



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF SOUTH RUSSELL
GEAUGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of South Russell
Geauga County
5205 Chillicothe Road
South Russell, Ohio 44022

To the Village Council and Mayor:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of South Russell, Geauga County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, 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 and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, 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 Village, as of December 31, 2022 and 2021, 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 Village, 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 Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village'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 Village'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 Village'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 October 30, 2023, on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 30, 2023

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Village of South Russell
Geauga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$471,978	\$887,613	\$0	\$1,359,591
Municipal Income Tax	2,536,591			2,536,591
Intergovernmental	144,734	573,157	98,055	815,946
Charges for Services	62,072	10,462		72,534
Fines, Licenses and Permits	101,289	8,183		109,472
Earnings on Investments	14,704	8,636		23,340
Miscellaneous	14,106	45,354		59,460
<i>Total Cash Receipts</i>	<u>3,345,474</u>	<u>1,533,405</u>	<u>98,055</u>	<u>4,976,934</u>
Cash Disbursements				
Current:				
Security of Persons and Property	502,875	1,640,686		2,143,561
Public Health Services		6,388		6,388
Community Environment	149,989	15,603		165,592
Transportation		960,411		960,411
General Government	760,437	401,761		1,162,198
Capital Outlay		363,396	502,120	865,516
Debt Service:				
Principal Retirement			150,597	150,597
<i>Total Cash Disbursements</i>	<u>1,413,301</u>	<u>3,388,245</u>	<u>652,717</u>	<u>5,454,263</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,932,173</u>	<u>(1,854,840)</u>	<u>(554,662)</u>	<u>(477,329)</u>
Other Financing Receipts (Disbursements)				
Transfers In		1,344,835	834,100	2,178,935
Transfers Out	(2,178,935)			(2,178,935)
Advances In			160,000	160,000
Advances Out	(160,000)			(160,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,338,935)</u>	<u>1,344,835</u>	<u>994,100</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(406,762)	(510,005)	439,438	(477,329)
<i>Fund Cash Balances, January 1</i>	<u>1,160,109</u>	<u>1,827,528</u>	<u>395,711</u>	<u>3,383,348</u>
<i>Fund Cash Balances, December 31</i>	<u>\$753,347</u>	<u>\$1,317,523</u>	<u>\$835,149</u>	<u>\$2,906,019</u>

Village of South Russell
 Geauga County
 Statement of Receipts, Disbursements
 and Changes in Fund Balance (Regulatory Cash Basis)
 Fiduciary Fund Type
 For the Year Ended December 31, 2022

	Fiduciary Fund Type
	Custodial
Cash Receipts	
Other Non-Operating Cash Receipts	\$100,836
Cash Disbursements	
Other Non-Operating Cash Disbursements	168,287
<i>Net Change in Fund Cash Balances</i>	(67,451)
<i>Fund Cash Balances, January 1</i>	213,488
<i>Fund Cash Balances, December 31</i>	\$146,037

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Village of South Russell, Geauga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services including road maintenance, recreation, and police protection. The Village contracts with the Chagrin Falls Suburban Fire Department to receive fire protection services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in public entity risk pools and jointly governed organizations. Notes 11 & 12 to the financial statements provides additional information for these entities.

Northeast Ohio Public Energy Council: Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas.

Valley Enforcement Regional Council of Governments: The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

Chagrin/Southeast Council of Governments: The Village is a member of the Chagrin/Southeast Council of Governments (COG), a jointly governed organization. COG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. COG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

Ohio Municipal League Group Rating Plan (GRP) for Workers' Compensation: The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation.

Public Entities Pool of Ohio: The Village is a member of the Public Entities Pool of Ohio is a joint self-insurance pool to provide for joint and cooperative pooling of financials and administrative resources, provide risk management services and risk sharing facilities to the members.

Chargin Valley Dispatch Council: The Village is a member of the Chagrin Valley Dispatch Council (CVD), a jointly governed organization. CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordination action in matters relating to the dispatch of public safety services and operation of a communications center.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fund Accounting

The Village 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 Village 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 Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Maintenance - The street maintenance fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Safety Fund – The safety fund accounts for and reports revenue from the safety levies restricted for the purpose of providing and maintaining motor vehicles, communications and other equipment used directly in the operation of the police department and the payments of the employer's police pension and OPERS contributions.

