



OHIO AUDITOR OF STATE
KEITH FABER



**RUSSELL TOWNSHIP
GEAUGA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Russell Township, Geauga County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 15, 2023

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**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, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$769,598	\$4,301,829	\$33,345		\$5,104,772
Licenses, Permits and Fees	81,823	133,038			214,861
Fines and Forfeitures	3,511				3,511
Intergovernmental	180,994	876,750	4,862		1,062,606
Earnings on Investments	64,739	4,678			69,417
Miscellaneous	31,464	120,600	1,433	22,026	175,523
<i>Total Cash Receipts</i>	<u>1,132,129</u>	<u>5,436,895</u>	<u>39,640</u>	<u>22,026</u>	<u>6,630,690</u>
Cash Disbursements					
Current:					
General Government	796,571	28,000		27,530	852,101
Public Safety	2,684	2,739,086	531		2,742,301
Public Works	8,200	1,083,162			1,091,362
Health	7,403	10,280			17,683
Capital Outlay	72,582	879,462		341,870	1,293,914
Debt Service:					
Principal Retirement		59,105	175,001		234,106
Interest and Fiscal Charges		16,542	13,135		29,677
<i>Total Cash Disbursements</i>	<u>887,440</u>	<u>4,815,637</u>	<u>188,667</u>	<u>369,400</u>	<u>6,261,144</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>244,689</u>	<u>621,258</u>	<u>(149,027)</u>	<u>(347,374)</u>	<u>369,546</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		61,131			61,131
Transfers In				145,484	145,484
Transfers Out	(55,859)	(89,625)			(145,484)
Other Financing Sources	337	4,127			4,464
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(55,522)</u>	<u>(24,367)</u>	<u>0</u>	<u>145,484</u>	<u>65,595</u>
<i>Net Change in Fund Cash Balances</i>	189,167	596,891	(149,027)	(201,890)	435,141
<i>Fund Cash Balances, January 1</i>	<u>1,504,292</u>	<u>4,474,359</u>	<u>340,771</u>	<u>1,933,909</u>	<u>8,253,331</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,693,459</u>	<u>\$5,071,250</u>	<u>\$191,744</u>	<u>\$1,732,019</u>	<u>\$8,688,472</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, 2021

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.

The Township's Police Department is represented by two bargaining units through the Ohio Patrolmen's Benevolent Association. These two units consist of a two-member (full time) Sergeant's Unit and a 10 member (eight full time, two part time) Patrol Officer Unit. Both Unit's contract term run three years and expired on December 31, 2023.

Jointly Governed Organizations, Public Entity Risk Pool and Related Organizations

The Township participates in a public entity risk pool, five 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:

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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.

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.

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.

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.

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.

2272 ARP: Local Fiscal Recovery Fund - The ARP Local Fiscal Recovery fund periodically receives grants as authorized by Ohio General Assembly House Bill 168, officially designating Ohio Townships as eligible NEUs with regard to ARP funding for the following purposes:

- To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality.
- To provide premium pay to essential employees or grants to employers to provide premium pay (premium pay cannot exceed \$13 per hour or \$25,000 per worker and cannot exceed certain local averages, unless specifically justified);
- To provide government services affected by a revenue reduction due to the public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- Make necessary investments in water, sewer, or broadband infrastructure.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

2902 FEMA Grant Fund - The FEMA fund periodically receives grants for the purpose of assistance to firefighters and initiatives of benefit to the residents of the Township.

2903 CARES ACT – HHS Provider Relief Fund - The CARES Act HHS fund periodically receives grants for the purpose of reimbursement for qualified expenses incurred by the Fire Department in responding to the COVID-19 pandemic.

2904 Local Coronavirus Relief Fund - The CARES Act Coronavirus Relief Fund periodically receives grants for the purpose of reimbursement for qualified expenses incurred by the Township in responding to the COVID-19 pandemic.

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.

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

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:

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.

4903 NOPEC Grant Fund – The Grant Fund periodically receives grants for the purpose of infrastructure improvements related to energy saving, conservation or efficiency of benefit to the Township’s facilities.

