



OHIO AUDITOR OF STATE
KEITH FABER



**RUSSELL TOWNSHIP
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Governmental Fund Types - For the Year Ended December 31, 2019	3
Notes to the Financial Statements – For the Year Ended December 31, 2019.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Governmental Fund Types - For the Year Ended December 31, 2018	15
Notes to the Financial Statements – For the Year Ended December 31, 2018.....	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	29

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Russell Township
Geauga County
8501 Kinsman Road
P.O. Box 522
Novelty, Ohio 44072

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2019 and for each governmental fund type combined total as of and for the year ended December 31, 2018, and related notes of Russell Township, Geauga County, Ohio (the Township).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2019, and for each governmental fund type combined total as of and for the year ended December 31, 2018, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 16, 2022

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$466,828	\$4,400,770	\$236,548		\$5,104,146
Licenses, Permits and Fees	80,923	115,251			196,174
Fines and Forfeitures	4,707	5,639			10,346
Intergovernmental	129,550	591,267	27,668	2,635,117	3,383,602
Earnings on Investments	159,089	7,542			166,631
Miscellaneous	61,387	136,424	1,433	13,340	212,584
<i>Total Cash Receipts</i>	<u>902,484</u>	<u>5,256,893</u>	<u>265,649</u>	<u>2,648,457</u>	<u>9,073,483</u>
Cash Disbursements					
Current:					
General Government	632,455				632,455
Public Safety	2,762	2,604,345	3,029		2,610,136
Public Works	14,983	1,128,490			1,143,473
Health	694	12,801			13,495
Capital Outlay	40,951	688,267		920,518	1,649,736
Debt Service:					
Principal Retirement			209,847		209,847
Interest and Fiscal Charges			25,160		25,160
<i>Total Cash Disbursements</i>	<u>691,845</u>	<u>4,433,903</u>	<u>238,036</u>	<u>920,518</u>	<u>6,284,302</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>210,639</u>	<u>822,990</u>	<u>27,613</u>	<u>1,727,939</u>	<u>2,789,181</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		7,423			7,423
Other Financing Sources	1,049	3,600			4,649
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,049</u>	<u>11,023</u>	<u>0</u>	<u>0</u>	<u>12,072</u>
<i>Net Change in Fund Cash Balances</i>	211,688	834,013	27,613	1,727,939	2,801,253
<i>Fund Cash Balances, January 1</i>	<u>1,430,596</u>	<u>4,311,154</u>	<u>453,215</u>	<u>19,130</u>	<u>6,214,095</u>
Fund Cash Balances, December 31					
Restricted		5,145,167	480,828	1,747,069	7,373,064
Assigned	148,661				148,661
Unassigned (Deficit)	1,493,623				1,493,623
<i>Fund Cash Balances, December 31</i>	<u>\$1,642,284</u>	<u>\$5,145,167</u>	<u>\$480,828</u>	<u>\$1,747,069</u>	<u>\$9,015,348</u>

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Russell Township, Geauga County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services and police protection.

Jointly Governed Organizations, Public Entity Risk Pool and Related Organizations

The Township participates in a public entity risk pool, six jointly governed organizations and a related organization. Notes 6, 12 and 13 to the financial statements provides additional information for these entities.

The Township also participates in several professional associations including the Ohio Association of Police Chiefs, the Geauga County Fire Chief's Association, the National Fire Protections Association, the Ohio Association of Chiefs of Police, Inc., the Geauga County Police Chief's Association, the Ohio Association of Public Treasurers, the Geauga Safety Council, and the Chagrin River Watershed Partners, Inc.

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 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.

2181 Zoning Fund – The zoning fund accounts for and reports the collection of fee and permit revenue for the Township and the payment of equipment, services, supplies and for zoning work for permanent or part time zoning employees. Consistent with the requirements of Governmental Accounting Standards Board Statement No. 34, this fund has been reclassified from a previously reported Special Revenue Fund to the General Fund.