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 Village had the following significant capital project funds:

Special Road Fund – This fund is used to account for major road construction activities.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund is:

Construction Fund – This fund is used to account for refundable deposits for residential, commercial and industrial type work, prior to construction.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 - personal services level, and appropriations may not exceed estimated resources. The Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

The Village values investments at fair value which is based on quoted market prices. Money market mutual funds are recorded at share value the mutual fund reports. During the year, investments were limited to money market mutual funds, U.S. Treasury Notes, U.S. Government agencies, and Certificates of Deposits.

Capital Assets

The Village 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 sick 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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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*.

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 Village 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, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,113,642	\$3,345,474	\$231,832
Special Revenue	2,851,211	2,878,240	27,029
Capital Projects	1,112,990	1,092,155	(20,835)
Fiduciary	88,850	100,836	11,986
Total	\$7,166,693	\$7,416,705	\$250,012

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,875,603	\$3,752,236	\$123,367
Special Revenue	3,902,569	3,418,602	483,967
Capital Projects	740,549	674,724	65,825
Fiduciary	188,850	168,287	20,563
Total	\$8,707,571	\$8,013,849	\$693,722

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribed allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$1,437,401
Certificates of deposit	19,910
Other time deposits (savings and NOW accounts)	5,056
Total deposits	1,462,367
U.S. Treasury Notes	974,812
STAR Ohio	614,877
Total investments	1,589,689
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$3,052,056

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect new payroll plus all remitted payroll withholdings.

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 the second Wednesday in February. If the property owner elects to pay semiannually, the first half is due the second Wednesday in February and the second half payment is due the second Wednesday in July.

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

Income Taxes

The Village levies a municipal income tax of 1.25% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village of South Russell's policy. The Pool may make Supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

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

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

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Note 7 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$160,000 advanced to Manor Brook Project Fund to provide working capital for the project.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Thirteen 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 members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

Ten Village full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages.

Social Security

Three Village 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 Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Construction and Contractual Commitments

The Village's Manor Brook Project is a stormwater mediation project that took place in the Whitetail/Manor Brook subdivision. The Village's estimated cost is \$188,990 of the estimated \$451,518 project cost total.

Note 11 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village 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 insuring 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 then 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 Village did not contribute to NOPEC during 2022. Financial information may be obtained by contacting Chuck Keiper, Executive Director, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of the Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement village under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. 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 2022 the Village paid \$10,000 VERCOG. Financial Information may be obtained by contacting Joe Brodzinski, Fiscal Officer 28000 Shaker Boulevard, Pepper Pike, Ohio 44124.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (COG), a jointly governed organization. COG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. COG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. The purpose of this Council is to promote cooperative arrangements and coordinate action among its members in matters relating to hazardous materials and terrorism response and the operation of the Chagrin/Southeast Hazardous Material Response Team. During 2022 the Village paid \$3,500 to the Chagrin/Southeast Council of Governments. Financial information may be obtained by contacting John Veres, Fiscal Officer, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVD), a jointly governed organization. CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordination action in matters relating to the dispatch of public safety services and the operation of a communications center. During 2022, the Village contributed \$55,609 to CVD. Payments were for dispatch services and other emergency related fees. Financial information for CVD can be obtained by Contacting Nick DiCicco, Director, 88 Center Street, Suite B 100, Bedford, Ohio 44146.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

The Village participates in the Public Entities Pool of Ohio which is a self-insurance pool for property and casualty insurance. The pool's business and affairs are conducted by a Board of Directors of no fewer than seven (7) member and Members of the Board who consist of elected or appointed officials of Pool Members or representatives of Pool Members for three (3) year terms.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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:

Fund Balances	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$30,357	\$22,007	\$52,364
Total	\$30,357	\$22,007	\$52,364

