



OHIO AUDITOR OF STATE
KEITH FABER



**MECCA TOWNSHIP
TRUMBULL COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Mecca Township, Trumbull County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2023 and 2022, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2025

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MECCA TOWNSHIP, TRUMBULL COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2023

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$63,923	\$240,824	\$0	\$304,747
Charges for Services		15,722		15,722
Licenses, Permits and Fees	24,493	2,600		27,093
Intergovernmental	97,183	280,758		377,941
Earnings on Investments	6,045	8,421	47	14,513
Miscellaneous	1,638	9,002		10,640
Total Cash Receipts	193,282	557,327	47	868,280
Cash Disbursements				
Current:				
General Government	140,949	218,685		359,634
Public Safety	199	53,636		53,835
Public Works	3,529	143,575		147,104
Health	9,714	17,946		27,660
Conservation-Recreation	42,912	9,000		51,912
Capital Outlay		338,447		338,447
Debt Service:				
Principal Retirement		65,750		65,750
Total Cash Disbursements	197,303	847,039	0	1,044,342
Excess of Receipts Over (Under) Disbursements	(4,021)	(289,712)	47	(176,062)
Other Financing Receipts (Disbursements)				
Sale of Bonds		230,000		
Total Other Financing Receipts		230,000		
Net Change in Fund Cash Balances	(4,021)	(59,712)	47	(63,686)
Fund Cash Balances, January 1	\$89,870	\$1,085,850	\$3,744	\$1,179,464
Fund Cash Balances, December 31	\$85,849	\$1,026,138	\$3,791	\$1,115,778

See the notes to the financial statements

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mecca Township, Trumbull County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Cortland City to provide to provide ambulance services. The Township appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Fire District Fund The fire district fund accounts for and reports that portion of the property taxes restricted for the operation of the Mecca Township Volunteer Fire Department and the provision of emergency medical services

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Special Revenue Park Fund The special revenue park fund accounts for donations accepted by residents and non-residents for needs associated with the Park.

Cares Act Funds The special Cares Act funds account is for special purchases related to COVID-19.

American Cares Act Funds The special American Care Act funds account is for special purchases related to COVID-19

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2023 budgetary activity appears in Note 3.

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Assets

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 Township 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. For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$181,012	\$193,282	\$12,270
Special Revenue	503,243	787,327	284,084
Permanent	12	47	35
Total	<u>\$684,267</u>	<u>\$980,656</u>	<u>\$296,389</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,052	\$198,419	\$73,633
Special Revenue	1,819,084	848,177	970,907
Permanent	0	0	0
Total	<u>\$2,091,136</u>	<u>\$1,046,596</u>	<u>\$1,044,539</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts, which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Township's deposit and investment accounts are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$1,111,987
Certificates of deposit	3,791
Total deposits	<u>1,115,778</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

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

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2023</u>	
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2023</i>	<i>10.00%</i>	<i>14.00%</i>

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2023. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2023.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bonds	<u>\$230,000</u>	5.19%
Total	<u><u>\$230,000</u></u>	

The Township issued Bonds in 2023 for \$230,000 at an interest rate of 5.19% with annual payments. The first payment is due May 31, 2024. The bonds were for the purchase of a 2023 Braun Ambulance. This note is backed by the full faith and credit of the Township. Payments are made from the Fire District Fund.

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Amortization

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

Year Ending December 31:	General Obligation Bonds
2024	\$32,283
2025	30,062
2026	30,062
2027	30,062
2028	30,062
2029-2033	150,306
Total	<u>\$302,837</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Public Entity Risk Pool

As described in Note 6, the Township participates in OTARMA, a public entity risk pool. OTARMA is governed by a seven member board of directors consisting of the executive director of the Ohio Township Association and township trustees, fiscal officers, administrators.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 13 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus			3,791	3,791
Outstanding Encumbrances	1,116	11,138		12,254
Total	<u>\$1,116</u>	<u>\$11,138</u>	<u>\$3,791</u>	<u>\$16,045</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