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:

2021 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.

2011 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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2031 Road and Bridge Fund - The road and bridge fund receives property tax levy money for the purpose of constructing, maintaining, and repairing roads and bridges within the Township.

2141 Road District Fund - The road district fund receives property tax levy money for the purpose of constructing, maintaining, and repairing roads and bridges within the Township.

2041 Cemetery Fund - The cemetery receives revenue from the sale of cemetery plots and burial fees for the purpose of constructing, maintaining, and repairing cemeteries within the Township and the payment of permanent or part time cemetery employees.

2081 Police District Fund - The police district fund receives property tax levy money for the purpose of providing and maintaining police apparatus, equipment, facilities, or the payment of permanent or part time police officers deemed to benefit the residents of the Township.

2271 Enforcement & Education Fund - The enforcement and education fund receives revenue from law enforcement seized or confiscated property and accounts for the expenditure of police protection apparatus, equipment, facilities, supplies, or services deemed to benefit the residents of the Township.

2111 Fire District Fund - The fire district fund receives property tax levy money for the purpose of providing and maintaining fire apparatus, equipment, facilities, sources of water supply and materials, or the payment of permanent, part time, or volunteer firemen, emergency medical technicians, or paramedics or to provide ambulance or emergency medical services to benefit the residents of the Township.

2231 Permissive Motor Vehicle License Tax Fund – The permissive motor vehicle license tax fund receives revenue from fees associated with vehicle licenses as collected by the State of Ohio and accounts for the expenditure of revenue for the purpose of paying the costs and expenses of enforcing and administering the tax provided for in this section; for the construction, reconstruction, improvement, maintenance, and repair of township roads, bridges, and culverts; for purchasing, erecting, and maintaining traffic signs, markers, lights, and signals; for purchasing road machinery and equipment, and planning, constructing, and maintaining suitable buildings to house such equipment; for paying any costs apportioned to the township under section 4907.47 of the Revised Code; and to supplement revenue already available for such purposes. This fund is restricted.

2281 Fire & Rescue, Ambulance & EMS Services Fund - The fire and rescue, ambulance and EMS services fund receives revenue from fees associated with ambulance transportation as collected from individuals or insurance companies and accounts for the expenditure of revenue for the purpose of providing and maintaining fire apparatus, equipment, facilities, sources of water supply and materials, or the payment of permanent, part time, or volunteer firemen, emergency medical technicians, or paramedics or to provide ambulance or emergency medical services to benefit the residents of the Township.

2901 Police Officer Training Grant Fund - The police officer training fund periodically receives grants for the purpose of police training activities and initiatives of benefit to the residents of the Township.

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

3101 General Bond/Note Retirement Fund - The debt service general bond/note retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the construction of the Township fire station deemed to benefit the properties against which special assessments are levied.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

3902 (OPWC) Debt Service Fund - The (OPWC) debt service fund provides for the collection for and servicing of an anticipation note for road resurfacing capital improvements.

3903 Debt Service OPW Loan Fund - The debt service OPW loan fund provides for the collection for and servicing of an OPWC zero interest road resurfacing capital improvements.

4401 Public Works Commission Project Fund - The Township periodically receives grants from the state public works commission for capital improvements of roads. This account was established to account for revenue and expenditures from an Ohio Public Works Commission (OPWC) grant.

4901 County Line Road- The County Line Road Reconstruction project is a joint project with the Village of Hunting Valley. Russell Township is the Contract lead and this account was established to account for revenue and expenditures for the Hunting Valley portion of the project.

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 (D). 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 (D) 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, function and object 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 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Township'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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

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.