4904 Capital Projects Fund – General Fund Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Administration Building, Historic Town Hall, Old Fire Station, Cemeteries, and Baseball Field.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

4905 Capital Projects Fund – Road Department Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Road Department.

4906 Capital Projects Fund – Police Department Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Police Department.

4907 Capital Projects Fund – Fire Department Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Fire Department.

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 2021 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, 2021

The Township values investments at fair value which is based on quoted market prices. Money market mutual funds are recorded at share values the mutual funds report. 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. The Township utilizes the services of an independent investment advisor to manage the Township's investments in accordance with the Township's investment policy and Ohio Revised Code. During the year, investments were limited to money market mutual funds, U.S. Treasury notes, U.S. Government agencies, certificates of deposit, municipal notes, commercial paper, and STAR Ohio, an investment pool managed by the State Treasurer's Office.

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, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,087,678	\$1,132,466	\$44,788
Special Revenue	5,340,224	5,502,153	161,929
Debt Service	36,815	39,640	2,825
Capital Projects	13,500	167,510	154,010
Total	\$6,478,217	\$6,841,769	\$363,552

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,060,744	\$1,108,248	\$952,496
Special Revenue	6,679,065	5,284,914	1,394,151
Debt Service	190,780	188,667	2,113
Capital Projects	534,719	380,048	154,671
Total	\$9,465,308	\$6,961,877	\$2,503,431

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:

Cash Management Pool:	2021
Demand deposits	\$233,453
STAR Ohio	664,458
Meeder Investments/US Bank	7,790,561
Total Deposits and investments	\$8,688,472

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$0 in unremitted employee payroll withholdings.

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, 2021, all deposits were insured or collateralized.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Investments

A financial institution's trust department hold the Township's equity securities in book-entry form in the Township's name. The financial institution maintains records identifying the Township as owner of these securities. The Township utilizes the services of an independent investment advisor to manage the Township's investments in accordance with the Township's investment policy and Ohio Revised Code.

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 pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Ohio Township Association Risk Management Authority (OTARMA) was formed in 1987, for the primary purpose of managing and funding third-party liability claims filed against its Members. OTARMA subsequently expanded its coverage capability to include first-party coverage.

The stated purpose of OTARMA is to provide its Members with broader coverage than is available in the conventional insurance marketplace and provide that coverage on a continuous basis that allows Members to keep pricing stable and accurately budget over a long period of time.

OTARMA is a member-owned risk management program, endorsed by the Ohio Township Association. OTARMA provides the broadest property and liability coverage, outstanding service, and stable pricing for Ohio Townships of all sizes. OTARMA's mission is to provide members with responsive risk management solutions.

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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, 2021.

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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$180,000	3.70%
Total	\$180,000	

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

At the election held November 2001, on the question of issuing bonds of the Township in the aggregate principal amount of \$2,500,000 for the purpose of constructing, furnishing, equipping, and otherwise improving a new Township fire station and its site, and of levying taxes outside the ten-mill limitation to pay the debt charges on those bonds and any anticipatory securities, the requisite majority of those voting on the question voted in favor of it. In June, 2002, there were \$2,499,999 Fire Station Construction Bonds, Series 2002, dated as of August 1, 2022 (the Original Bonds). In September, 2012 (the Series 2012 Bonds), there were issued \$1,415,000 Fire Station Construction Refunding Bonds, Series 2012, dated October 9, 2012, for the purpose of refunding for debt charges saving the Original Bonds maturing on December 1, in the years 2018 and 2022. 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%.

Leases

In February 2020, the Township entered into a 10-year Master Exempt Lease Purchase Agreement with Key Government Finance, Inc. for the purchase of a new Fire Engine. The escrow account was funded with \$662,125 in 2020 and was 100% disbursed in March 2021. Interest was earned in the amount of \$13 for 2021. The effective repayment interest rate is 2.50%. The Township disbursed \$75,647 to pay lease costs for the year ended December 31, 2021.

Amortization

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

Year Ending December 31:	General Obligation Bonds	Lease
2022	\$186,660	\$75,647
2023	0	75,647
2024	0	75,647
2025	0	75,647
2026	0	75,647
2027-2030	0	302,588
Total	\$186,660	\$680,823

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 the final payment was issued in September 2021.

In December 2021, the Township issued an Advertisement for Sealed Bids for a Safety Services Storage Facility. As of December 31, 2021 the bids had been received however no award was made.

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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

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 2021. 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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021, the Township contributed \$10,000 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 2021, 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.