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

Note 14 – COVID-19

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

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Village of South Russell
Geauga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$475,329	\$894,074	\$0	\$1,369,403
Municipal Income Tax	1,979,175			1,979,175
Intergovernmental	138,213	617,625	171,501	927,339
Charges for Services	82,196	6,239		88,435
Fines, Licenses and Permits	113,600	4,252		117,852
Earnings on Investments	868	509		1,377
Miscellaneous	14,089	34,199		48,288
<i>Total Cash Receipts</i>	<u>2,803,470</u>	<u>1,556,898</u>	<u>171,501</u>	<u>4,531,869</u>
Cash Disbursements				
Current:				
Security of Persons and Property	434,289	1,422,316		1,856,605
Public Health Services		4,070		4,070
Community Environment	142,927	12,130		155,057
Transportation		686,178		686,178
General Government	702,480	383,112		1,085,592
Capital Outlay			462,006	462,006
Debt Service:				
Principal Retirement			9,127	9,127
<i>Total Cash Disbursements</i>	<u>1,279,696</u>	<u>2,507,806</u>	<u>471,133</u>	<u>4,258,635</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,523,774</u>	<u>(950,908)</u>	<u>(299,632)</u>	<u>273,234</u>
Other Financing Receipts (Disbursements)				
Transfers In		964,000	259,231	1,223,231
Transfers Out	(1,223,231)			(1,223,231)
Advances In	165,565	130,000	35,575	331,140
Advances Out	(165,565)	(130,000)	(35,575)	(331,140)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,223,231)</u>	<u>964,000</u>	<u>259,231</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	300,543	13,092	(40,401)	273,234
<i>Fund Cash Balances, January 1</i>	<u>859,566</u>	<u>1,814,436</u>	<u>436,112</u>	<u>3,110,114</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,160,109</u>	<u>\$1,827,528</u>	<u>\$395,711</u>	<u>\$3,383,348</u>

Village of South Russell
 Geauga County
 Statement of Receipts, Disbursements
 and Changes in Fund Balance (Regulatory Cash Basis)
 Fiduciary Fund Type
 For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
Cash Receipts	
Other Non-Operating Receipts	\$154,365
Cash Disbursements	
Other Non-Operating Cash Disbursements	96,558
<i>Net Change in Fund Cash Balances</i>	57,807
<i>Fund Cash Balances, January 1</i>	155,681
<i>Fund Cash Balances, December 31</i>	\$213,488

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of South Russell, Geauga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services including road maintenance, recreation, and police protection. The Village contracts with the Chagrin Falls Suburban Fire Department to receive fire protection services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in public entity risk pools and jointly governed organizations. Notes 11 & 12 to the financial statements provides additional information for these entities.

Northeast Ohio Public Energy Council: Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas.

Valley Enforcement Regional Council of Governments: The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

Chagrin/Southeast Council of Governments: The Village is a member of the Chagrin/Southeast Council of Governments (COG), a jointly governed organization. COG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. COG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

Ohio Municipal League Group Rating Plan (GRP) for Workers' Compensation: The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation.

Public Entities Pool of Ohio: The Village is a member of the Public Entities Pool of Ohio is a joint self-insurance pool to provide for joint and cooperative pooling of financials and administrative resources, provide risk management services and risk sharing facilities to the members.

Chargin Valley Dispatch Council: The Village is a member of the Chagrin Valley Dispatch Council (CVD), a jointly governed organization. CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordination action in matters relating to the dispatch of public safety services and operation of a communications center.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fund Accounting

The Village 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 Village 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 Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Maintenance - The street maintenance fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Safety Fund - The safety fund accounts for and reports revenue from the safety levies restricted for the purpose of providing and maintaining motor vehicles, communications and other equipment used directly in the operation of the police department and the payments of the employer's police pension and OPERS contributions.

Road and Bridge Fund - The road and bridge fund accounts for and reports revenue from the road and bridge levy restricted for the purpose of construction, maintenance and repair of streets and bridges within the Village.

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 Village had the following significant capital project funds:

Special Road Fund – This fund is used to account for major road construction activities.

Headwater Restoration Project Fund - This fund is used to account for the Village Headwater restoration project to take place on Village Hall and Park property.

Special Equipment Fund – This fund is used to account for major equipment purchases.

Lake Louise Bridge Fund – This fund is used to account for the replacement of the Lake Louise Bridge.

Manor Brook Project Fund – This fund is used to account for the Manor Brook Headwater Project.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's custodial fund is:

Construction Fund – This fund is used to account for refundable deposits for residential, commercial and industrial type work, prior to construction.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund - personal services level, and appropriations may not exceed estimated resources. The Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

Capital Assets

The Village 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 sick leave. The financial statements do not include a liability for unpaid leave.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fund Balance

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

Nonspendable The Village 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 Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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*.