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*. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$734,002	\$903,533	\$169,531
Special Revenue	5,047,783	5,267,916	220,133
Debt Service	261,027	265,649	4,622
Capital Projects	3,007,008	2,648,457	(358,551)
Total	\$9,049,820	\$9,085,555	\$35,735

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,298,493	\$840,504	\$457,989
Special Revenue	6,734,686	5,288,668	1,446,018
Debt Service	240,007	238,036	1,971
Capital Projects	2,958,010	2,403,030	554,980
Total	\$11,231,196	\$8,770,238	\$2,460,958

Note 4 – Deposits and Investments

The Township 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:

	2019
Demand deposits	\$1,044,195
Certificates of deposit	415,727
Total deposits	1,459,922
STAR Ohio	3,457,232
Meeder Investments/US Bank	4,098,194
Total investments	7,555,426
Total deposits and investments	\$9,015,348

Deposits

Deposits are 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.

At December 31, 2019, all deposits were collateralized.

Certificate of Deposits (CD) – The Township purchased a 60 month CD through Middlefield Bank on June 4, 2015 in the amount of \$380,000. The CD pays 2.0% interest annually and matures on June 4, 2020.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

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 exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

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>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Ohio Revised Code also prescribes contribution rates. OPERS - Local members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS – Law Enforcement members contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.10 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$520,000	3.70%
OPWC Loans	\$49,847	0.00%
Total	<u>\$569,847</u>	

The general obligation bonds were issued in 2002 at an interest rate of 1.5% to 4.85% to finance the purchase of a new fire station. The issuance included \$99,999 in capital appreciation bonds. The bonds are for twenty years maturing in 2022. The bond was refunded on October 9, 2012 at an interest rate of 3.7%.

In 2010, the Township entered into a 10 year no-interest bearing loan, maturing in 2021, from the Ohio Public Works Commission (OPWC) in the amount of \$498,471 for the reconstruction of Township roads.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year Ending December 31:	General Obligation Bonds	OPWC
2020	\$184,240	\$49,847
2021	188,135	
2022	186,660	
Total	\$559,035	\$49,847

Note 10 – Construction and Contractual Commitments

The Township has executed a contract for the Reconstruction of Sections A-C of County Line Road, TR 93, the subject road bridging two counties (Cuyahoga and Geauga) and two political subdivisions (Village of Hunting Valley and Russell Township), and constitutes approximately 3.1 miles of shared roadway. The \$3,928,564 reconstruction project was awarded May 22, 2019 and is expected to be completed during fiscal year 2020.

Note 11 – Contingent Liabilities

The Township is a defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Township’s financial condition.

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 12 - Jointly Governed Organizations

Northeast Ohio Public Energy Council (NOPEC)

The Township is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Township did not contribute to NOPEC during 2019. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

West Geauga Community Joint Recreation District (the District)

The Township is a member of the West Geauga Community Joint Recreation District (the District). The District is formed under Ohio Revised Code 755.14. The District was formed to promote and provide joint recreation programs and to acquire and develop land to meet the recreational needs of the West Geauga Community.

The District is comprised of the Township, Chester Township and the West Geauga Local School District. The District is directed by a nine member Board of Trustees, of which three members are appointed by the Township. The Township did not contribute to the District during 2019. Financial information can be obtained by contacting the West Geauga Community Joint Recreation District, P.O. Box 384, Chesterland, Ohio 44026.

Valley Enforcement Regional Council of Governments (VERCOG)

The Township is a member of the Valley Enforcement Regional Council of Governments (VERCOG) during 2016, a jointly governed organization. VERCOG is a regional council of government formed under Chapter 167 of the Ohio Revised Code and Article XVIII, Section 3 of the Ohio Constitution. The Council is comprised of 15 communities and was formed to foster cooperation among political subdivisions through the sharing of facilities for their common benefit. This includes the formal supervision and control of the "Valley Enforcement Group" (VEG).

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and Secretary and other officers elected in annual elections. The Board oversees and manages the Council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. The Council also acquires and owns police equipment and other property, to be utilized by all participating members. The Council sets the budget of the VEG upon the recommendation of the VEG Board of Trustees.

