



Dave Yost • Auditor of State

RUSSELL TOWNSHIP
GEAUGA COUNTY

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Dave Yost • Auditor of State

Russell Township
Geauga County
8501 Kinsman Road
Novelty, Ohio 44072

To the Board of Trustees:

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

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Dave Yost
Auditor of State

October 26, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Russell Township
Geauga County
8501 Kinsman Road
Novelty, Ohio 44072

To the Board of Trustees:

We have audited the accompanying financial statements of Russell Township, Geauga County, Ohio (the Township), as of and for the years ended December 31, 2011 and December 31, 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

October 26, 2012

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$175,670	\$2,698,817	\$437,780		\$3,312,267
Intergovernmental	803,503	574,396	28,349	\$ 498,471	1,904,719
Licenses, Permits, and Fees	47,463	122,211			169,674
Fines, Forfeitures, and Penalties	4,692				4,692
Earnings on Investments	33,786	717			34,503
Other Revenue	73,513	39,098	1,433		114,044
	<u>1,138,627</u>	<u>3,435,239</u>	<u>467,562</u>	<u>498,471</u>	<u>5,539,899</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	637,816	7,754			645,570
Public Safety	48,045	1,870,410	3,314		1,921,769
Public Works	283,704	1,229,139			1,512,843
Health	13,309	5,211			18,520
Debt Service:					
Redemption of Principal			319,924		319,924
Interest and Fiscal Charges			96,837		96,837
Capital Outlay	36,344	244,075		498,824	779,243
	<u>1,019,218</u>	<u>3,356,589</u>	<u>420,075</u>	<u>498,824</u>	<u>5,294,706</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>119,409</u>	<u>78,650</u>	<u>47,487</u>	<u>(353)</u>	<u>245,193</u>
Other Financing Receipts / (Disbursements):					
Other sources	4,805	98,565			103,370
Total Other Financing Receipts / (Disbursements)	<u>4,805</u>	<u>98,565</u>	<u>0</u>	<u>0</u>	<u>103,370</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>124,214</u>	<u>177,215</u>	<u>47,487</u>	<u>(353)</u>	<u>348,563</u>
Fund Cash Balances, January 1, 2011	<u>1,737,419</u>	<u>1,710,294</u>	<u>328,489</u>	<u>353</u>	<u>3,776,555</u>
Fund Cash Balances, December 31, 2011					
Restricted		1,532,801	371,079		1,903,880
Committed	35,761	331,027	4,897		371,685
Assigned		23,861			23,861
Unassigned	1,825,872				1,825,872
Fund Cash Balances, December 31, 2011	<u>\$1,861,633</u>	<u>\$1,887,509</u>	<u>\$375,976</u>	<u>\$0</u>	<u>\$4,125,118</u>

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

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$177,465	\$2,607,732	\$391,102		\$3,176,299
Intergovernmental	748,630	589,382	28,275	\$300,000	1,666,287
Licenses, Permits, and Fees	45,533	85,923			131,456
Fines, Forfeitures, and Penalties	5,827				5,827
Earnings on Investments	35,141	900			36,041
Other Revenue	72,383	40,944	1,433		114,760
	<u>1,084,979</u>	<u>3,324,881</u>	<u>420,810</u>	<u>300,000</u>	<u>5,130,670</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	576,593	5,002			581,595
Public Safety	3,384	1,740,886	3,396		1,747,666
Public Works	18,386	1,565,115		369,219	1,952,720
Health	17,529	3,069			20,598
Debt Service:					
Redemption of Principal			290,000		290,000
Interest and Fiscal Charges			107,485		107,485
Capital Outlay	98,007	281,051		300,000	679,058
	<u>713,899</u>	<u>3,595,123</u>	<u>400,881</u>	<u>669,219</u>	<u>5,379,122</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>371,080</u>	<u>(270,242)</u>	<u>19,929</u>	<u>(369,219)</u>	<u>(248,452)</u>
Other Financing Receipts / (Disbursements):					
Sale of fixed assets		4,205			4,205
Other sources	1,293	80,598			81,891
Total Other Financing Receipts / (Disbursements)	<u>1,293</u>	<u>84,803</u>	<u>0</u>	<u>0</u>	<u>86,096</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>372,373</u>	<u>(185,439)</u>	<u>19,929</u>	<u>(369,219)</u>	<u>(162,356)</u>
Fund Cash Balances, January 1, 2010	<u>1,365,046</u>	<u>1,895,733</u>	<u>308,560</u>	<u>369,572</u>	<u>3,938,911</u>
Fund Cash Balances, December 31, 2010	<u>\$1,737,419</u>	<u>\$1,710,294</u>	<u>\$328,489</u>	<u>\$353</u>	<u>\$3,776,555</u>
Reserve for Encumbrances, December 31, 2010	<u>\$18,356</u>	<u>\$67,135</u>	<u>\$0</u>	<u>\$500,000</u>	<u>\$585,491</u>

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

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Russell Township, Geauga County, (The Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, emergency medical services, and police protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are 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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Police District Fund - This fund receives property tax money to provide police protection to the Township residents.

