	\$182,256	\$26,432
Special Revenue	227,129	250,898	23,769
Capital Projects	48,990	48,990	0
Fiduciary	0	109	109
Total	\$431,943	\$482,253	\$50,310

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$320,176	\$133,877	\$186,299
Special Revenue	304,811	247,353	57,458
Capital Projects	48,990	48,990	0
Total	\$673,977	\$430,220	\$243,757

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

3. BUDGETARY ACTIVITY (continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$175,707	\$206,592	\$30,885
Special Revenue	188,002	201,462	13,460
Fiduciary	0	197	197
Total	\$363,709	\$408,251	\$44,542

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,698	\$171,876	\$78,822
Special Revenue	311,028	205,327	105,701
Fiduciary	3,177	0	3,177
Total	\$564,903	\$377,203	\$187,700

4. PROPERTY TAX

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

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

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 Township.

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$37,522	5.58%
General Obligation Note	7,359	6.50%
General Obligation Note	26,965	4.53%
General Obligation Note	<u>10,960</u>	<u>5.61%</u>
Total	<u>\$82,806</u>	

The general obligation notes were issued to finance the purchase of a new dump truck to be used for Township road maintenance, a fire pumper for fire protection, the purchase of a 22 acre parcel of land for the Township Park, and a fire tanker for fire protection. The Township has pledged the equipment and land purchased as collateral for the general obligation notes.

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2002	\$43,985
2003	39,592
2004	<u>5,244</u>
Total	<u>\$ 88,821</u>

6. RETIREMENT SYSTEMS

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township 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 Township has paid all contributions required through December 31, 2001.

**MECCA TOWNSHIP
TRUMBULL COUNTY**

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

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. RESTATEMENT OF FUND BALANCES

The Township Clerk/Treasurer made the following adjustments to the following January 1, 2000 fund balances for the cancellation of long outstanding checks and other miscellaneous correction of prior year accounting entries.

	Balances as of <u>01/01/00</u>	<u>Adjustments</u>	Restated Balance <u>01/01/00</u>
General Fund	\$128,581	\$629	\$129,210
Special Revenue Funds	\$122,935	\$ 21	\$122,956



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

Mecca Township
Trumbull County
P.O. Box 567
Cortland, Ohio 44410

To the Board of Trustees:

We have audited the accompanying financial statements of Mecca Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 17, 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 Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township'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 Township in a separate letter dated June 17, 2002.

Mecca Township
Trumbull 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 management, and the Board of Trustees, 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 17, 2002

**MECCA TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41178-001	Ohio Rev. Code Sec. 5705.36 & 5705.39- Appropriations exceeded Estimated Resources	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MECCA TOWNSHIP
TRUMBULL 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
JULY 9, 2002**