The VEG, a 501c(6) organization, is administered by a Board of Trustees composed of the Chief of Police, or acting Chief of Police, of the political subdivisions that formed the Council. The VEG has been designated as an agency of the Council, providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2019, the Township contributed \$8,000 to VERCOG. Financial information for VERCOG can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Chagrin/Southeast Council of Governments (the Council)

The Township is a member of the Chagrin/Southeast Council of Governments (the Council). The Council operates the Chagrin/Southeast HazMat Response Team (the Team). The Team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations; the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. During 2019, the Township contributed \$3,500 to the Council. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Ohio Township Association (OTA)

The Ohio Township Association (OTA) is a statewide organization dedicated to promoting and preserving township government, through lobbying efforts and educational forums. The Association was founded on June 28, 1928, and is organized in 87 counties. The OTA has more than 5,200 active members, made up trustees and fiscal officers from Ohio's 1,308 townships, and more than 4,000 associate members.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Geauga County Township Association (GCTA) is a local affiliate of the Ohio Township Association (OTA) and was founded in November 1929. The GCTA's membership is made up of 64 elected Trustees and Fiscal Officers, serving 16 Geauga County townships as well as almost 100 associate members from businesses, organizations, county government, judicial, and educational facilities. The GCTA meets quarterly to identify, discuss and solve community and local government issues for the betterment of its constituents. During 2019, the Township contributed \$995 to GCTA in dues and meeting expenses. Financial information for GCTA can be obtained by contacting the Treasurer GCTA, c/o Auburn Township, 11010 East Washington Street, Auburn Township, Ohio 44023.

Note 13 – Related Organizations

The Russell Township Citizen's Park District is a park District created pursuant to ORC 511. The District's three person commission was appointed by the Township Board of Trustees, and is made up of residents of the Township. The Commissioner's terms are staggered to end in 2020, 2021, and 2022. During 2019, the Township contributed \$0 to the Russell Township Citizen's Park District. District's commissioners are appointed by the Township's Board of Trustees; however, as of December 31, 2019 there were no initial appointments.

This Page Intentionally Left Blank

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$459,751	\$4,311,768	\$233,697		\$5,005,216
Licenses, Permits and Fees	73,307	110,378			183,685
Fines and Forfeitures	4,485				4,485
Intergovernmental	127,138	585,101	27,726		739,965
Earnings on Investments	18,694	1,106			19,800
Miscellaneous	64,803	159,275	1,852	19,130	245,060
<i>Total Cash Receipts</i>	<u>748,178</u>	<u>5,167,628</u>	<u>263,275</u>	<u>19,130</u>	<u>6,198,211</u>
Cash Disbursements					
Current:					
General Government	698,417				698,417
Public Safety	2,495	2,590,652	2,920		2,596,067
Public Works	8,261	1,079,954			1,088,215
Health	12,034	10,646			22,680
Capital Outlay	80,288	397,378			477,666
Debt Service:					
Principal Retirement			204,847		204,847
Interest and Fiscal Charges			30,895		30,895
<i>Total Cash Disbursements</i>	<u>801,495</u>	<u>4,078,630</u>	<u>238,662</u>	<u>0</u>	<u>5,118,787</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(53,317)</u>	<u>1,088,998</u>	<u>24,613</u>	<u>19,130</u>	<u>1,079,424</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		11,945			11,945
Other Financing Sources	1,812	9,392			11,204
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,812</u>	<u>21,337</u>	<u>0</u>	<u>0</u>	<u>23,149</u>
<i>Net Change in Fund Cash Balances</i>	<u>(51,505)</u>	<u>1,110,335</u>	<u>24,613</u>	<u>19,130</u>	<u>1,102,573</u>
<i>Fund Cash Balances, January 1</i>	<u>1,482,101</u>	<u>3,200,819</u>	<u>428,602</u>	<u>0</u>	<u>5,111,522</u>
Fund Cash Balances, December 31					
Restricted		4,311,154	453,215	19,130	4,783,499
Assigned	336,070				336,070
Unassigned (Deficit)	1,094,526				1,094,526
<i>Fund Cash Balances, December 31</i>	<u>\$1,430,596</u>	<u>\$4,311,154</u>	<u>\$453,215</u>	<u>\$19,130</u>	<u>\$6,214,095</u>

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Russell Township, Geauga County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services and police protection.