Fire District Fund - This fund receives property tax money to provide fire protection to the Township residents.

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road District Fund - This fund receives property tax money voted on by the citizens for constructing, maintaining and repairing Township roads.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects funds:

Public Works Fund – This fund was established to pay for the construction of a road project. It received its funds from Ohio Public Works Commission.

Miscellaneous Capital Project Fund – This fund was established to pay for the construction of a road project. It received its funds from a note issue.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance

For December 31, 2011, 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:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The 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.

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.

**RUSSELL TOWNSHIP
GEOUGA COUNTY**

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

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:

	2011	2010
Demand deposits	\$3,740,730	\$3,392,383
Total deposits	3,740,730	3,392,383
STAR Ohio	384,388	384,172
Total investments	384,388	384,172
Total deposits and investments	\$4,125,118	\$3,776,555

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

Investments: The Township's STAR Ohio account is recorded at the amount reported by Ohio Treasurer on December 31, 2011 and 2010. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$378,677	\$1,143,432	\$764,755
Special Revenue	3,455,554	3,533,804	78,250
Debt Service	438,631	467,562	28,931
Capital Projects	50,000	498,471	448,471
Total	\$4,322,862	\$5,643,269	\$1,320,407

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,116,097	\$1,019,218	\$1,096,879
Special Revenue	5,165,748	3,356,589	1,809,159
Debt Service	767,043	420,075	346,968
Capital Projects	550,353	498,824	51,529
Total	\$8,599,241	\$5,294,706	\$3,304,535

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$369,030	\$1,086,272	\$717,242
Special Revenue	3,204,845	3,409,684	204,839
Debt Service	414,832	420,810	5,978
Capital Projects	800,000	300,000	(500,000)
Total	\$4,788,707	\$5,216,766	\$428,059

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

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

3. BUDGETARY ACTIVITY (CONTINUED)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,734,076	\$713,899	\$1,020,177
Special Revenue	5,074,536	3,595,123	1,479,413
Debt Service	723,391	400,881	322,510
Capital Projects	1,169,219	669,219	500,000
Total	\$8,701,222	\$5,379,122	\$3,322,100

4. PROPERTY TAX

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

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

Tangible personal property tax receipts received during 2010 (other than public utility property tax) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies.

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, 2011 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$1,519,999	1.5% to 4.85%
OPWC	498,471	0%
Road Note	420,000	3.65%
Total	\$2,438,470	

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 and mature in 2022.

In 2004 the Township issued acquisition bonds in the amount of \$300,000 at an interest rate of 4.17% to finance the purchase of a fire truck. The bond was for ten years and matured in 2014. The Township paid off the fire truck by December 31, 2011.

In 2009 the Township issued \$700,000 in notes at an interest rate of 3.65% for the road re-pavement project. The note is for five years and matures in 2014.

**RUSSELL TOWNSHIP
GEAUGA COUNTY**

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

5. DEBT (CONTINUED)

In 2010 the Township entered into a 10 year loan, maturing in 2021, from the Ohio Public Works Commission (OPWC) in the amount of \$498,471 for paving of Township roads at an interest rate of 0%.

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

Year ending December 31:	General Obligation			Totals
	Bonds	Road Note	OPWC Loan	
2012	\$196,368	\$155,330	\$49,847	\$401,545
2013	196,368	150,220	49,847	396,435
2014	196,368	145,110	49,847	391,325
2015	195,518		49,847	245,365
2016	199,442		49,847	249,289
2017-2021	987,411		224,312	1,211,723
2022	199,215			199,215
Total	<u>\$2,170,690</u>	<u>\$450,660</u>	<u>\$473,547</u>	<u>\$3,094,897</u>

6. RETIREMENT SYSTEMS

OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries from January 1, 2010 through December 31, 2011. The Township has paid all contributions required through December 31, 2011.

Effective August 3, 1992, new part-time Township fire-fighters and all emergency medical staff are no longer covered by Public Employees Retirement System and must contribute to social security. The Township's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Commercial automobile insurance
- Public officials' liability
- Law Enforcement liability
- Crime



Dave Yost • Auditor of State

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

Russell Township
Geauga County
8501 Kinsman Road
Novelty, Ohio 44072

To the Board of Trustees:

We have audited the financial statements of Russell Township, Geauga County, (the Township) as of and for the years ended December 31, 2011 and December 31, 2010, and have issued our report thereon dated October 26, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and during 2011 the Township adopted the provisions of Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Dave Yost
Auditor of State

October 26, 2012



Dave Yost • Auditor of State

RUSSELL TOWNSHIP

GEAUGA 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
NOVEMBER 8, 2012**