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 2021, the Township contributed \$475 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

In August 2021, the Township entered into a Lease Agreement with the Russell Township Citizen's Park District for approximately 151 acres in the Upper Chagrin Preserve (UCP) for the purpose of assisting the Board of Trustees with the management and stewardship of the UCP as a passive use public park. The Term of the Lease is August 2021 through August 2023 and the annual rent is \$1.00 per year.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$164,949	\$379,652	\$10,648	\$555,249
Total	<u>\$164,949</u>	<u>\$379,652</u>	<u>\$10,648</u>	<u>\$555,249</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. During 2021, The Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**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, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$706,995	\$4,208,483	\$87,555		\$5,003,033
Licenses, Permits and Fees	77,239	108,377			185,616
Fines and Forfeitures	2,583				2,583
Intergovernmental	165,390	887,358	5,550	309,749	1,368,047
Earnings on Investments	108,752	6,853			115,605
Miscellaneous	172,237	186,202	1,529	14,700	374,668
<i>Total Cash Receipts</i>	<u>1,233,196</u>	<u>5,397,273</u>	<u>94,634</u>	<u>324,449</u>	<u>7,049,552</u>
Cash Disbursements					
Current:					
General Government	706,015	258,791			964,806
Public Safety	830	2,506,406	605		2,507,841
Public Works	10,056	1,059,524			1,069,580
Health	12,555	3,639			16,194
Capital Outlay	67,213	1,259,188		1,730,078	3,056,479
Debt Service:					
Principal Retirement			214,846		214,846
Interest and Fiscal Charges			19,240		19,240
<i>Total Cash Disbursements</i>	<u>796,669</u>	<u>5,087,548</u>	<u>234,691</u>	<u>1,730,078</u>	<u>7,848,986</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>436,527</u>	<u>309,725</u>	<u>(140,057)</u>	<u>(1,405,629)</u>	<u>(799,434)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		29,986			29,986
Transfers In				1,592,469	1,592,469
Transfers Out	(575,194)	(1,017,275)		0	(1,592,469)
Other Financing Sources	675	6,756			7,431
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(574,519)</u>	<u>(980,533)</u>	<u>0</u>	<u>1,592,469</u>	<u>37,417</u>
<i>Net Change in Fund Cash Balances</i>	<u>(137,992)</u>	<u>(670,808)</u>	<u>(140,057)</u>	<u>186,840</u>	<u>(762,017)</u>
<i>Fund Cash Balances, January 1</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>
<i>Fund Cash Balances, December 31</i>	<u>\$1,504,292</u>	<u>\$4,474,359</u>	<u>\$340,771</u>	<u>\$1,933,909</u>	<u>\$8,253,331</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, 2020

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.

The Township's Police Department is represented by two bargaining units through the Ohio Patrolmen's Benevolent Association. These two units consist of a two-member (full time) Sergeant's Unit and a 11 member (seven full time, four part time) Patrol Officer Unit. Both Unit's contract term run three years and expired on December 31, 2020. Negotiations are in progress and both Units are currently working under the expired contract.

Jointly Governed Organizations, Public Entity Risk Pool and Related Organizations

The Township participates in a public entity risk pool, five 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:

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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.

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.

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.

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.

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.

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.

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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2902 FEMA Grant Fund - The FEMA fund periodically receives grants for the purpose of assistance to firefighters and initiatives of benefit to the residents of the Township.

2903 CARES ACT – HHS Provider Relief Fund - The CARES Act HHS fund periodically receives grants for the purpose of reimbursement for qualified expenses incurred by the Fire Department in responding to the COVID-19 pandemic.

2904 Local Coronavirus Relief Fund - The CARES Act Coronavirus Relief Fund periodically receives grants for the purpose of reimbursement for qualified expenses incurred by the Township in responding to the COVID-19 pandemic.

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.

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

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:

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.

4903 NOPEC Grant Fund – The Grant Fund periodically receives grants for the purpose of infrastructure improvements related to energy saving, conservation or efficiency of benefit to the Township’s facilities.

4904 Capital Projects Fund – General Fund Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Administration Building, Historic Town Hall, Old Fire Station, Cemeteries, and Baseball Field.

4905 Capital Projects Fund – Road Department Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Road Department.

4906 Capital Projects Fund – Police Department Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Police Department.

4907 Capital Projects Fund – Fire Department Reserve Items – Established for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the Township’s Fire Department.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 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.

The Township values investments at fair value which is based on quoted market prices. Money market mutual funds are recorded at share values the mutual funds report. 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. The Township utilizes the services of an independent investment advisor to manage the Township's investments in accordance with the Township's investment policy and Ohio Revised Code. During the year, investments were limited to money market mutual funds, U.S. Treasury notes, U.S. Government agencies, certificates of deposit, municipal notes, commercial paper, and STAR Ohio, an investment pool managed by the State Treasurer's Office.