Jointly Governed Organizations, Public Entity Risk Pool and Related Organizations

The Township participates in a public entity risk pool, six jointly governed organizations and a related organization. Notes 6, 12 and 13 to the financial statements provides additional information for these entities.

The Township also participates in several professional associations including the Ohio Association of Police Chiefs, the Geauga County Fire Chief's Association, the National Fire Protections Association, the Ohio Association of Chiefs of Police, Inc., the Geauga County Police Chief's Association, the Ohio Association of Public Treasurers, the Geauga Safety Council, and the Chagrin River Watershed Partners, Inc.

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 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.

2181 Zoning Fund – The zoning fund accounts for and reports the collection of fee and permit revenue for the Township and the payment of equipment, services, supplies and for zoning work for permanent or part time zoning employees. Consistent with the requirements of Governmental Accounting Standards Board Statement No. 34, this fund has been reclassified from a previously reported Special Revenue Fund to the General Fund.

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:

2021 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.

2011 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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2031 Road and Bridge Fund - The road and bridge fund receives property tax levy money for the purpose of constructing, maintaining, and repairing roads and bridges within the Township.

2141 Road District Fund - The road district fund receives property tax levy money for the purpose of constructing, maintaining, and repairing roads and bridges within the Township.

2041 Cemetery Fund - The cemetery receives revenue from the sale of cemetery plots and burial fees for the purpose of constructing, maintaining, and repairing cemeteries within the Township and the payment of permanent or part time cemetery employees.

2081 Police District Fund - The police district fund receives property tax levy money for the purpose of providing and maintaining police apparatus, equipment, facilities, or the payment of permanent or part time police officers deemed to benefit the residents of the Township.

2271 Enforcement & Education Fund - The enforcement and education fund receives revenue from law enforcement seized or confiscated property and accounts for the expenditure of police protection apparatus, equipment, facilities, supplies, or services deemed to benefit the residents of the Township.

2111 Fire District Fund - The fire district fund receives property tax levy money for the purpose of providing and maintaining fire apparatus, equipment, facilities, sources of water supply and materials, or the payment of permanent, part time, or volunteer firemen, emergency medical technicians, or paramedics or to provide ambulance or emergency medical services to benefit the residents of the Township.

2231 Permissive Motor Vehicle License Tax Fund – The permissive motor vehicle license tax fund receives revenue from fees associated with vehicle licenses as collected by the State of Ohio and accounts for the expenditure of revenue for the purpose of paying the costs and expenses of enforcing and administering the tax provided for in this section; for the construction, reconstruction, improvement, maintenance, and repair of township roads, bridges, and culverts; for purchasing, erecting, and maintaining traffic signs, markers, lights, and signals; for purchasing road machinery and equipment, and planning, constructing, and maintaining suitable buildings to house such equipment; for paying any costs apportioned to the township under section 4907.47 of the Revised Code; and to supplement revenue already available for such purposes. This fund is restricted.

2281 Fire & Rescue, Ambulance & EMS Services Fund - The fire and rescue, ambulance and EMS services fund receives revenue from fees associated with ambulance transportation as collected from individuals or insurance companies and accounts for the expenditure of revenue for the purpose of providing and maintaining fire apparatus, equipment, facilities, sources of water supply and materials, or the payment of permanent, part time, or volunteer firemen, emergency medical technicians, or paramedics or to provide ambulance or emergency medical services to benefit the residents of the Township.