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 Village 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, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,692,855	\$2,969,035	\$276,180
Special Revenue	2,379,363	2,650,898	271,535
Capital Projects	675,663	466,307	(209,356)
Fiduciary	81,000	154,365	73,365
Total	\$5,828,881	\$6,240,605	\$411,724

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,062,201	\$2,668,492	\$393,709
Special Revenue	3,208,856	2,749,108	459,748
Capital Projects	825,689	605,601	220,088
Fiduciary	106,000	96,558	9,442
Total	\$7,202,746	\$6,119,759	\$1,082,987

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribed allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$1,998,923
STAR Ohio	1,597,913
Total Deposits and investments	\$3,596,836

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect new payroll plus all remitted payroll withholdings.

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 the second Wednesday in February. If the property owner elects to pay semiannually, the first half is due the second Wednesday in February and the second half payment is due the second Wednesday in July.

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

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Income Taxes

The Village levies a municipal income tax of 1.25% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for Workers' Compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The executive director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village of South Russell's policy. The Pool may make Supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

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

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

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	\$14,974,099

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Nineteen 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.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

Ten Village full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages.

Social Security

Three Village 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 Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F 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 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$150,597	0%
Total	\$150,597	

The Ohio Public Works Commission (OPWC) loan relates to the Bell Road resurfacing project. The OPWC approved \$182,542 in loans to the Village for this project. The Village is repaying the loans in semiannual installments of \$4,564, with no interest, over 20 years beginning in 2018.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

Year December 31:	Ending OPWC
2022	\$9,127
2023	9,127
2024	9,127
2025	9,127
2026	9,127
2027-2031	45,635
2032-2036	45,635
2037-2038	13,692
Total	\$150,597

Note 10 – Construction and Contractual Commitments

The Road Program funds were not received by year end and \$111,302 was encumbered to 2022 for these costs.

The Lake Louise Bridge Project was not complete by year end and \$98,893 was encumbered to 2022 for these costs.

Note 11 – Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village 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 insuring 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 then 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 Village did not contribute to NOPEC during 2021. Financial information may be obtained by contacting Chuck Keiper, Executive Director, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Valley Enforcement Regional Council of Governments

The Village is a member of the Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement village under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. 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 Village paid \$10,000 VERCOG. Financial Information may be obtained by contacting Joe Brodzinski, Fiscal Officer 28000 Shaker Boulevard, Pepper Pike, Ohio 44124.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (COG), a jointly governed organization. COG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. COG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. The purpose of this Council is to promote cooperative arrangements and coordinate action among its members in matters relating to hazardous materials and terrorism response and the operation of the Chagrin/Southeast Hazardous Material Response Team. During 2021 the Village paid \$3,500 to the Chagrin/Southeast Council of Governments. Financial information may be obtained by contacting John Veres, Fiscal Officer, 29555 Pettibone Road, Glenwillow, Ohio 44139.

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVD), a jointly governed organization. CVD is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVD was formed to promote cooperative arrangements and coordination action in matters relating to the dispatch of public safety services and the operation of a communications center. During 2021, the Village contributed \$52,082 to CVD. Payments were for dispatch services and other emergency related fees. Financial information for CVD can be obtained by Contacting Nick DiCicco, Director, 88 Center Street, Suite B 100, Bedford, Ohio 44146.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for workers' compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

The Village participates in the Public Entities Pool of Ohio which is a self-insurance pool for property and casualty insurance. The pool's business and affairs are conducted by a Board of Directors of no fewer than seven (7) member and Members of the Board who consist of elected or appointed officials of Pool Members or representatives of Pool Members for three (3) year terms.

Village of South Russell, Ohio
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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:

Fund Balances	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$111,302	\$98,893	\$210,195
Total	\$111,302	\$98,893	\$210,195

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

Note 14 – COVID-19

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



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

Village of South Russell
Geauga County
5205 Chillicothe Road
South Russell, Ohio 44022

To the Village Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of South Russell, Geauga County, (the Village) and have issued our report thereon dated October 30, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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



Keith Faber
Auditor of State
Columbus, Ohio

October 30, 2023

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SOUTH RUSSELL

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 11/14/2023

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