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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,082,912	\$1,233,871	\$150,959
Special Revenue	5,148,656	5,434,015	285,359
Debt Service	93,637	94,634	997
Capital Projects	581,530	1,916,918	1,335,388
Total	\$6,906,735	\$8,679,438	\$1,772,703

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,138,592	\$1,535,039	\$603,553
Special Revenue	7,106,001	6,550,039	555,962
Debt Service	238,087	234,691	3,396
Capital Projects	580,025	1,898,997	(1,318,972)
Total	\$10,062,705	\$10,218,766	(\$156,061)

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:

Cash Management Pool:	2020
Demand deposits	\$267,048
STAR Ohio	2,662,534
Meeder Investments/US Bank	5,323,749
Total Deposits and investments	\$8,253,331
Segregated Accounts - Not Held in the Pool:	
Other Paying Agent Outside Account	\$662,181

The Township has an escrow account with Key Government Finance pursuant to a 10-year Master Tax exempt Lease Purchase Agreement for the purchase of a new Fire Engine. The escrow account was funded with \$662,125 and earned interest in the amount of \$56 through December 31, 2020.

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, 2020, \$99,578 of all deposits were not insured or collateralized.

Investments

A financial institution's trust department hold the Township's equity securities in book-entry form in the Township's name. The financial institution maintains records identifying the Township as owner of these securities. The Township utilizes the services of an independent investment advisor to manage the Township's investments in accordance with the Township's investment policy and Ohio Revised Code.

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Ohio Township Association Risk Management Authority (OTARMA) was formed in 1987, for the primary purpose of managing and funding third-party liability claims filed against its Members. OTARMA subsequently expanded its coverage capability to include first-party coverage.

The stated purpose of OTARMA is to provide its Members with broader coverage than is available in the conventional insurance marketplace and provide that coverage on a continuous basis that allows Members to keep pricing stable and accurately budget over a long period of time.

OTARMA is a member-owned risk management program, endorsed by the Ohio Township Association. OTARMA provides the broadest property and liability coverage, outstanding service, and stable pricing for Ohio Townships of all sizes. OTARMA's mission is to provide members with responsive risk management solutions.

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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, 2020.

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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$355,000	3.70%
Total	\$355,000	

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Notes to the Financial Statements
For the Year Ended December 31, 2020

At the election held November 2001, on the question of issuing bonds of the Township in the aggregate principal amount of \$2,500,000 for the purpose of constructing, furnishing, equipping, and otherwise improving a new Township fire station and its site, and of levying taxes outside the ten-mill limitation to pay the debt charges on those bonds and any anticipatory securities, the requisite majority of those voting on the question voted in favor of it. In June, 2002, there were \$2,499,999 Fire Station Construction Bonds, Series 2002, dated as of August 1, 2022 (the Original Bonds). In September, 2012 (the Series 2012 Bonds), there were issued \$1,415,000 Fire Station Construction Refunding Bonds, Series 2012, dated October 9, 2012, for the purpose of refunding for debt charges saving the Original Bonds maturing on December 1, in the years 2018 and 2022. 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%.

Leases

In February 2020, the Township entered into a 10-year Master Exempt Lease Purchase Agreement with Key Government Finance, Inc. for the purchase of a new Fire Engine. The escrow account was funded with \$662,125 and earned interest in the amount of \$56.41 through December 31, 2020. The effective repayment interest rate is 2.50%. The Township disbursed \$0 to pay lease costs for the year ended December 31, 2020.

Amortization

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

Year Ending December 31:	General Obligation Bonds	Lease
2021	\$188,135	\$75,647
2022	186,660	75,647
2023	0	75,647
2024	0	75,647
2025	0	75,647
2026-2031	0	378,247
Total	\$374,795	\$756,482

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 work was substantially complete 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.

Russell Township
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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 2020. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

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 2020. 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.

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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 2020, the Township contributed \$10,000 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 2020, 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.

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 2020, the Township contributed \$450 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. The Township did not contribute to the Russell Township Citizen's Park District during 2020. District's commissioners are appointed by the Township's Board of Trustees; however, as of December 31, 2020 there were no initial appointments.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	\$163,176	\$445,216	\$168,919	\$777,311
Total	<u>\$163,176</u>	<u>\$445,216</u>	<u>\$168,919</u>	<u>\$777,311</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Russell Township, Geauga County, Ohio (the Township) and have issued our report thereon dated June 15, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 15, 2023

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 7/6/2023

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