2901 Police Officer Training Grant Fund - The police officer training fund periodically receives grants for the purpose of police training activities and initiatives of benefit to the residents of the Township.

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

3101 General Bond/Note Retirement Fund - The debt service general bond/note retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance the construction of the Township fire station deemed to benefit the properties against which special assessments are levied.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

3902 (OPWC) Debt Service Fund - The (OPWC) debt service fund provides for the collection for and servicing of an anticipation note for road resurfacing capital improvements.

3903 Debt Service OPW Loan Fund - The debt service OPW loan fund provides for the collection for and servicing of an OPWC zero interest road resurfacing capital improvements.

4401 Public Works Commission Project Fund - The Township periodically receives grants from the state public works commission for capital improvements of roads. This account was established to account for revenue and expenditures from an Ohio Public Works Commission (OPWC) grant.

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 (D). 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 (D) 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, function and object 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 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Township'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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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.

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.

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*. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$712,055	\$749,990	\$37,935
Special Revenue	4,978,970	5,188,965	209,995
Debt Service	259,605	263,275	3,670
Capital Projects	350,000	19,130	(330,870)
Total	\$6,300,630	\$6,221,360	(\$79,270)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,215,984	\$971,998	\$243,986
Special Revenue	6,650,005	4,251,495	2,398,510
Debt Service	247,742	238,662	9,080
Capital Projects	350,000	0	350,000
Total	\$8,463,731	\$5,462,155	\$3,001,576

Note 4 – Deposits and Investments

The Township 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:

	2019
Demand deposits	\$2,298,082
Certificates of deposit	407,515
Total deposits	2,705,597
STAR Ohio	5,230
Meeder Investments/US Bank	3,503,268
Total investments	3,508,498
Total deposits and investments	\$6,214,095

Deposits

Deposits are 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.

At December 31, 2018, all deposits were collateralized.

Certificate of Deposits (CD) – The Township purchased a 60 month CD through Middlefield Bank on June 4, 2015 in the amount of \$380,000. The CD pays 2.0% interest annually and matures on June 4, 2020.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

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 exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

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>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Ohio Revised Code also prescribes contribution rates. OPERS - Local members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS – Law Enforcement members contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.10 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$680,000	3.70%
OPWC Loans	\$99,694	0.00%
Total	\$779,694	

The general obligation bonds were issued in 2002 at an interest rate of 1.5% to 4.85% to finance the purchase of a new fire station. The issuance included \$99,999 in capital appreciation bonds. The bonds are for twenty years maturing in 2022. The bond was refunded on October 9, 2012 at an interest rate of 3.7%.

In 2010, the Township entered into a 10 year no-interest bearing loan, maturing in 2021, from the Ohio Public Works Commission (OPWC) in the amount of \$498,471 for the reconstruction of Township roads.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Amortization

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

Year Ending December 31:	General Obligation Bonds	OPWC
2019	\$185,160	\$49,847
2020	184,240	49,847
2021	188,135	
2022	186,660	
Total	\$744,195	\$99,694

Note 10 – Construction and Contractual Commitments

The Township has executed a contract for the Reconstruction of Sections A-C of County Line Road, TR 93, the subject road bridging two counties (Cuyahoga and Geauga) and two political subdivisions (Village of Hunting Valley and Russell Township), and constitutes approximately 3.1 miles of shared roadway. The project is expected to be performed during 2019.

Note 11 – Contingent Liabilities

The Township is a defendant in several lawsuits. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Township’s financial condition.

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 12 - Jointly Governed Organizations

Northeast Ohio Public Energy Council (NOPEC)

The Township is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Township did not contribute to NOPEC during 2018. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

West Geauga Community Joint Recreation District (the District)

The Township is a member of the West Geauga Community Joint Recreation District (the District). The District is formed under Ohio Revised Code 755.14. The District was formed to promote and provide joint recreation programs and to acquire and develop land to meet the recreational needs of the West Geauga Community.

The District is comprised of the Township, Chester Township and the West Geauga Local School District. The District is directed by a nine member Board of Trustees, of which three members are appointed by the Township. The Township contributed \$5,000 to the District during 2018. Financial information can be obtained by contacting the West Geauga Community Joint Recreation District, P.O. Box 384, Chesterland, Ohio 44026.

Valley Enforcement Regional Council of Governments (VERCOG)

The Township is a member of the Valley Enforcement Regional Council of Governments (VERCOG) during 2016, a jointly governed organization. VERCOG is a regional council of government formed under Chapter 167 of the Ohio Revised Code and Article XVIII, Section 3 of the Ohio Constitution. The Council is comprised of 15 communities and was formed to foster cooperation among political subdivisions through the sharing of facilities for their common benefit. This includes the formal supervision and control of the "Valley Enforcement Group" (VEG).

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and Secretary and other officers elected in annual elections. The Board oversees and manages the Council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. The Council also acquires and owns police equipment and other property, to be utilized by all participating members. The Council sets the budget of the VEG upon the recommendation of the VEG Board of Trustees.

The VEG, a 501c(6) organization, is administered by a Board of Trustees composed of the Chief of Police, or acting Chief of Police, of the political subdivisions that formed the Council. The VEG has been designated as an agency of the Council, providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2018, the Township contributed \$8,000 to VERCOG. Financial information for VERCOG can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Chagrin/Southeast Council of Governments (the Council)

The Township is a member of the Chagrin/Southeast Council of Governments (the Council). The Council operates the Chagrin/Southeast HazMat Response Team (the Team). The Team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations; the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. During 2018, the Township contributed \$3,500 to the Council. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Ohio Township Association (OTA)

The Ohio Township Association (OTA) is a statewide organization dedicated to promoting and preserving township government, through lobbying efforts and educational forums. The Association was founded on June 28, 1928, and is organized in 87 counties. The OTA has more than 5,200 active members, made up trustees and fiscal officers from Ohio's 1,308 townships, and more than 4,000 associate members.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Geauga County Township Association (GCTA) is a local affiliate of the Ohio Township Association (OTA) and was founded in November 1929. The GCTA's membership is made up of 64 elected Trustees and Fiscal Officers, serving 16 Geauga County townships as well as almost 100 associate members from businesses, organizations, county government, judicial, and educational facilities. The GCTA meets quarterly to identify, discuss and solve community and local government issues for the betterment of its constituents. During 2018, the Township contributed \$1,385 to GCTA in dues and meeting expenses. Financial information for GCTA can be obtained by contacting the Treasurer GCTA, c/o Auburn Township, 11010 East Washington Street, Auburn Township, Ohio 44023.

Note 13 – Related Organizations

The Russell Township Citizen's Park District is a park District created pursuant to ORC 511. The District's three person commission was appointed by the Township Board of Trustees, and is made up of residents of the Township. The Commissioner's terms are staggered to end in 2020, 2021, and 2022. During 2018, the Township contributed \$3,621 to the Russell Township Citizen's Park District. District's commissioners are appointed by the Township's Board of Trustees.

This Page Intentionally Left Blank

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

Russell Township
Geauga County
8501 Kinsman Road
P.O. Box 522
Novelty, Ohio 44072

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2019, and or each governmental fund type combined total as of and for the year ended December 31, 2018 and related notes of Russell Township, Geauga County, (the Township) and have issued our report thereon dated November 16, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 16, 2022

RUSSELL TOWNSHIP

RUSSELL TOWNSHIP GEAUGA COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Statement Adjustments	Partially Corrected	Disclosed as verbal comment for the years ending December 31, 2019 and 2018.

OHIO AUDITOR OF STATE KEITH FABER



RUSSELL TOWNSHIP

GEAUGA 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 12/20/2022

88 East Broad 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