



**Auditor of State  
Betty Montgomery**



MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY

JANUARY 1, 2001 THROUGH DECEMBER 31, 2002

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**Auditor of State  
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS**

Mesopotamia Township  
Trumbull County  
P.O. Box 199  
Mesopotamia, Ohio 44439

To the Board of Trustees:

We have audited the accompanying financial statements of Mesopotamia Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. 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 of the Township as of December 31, 2002 and December 31, 2001, 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 May 27, 2003 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.

Mesopotamia Township  
Trumbull County  
Report of Independent Accountants  
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This report is intended solely for the information and use of management, the Board of Trustees, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 27, 2003

**MESOPOTAMIA 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**

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
<b>Cash Receipts:</b>					
Local Taxes	\$43,174	\$81,808	\$6,500	\$0	\$131,482
Intergovernmental	72,969	66,110	0	0	139,079
Licenses, Permits, and Fees	2,040	0	0	0	2,040
Earnings on Investments	1,615	253	0	0	1,868
Other Revenue	2,562	5,571	0	0	8,133
<b>Total Cash Receipts</b>	<u>122,360</u>	<u>153,742</u>	<u>6,500</u>	<u>0</u>	<u>282,602</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	86,121	0	0	0	86,121
Public Safety	0	37,555	0	0	37,555
Public Works	9,303	99,201	0	0	108,504
Health	9,046	0	0	0	9,046
Conservation - Recreation	3,657	0	0	0	3,657
Debt Service:					
Redemption of Principal	0	0	5,342	0	5,342
Interest and Fiscal Charges	0	0	1,158	0	1,158
Capital Outlay	19,682	11,673	0	0	31,355
<b>Total Cash Disbursements</b>	<u>127,809</u>	<u>148,429</u>	<u>6,500</u>	<u>0</u>	<u>282,738</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(5,449)</u>	<u>5,313</u>	<u>0</u>	<u>0</u>	<u>(136)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Other Sources	3,334	0	0		3,334
Other Uses	(4,500)	0	0	0	(4,500)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(1,166)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,166)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,615)	5,313	0	0	(1,302)
Fund Cash Balances, January 1	32,572	61,465	0	657	94,694
<b>Fund Cash Balances, December 31</b>	<u><u>\$25,957</u></u>	<u><u>\$66,778</u></u>	<u><u>\$0</u></u>	<u><u>\$657</u></u>	<u><u>\$93,392</u></u>

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

**MESOPOTAMIA 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, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
<b>Cash Receipts:</b>					
Local Taxes	\$43,798	\$147,191	\$6,500	\$0	\$197,489
Intergovernmental	75,078	71,556	0	0	146,634
Licenses, Permits, and Fees	2,515	0	0	0	2,515
Earnings on Investments	699	219	0	0	918
Other Revenue	6,854	1,009	0	0	7,863
<b>Total Cash Receipts</b>	<u>128,944</u>	<u>219,975</u>	<u>6,500</u>	<u>0</u>	<u>355,419</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	98,404	0	0	0	98,404
Public Safety	0	43,460	0	0	43,460
Public Works	12,230	157,198	0	0	169,428
Health	4,888	950	0	0	5,838
Conservation - Recreation	2,849	0	0	0	2,849
Debt Service:					
Redemption of Principal	0	0	5,912	0	5,912
Interest and Fiscal Charges	0	0	588	0	588
Capital Outlay	18,892	4,903	0	0	23,795
<b>Total Cash Disbursements</b>	<u>137,263</u>	<u>206,511</u>	<u>6,500</u>	<u>0</u>	<u>350,274</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(8,319)</u>	<u>13,464</u>	<u>0</u>	<u>0</u>	<u>5,145</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Other Sources	0	0	0	0	0
Other Uses	(2,500)	0	0	0	(2,500)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(2,500)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,500)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,819)	13,464	0	0	2,645
Fund Cash Balances, January 1	25,957	66,778	0	657	93,392
<b>Fund Cash Balances, December 31</b>	<u><u>\$15,138</u></u>	<u><u>\$80,242</u></u>	<u><u>\$0</u></u>	<u><u>\$657</u></u>	<u><u>\$96,037</u></u>

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



**MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mesopotamia 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 general government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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 reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificate of Deposits and Repurchase Agreements are recorded at cost as reported by the bank.

**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:

*Gasoline Tax Fund* – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

*Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Fire District* – This fund receives property tax money for the general operation of the fire department.

**3. Debt Service Fund**

The Debt Service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund: General Note Retirement Fund.

**4. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary; funds Cemetery Bequest Funds.

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2002	2001
Demand deposits	\$96,037	\$93,392

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,355	\$128,944	(\$1,411)
Special Revenue	223,956	219,975	(3,981)
Debt Service	6,500	6,500	0
Total	\$360,811	\$355,419	(\$5,392)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$156,312	\$139,763	\$16,549
Special Revenue	290,734	206,511	84,223
Debt Service	6,500	6,500	0
Total	\$453,546	\$352,774	\$100,772

**MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,780	\$125,694	(\$86)
Special Revenue	152,546	153,742	1,196
Debt Service	6,500	6,500	0
Total	\$284,826	\$285,936	\$1,110

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$158,352	\$132,309	\$26,043
Special Revenue	214,011	148,429	65,582
Debt Service	6,500	6,500	0
Total	\$378,863	\$287,238	\$91,625

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

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.

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

General Obligation Notes	\$3,424	Interest Rate 6.25%
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**MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT (continued)**

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

	General Obligation Notes
Year ending December 31:	
2003	<u>\$3,638</u>

General obligation notes were issued for the construction and improvement of the Townships Building. The general obligation notes will be retired using property tax revenues.

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. The Township's PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per -claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding up \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

**MESOPOTAMIA TOWNSHIP  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: (The most current data available)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	9,379,003	8,924,977
	<hr/>	
Retained Earnings	\$14,324,773	\$13,759,406
 <u>Property Coverage</u>		
Assets	\$5,011,131	\$4,156,784
Liabilities	647,667	497,831
	<hr/>	
Retained Earnings	\$4,363,464	\$3,658,953



**Auditor of State  
Betty Montgomery**

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

Mesopotamia Township  
Trumbull County  
P.O. Box 199  
Mesopotamia, Ohio 44439

To the Board of Trustees:

We have audited the accompanying financial statements of Mesopotamia Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 27, 2003. 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*.

**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 one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 27, 2003.

Mesopotamia 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 27, 2003





**Auditor of State  
Betty Montgomery**

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**MESOPOTAMIA 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 1, 2003**