MECCA TOWNSHIP, TRUMBULL COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$63,897	\$230,288	\$0	\$294,185
Charges for Services		14,645		14,645
Licenses, Permits and Fees	25,550	1,950		27,500
Intergovernmental	78,503	336,614		415,117
Earnings on Investments	1,544	1,902	11	3,457
Miscellaneous	516	4,751		5,267
<i>Total Cash Receipts</i>	<u>170,010</u>	<u>590,150</u>	<u>11</u>	<u>760,171</u>
Cash Disbursements				
Current:				
General Government	131,672	110,680		242,352
Public Safety	218	50,517		50,735
Public Works	2,880	157,379		160,259
Health	8,175	570		8,745
Conservation-Recreation	37,674	156		37,830
Capital Outlay		147,562		147,562
Debt Service:				
Principal Retirement		20,000		20,000
<i>Total Cash Disbursements</i>	<u>180,619</u>	<u>486,864</u>	<u>0</u>	<u>667,483</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,609)</u>	<u>103,286</u>	<u>11</u>	<u>92,688</u>
<i>Net Change in Fund Cash Balances</i>	<u>(10,609)</u>	<u>103,286</u>	<u>11</u>	<u>92,688</u>
<i>Fund Cash Balances, January 1</i>	<u>\$100,479</u>	<u>\$982,564</u>	<u>\$3,733</u>	<u>\$1,086,776</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$89,870</u></u>	<u><u>\$1,085,850</u></u>	<u><u>\$3,744</u></u>	<u><u>\$1,179,464</u></u>

See notes to the financial statements

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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Note 2 – Summary of Significant Accounting Policies

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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 Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Fire District Fund The fire district fund accounts for and reports that portion of the property taxes restricted for the operation of the Mecca Township Volunteer Fire Department and the provision of emergency medical services

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Special Revenue Park Fund The special revenue park fund accounts for donations accepted by residents and non-residents for needs associated with the Park.

Cares Act Funds The special Cares Act funds account is for special purchases related to COVID-19.

American Cares Act Funds The special American Care Act funds account is for special purchases related to COVID-19

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2022 budgetary activity appears in Note 3.

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Assets

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

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 Township 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.

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,024	\$170,009	(\$4,015)
Special Revenue	677,373	590,149	(87,224)
Permanent	10	11	1
Total	<u>\$851,407</u>	<u>\$760,169</u>	<u>(\$91,238)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$275,672	\$180,619	\$95,053
Special Revenue	1,619,484	486,864	1,132,620
Permanent	0	0	0
Total	<u>\$1,895,156</u>	<u>\$667,483</u>	<u>\$1,227,673</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts, which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Township's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$1,175,721
Certificates of deposit	<u>3,743</u>
Total deposits	<u>1,179,464</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

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

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$34,288,098
Actuarial liabilities	\$9,146,434

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2022</i>	<i>10.00%</i>	<i>14.00%</i>

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$68,194	2.97%
Total	<u>\$68,194</u>	

The Township issued a note in 2020 for \$100,000 at an interest rate of 2.97% with semi annual payments of \$7,951.42 for the purchase of a 2021 International Dump Truck. This note is backed by the full faith and credit of the Township and collateralized by the 2021 International Dump Truck. Payments are made from the Gasoline Tax Fund.

Mecca Township
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Amortization

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

Year Ending December 31:	General Obligation Notes
2023	\$15,903
2024	15,903
2025	15,903
2026	15,903
2027	15,903
Total	<u>\$79,515</u>

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Public Entity Risk Pool

As described in Note 6, the Township participates in OTARMA, a public entity risk pool. OTARMA is governed by a seven member board of directors consisting of the executive director of the Ohio Township Association and township trustees, fiscal officers, administrators.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

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

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Mecca Township, Trumbull County, Ohio (the Township) and have issued our report thereon dated April 14, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the finding identified in our audit and described in the accompanying schedule of findings and / or corrective action plan. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2025

**MECCA TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2023-001

NONCOMPLIANCE

Appropriations Exceeding Estimated Resources

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2023 the Township's appropriations exceeded the amount certified as available by the budget commission in the following funds:

- Fire fund 2191 by \$226,000
- EMS fund 2281 by \$4,000

At December 31, 2022 the Township's appropriations exceeded the amount certified as available by the budget commission in the EMS fund 2281 by \$4,000.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations.

Official's Response: Mecca Township will monitor budgetary activity regularly.

**MECCA TOWNSHIP
PO BOX 567
CORTLAND, OHIO 44410
(330) 638-0363 Fax (330) 638-0304**

*Trustees: Christen Clemson, Gregory Chopko, Dan Calbincea III
Fiscal Officer Beverly Lytle*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting Material Weakness	Partially Corrected	Financial reporting errors noted in the Management Letter.
2021-002	Service Organization Significant Deficiency	Fully Corrected	Township outsourced to a different service organization that provides SOC reports.
2021-003	Budgetary Controls	Not Corrected	Reference 2023-001 in schedule of findings and management letter noncompliance finding #1.

OHIO AUDITOR OF STATE KEITH FABER



MECCA TOWNSHIP

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/27/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov