

RUSSELL TOWNSHIP

GEAUGA COUNTY

Regular Audit

For the Years Ended December 31, 2025 and 2024



Russell Township
Geauga County
For the Years Ended December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Russell Township
Geauga County
8501 Kinsman Rd
P.O. Box 522
Novelty, OH 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 comprise the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2025, 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 as of and for the years ended December 31, 2025 and 2024, 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, 2024 and 2025, 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.

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 April 14, 2026, 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.



Charles E. Harris & Associates, Inc.

April 14, 2026

Russell Township
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, 2025

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 1,041,996	4,325,906	\$ 16,667	\$ -	\$ 5,384,569
Charges for Services	-	124,200	-	-	124,200
Licenses, Permits, and Fees	63,018	193,545	-	-	256,563
Fines and Forfeitures	3,879	-	-	-	3,879
Intergovernmental	250,246	623,839	-	-	874,085
Earnings on Investments	244,230	11,323	-	-	255,553
Miscellaneous	38,935	156,616	-	16,438	211,989
<i>Total Cash Receipts</i>	1,642,304	5,435,429	16,667	16,438	7,110,838
Cash Disbursements:					
Current:					
General Government	1,027,988	-	-	27,246	1,055,234
Public Safety	2,890	3,608,509	-	-	3,611,399
Public Works	9,944	1,312,522	-	-	1,322,466
Health	6,207	13,512	-	-	19,719
Capital Outlay	204,228	740,258	-	600,804	1,545,290
Debt Service:					
Principal Retirement	-	-	16,667	-	16,667
Interest and Other Fiscal Charges	-	-	-	30,181	30,181
<i>Total Cash Disbursements</i>	1,251,257	5,674,801	16,667	658,231	7,600,956
<i>Excess of Receipts Over/(Under) Disbursements</i>	391,047	(239,372)	-	(641,793)	(490,118)
Other Financing Receipts/(Disbursements):					
Sale of Capital Assets	-	27,993	-	-	27,993
Transfers In	28,374	260,564	-	609,187	898,125
Transfers Out	(610,564)	(287,561)	-	-	(898,125)
Advances In	8,333	-	8,333	-	16,666
Advances Out	(8,333)	-	(8,333)	-	(16,666)
Other Financing Sources	-	3,783	-	-	3,783
<i>Total Other Financing Receipts/(Disbursements)</i>	(582,190)	4,779	-	609,187	31,776
<i>Net Change in Fund Cash Balances</i>	(191,143)	(234,593)	-	(32,606)	(458,342)
<i>Fund Cash Balances, January 1, Restated</i>	1,535,472	4,474,123	-	1,989,875	7,999,470
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,344,329</u>	<u>\$ 4,239,530</u>	<u>\$ -</u>	<u>\$ 1,957,269</u>	<u>\$ 7,541,128</u>

See Notes to the Financial Statements

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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, police and fire protection and emergency medical services.

Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in one public entity risk pool; the Ohio Township Association Risk Management Authority (OTARMA), a public entity casualty and property insurance risk pool. In addition, the Township participates in seven jointly governed organizations, the West Geauga Joint Recreation District (the District), the Northeast Ohio Public Energy Council (NOPEC), the Valley Enforcement Regional Council of Governments (VERCOG), the Chagrin/Southeast Council of Governments (the Council), the Ohio Township Association (OTA), the Geauga County Township Association (GCTA), the Geauga County Erosion Control Special Improvement District (GCeSID), and Chagrin River Watershed Partners (CRWP).

Note 7 to the financial statement provides additional information for OTARMA. OTARMA is a risk sharing pool available to all Ohio Townships for property and casualty insurance coverage.

Note 13 to the financial statement provides additional information for the jointly governed organizations.

The District is a joint recreation district established to promote and provide joint recreation programs and to acquire and develop land to meet the recreational needs of the West Geauga Community.

NOPEC is a regional council of governments formed to serve as a vehicle for communities to proceed jointly with an aggregation program for the purchase of electricity and/or natural gas.

VERCOG is a council of governments formed to foster cooperation among political subdivisions through sharing of police facilities and resources for their common benefit.

The Chagrin/Southeast Council of Governments (Council) is a council of governments that oversees the handling of hazardous materials in the region.

The OTA is a statewide organization dedicated to promoting and preserving township government through lobbying efforts and educational forums.

The GCTA is a local affiliate of the OTA representing the sixteen townships in Geauga County aimed at identifying and solving local government issues.

The Geauga County Erosion Control Special Improvement District (GCeSID) is a Public/Private Partnership, a mechanism created by state law to tackle severe erosion damage along Ohio's waterways, including Lake Erie which allows property owners to pool resources to finance erosion control through property tax assessments.

The Chagrin River Watershed Partners (CRWP) is a 501(c)(3) non-profit organization that connects people and communities to care for the Chagrin River, Lake Erie and other watersheds in Ohio.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

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 is 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.

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:

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.

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.

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 significant Debt Service Fund:

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

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 funds:

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

4908 Capital Project Fund – Road Vehicles Reserve - Established pursuant to ORC 5705.13(C) for the purpose of accumulating resources for the acquisition, or improvement of fixed vehicle assets of the Township’s Road Department.

4909 Capital Project Fund – Police Vehicles Reserve - Established pursuant to ORC 5705.13(C) for the purpose of accumulating resources for the acquisition, or improvement of fixed vehicle assets of the Township’s Police Department.

4910 Capital Project Fund – Fire Vehicles Reserve - Established pursuant to ORC 5705.13(C) for the purpose of accumulating resources for the acquisition, or improvement of fixed vehicle 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 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 2025 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, 2025

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

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

SBITAs

The Township has ongoing short-term subscriptions for Microsoft 365 and UAN. In addition, the Township entered into a short term SAAS subscriptions with ClearGov in May 2023 and with iWORQ in September 2023. In each case, the annual subscription fees are included in each year's budget and expended through annual appropriations.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2025, distributions of \$7,684 are reflected as settlements revenue in the OneOhio Special Revenue Fund 2905 in the accompanying financial statements.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 16.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2025 follows:

2025 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,554,253	\$ 1,679,011	\$ 124,758
Special Revenue	5,526,691	5,727,769	201,078
Debt Service	16,667	25,000	8,333
Capital Projects	647,687	625,625	(22,062)

2025 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,601,879	\$ 2,076,309	\$ 525,570
Special Revenue	7,539,612	6,353,504	1,186,108
Debt Service	16,667	16,667	-
Capital Projects	1,112,007	709,085	402,922

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts, which include amounts with fiscal and escrow agents that are not part of this pool. A summary of the Township’s deposit and investment accounts are as follows:

	2025
<i>Cash Management Pool:</i>	
Demand deposits	\$ 1,327,390
Money Market	977,573
Total deposits	1,327,390
U.S. Treasury	2,673,758
STAR Ohio	905,504
Negotiable CDs	383,421
Agency Bonds	2,251,055
Total investments	6,213,738
Total deposits and investments	\$ 7,541,128
 <i>Segregated Accounts - Not held in the Pool:</i>	
Other Paying Agent Outside Account (Not held in the Pool)	\$ 330,583

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, 2025, the Township is holding \$0 in unremitted employee payroll withholdings.

The Township also has accounts held outside of the deposit pool for monies held in accordance with debt agreements. In October 2023, the Township entered into a 5-year Lease-Purchase Agreement with Leasing 2 LLC for the purchase of an Ambulance. The Township has an escrow account with Zions Bank pursuant to that Agreement. The escrow account was funded with \$307,377 in October 2023 and had a Cost value of \$330,583 as of December 31, 2025.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

At December 31, 2025, \$0.00 of deposits were not insured or collateralized.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Investments

A financial institution's trust department holds the Township's investment 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.

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

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

Note 6 – Interfund Transfers and Advances

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The general fund transfers to the other governmental funds were made to provide additional resources for current operations and capital improvements. The transfers from the special revenue funds to the capital projects funds were to provide additional resources for capital improvements in accordance with ORC 5705.13(C). Transfers into the general fund consisted of special revenue fund transfers to compensated absences reserve funds in accordance with ORC 5705.13(B) that were then mapped to the general fund.

Advances

Advances represent interfund loans resulting from the time lag between the date of the first OPWC loan installment due date and the date the revenue was received into the OPWC debt service fund 3903. All advances were repaid by the end of the year.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability
- Automobile Liability
- Automobile Physical Damage
- Public Officials Liability
- Property and Inland Marine
- Law enforcement liability
- Fidelity and Crime
- Employment Practices Liability
- Cyber Breach and Liability

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

	<u>2024</u>
Cash and investments	\$ 32,822,076
Actuarial liabilities	12,568,762

Note: The time period of the information reported is the most recent information available at the time the footnotes were prepared.

Note 8 – 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Non full time police officer OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. Full time police officer OPERS members contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2025.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2025</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2025</i>	<i>13.00%</i>	<i>18.10%</i>

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

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% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2025.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2025, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the legacy combined plan. For 2025, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves.

Note 10 – Debt

Debt outstanding at December 31, 2025 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Road Resurfacing - 15 Yr Zero Interest Loan	\$ 225,000	0.00%
Ford F-550 Ambulance	194,832	5.87%
Lease-Purchase of Gradall D152 Excavator	120,370	3.12%
Fire Engine	351,461	2.50%
Total	<u>\$ 891,663</u>	

In November 2024 a 15-year , zero-interest Ohio Public Works Commission loan in the amount of \$250,000 was secured. Loan payments of \$16,667 were made in 2025, and the amortization schedule calls for annual payments of \$16,666 through 2039.

Financed Purchases

The Township has entered into financed purchases agreements for vehicles where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$191,016 to pay these costs for the fiscal year ended December 31, 2025 as described below.

In February 2020, the Township entered into a 10-year Master Tax Exempt Lease Purchase Agreement with Key Government Finance, Inc. for the purchase of a new Fire Engine. The effective repayment interest rate is 2.4984%. The Township disbursed \$75,647 to pay lease costs for the year ended December 31, 2025.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

In March 2022, the Township amended the above Master Tax Exempt Lease Purchase Agreement with Key Government Finance, Inc. for the purchase of a new Gradall Excavator. This portion of the agreement matures in 2028 and has an effective repayment interest rate is 3.12%. The Township disbursed \$42,653 to pay lease costs for the year ended December 31, 2025.

In October 2023, the Township entered into a 5-year Lease Purchase Agreement with Leasing 2, Inc. for the purchase of a new Ambulance. The effective repayment interest rate is 5.87%. The Township disbursed \$72,716 to pay lease costs for the year ended December 31, 2025.

Amortization

Amortization of the above Lease-Purchase financing and debt, including interest, is scheduled as follows:

Year Ending December 31:	Finance Purchases	OPWC
2026	\$ 191,016	\$ 16,666
2027	191,016	16,666
2028	191,016	16,666
2029	75,647	16,666
2030	75,647	16,666
2031-2035	-	83,335
2036-2040	-	58,335
Total	\$ 724,342	\$ 225,000

Note 11 – Construction and Contractual Commitments

In December 2025, the Township entered a contract for the renovation of the Russell Township Fire Station Dormitory. The \$141,800 project was awarded in December 2025 and was funded from General Fund and Special Revenue Fund 2908 resources. The project is expected to commence in early 2026 and be completed by June 2026. As of December 31, 2025, the contract sum was \$141,800 and outstanding encumbrances for the construction contract were \$170,392.

Note 12 – Contingent Liabilities

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

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 13 – 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 2025. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Solon, Ohio 44139.

West Geauga Joint Recreation District (the District)

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

The District is comprised of the Township, Chester Township and the West Geauga Local School District. The District is directed by a nine member Board of Trustees, of which three members are appointed by the Township. The Township contributed \$0 to the District during 2025. Financial information can be obtained by contacting the West Geauga 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), 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, 2025

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 2025, the Township contributed \$12,000 to VERCOG. Financial information for VERCOG can be obtained by contacting the Village of Gates Mills, 1470 Chagrin River Road, Gates Mills, OH 44040.

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 2025, 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 of 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 2025, the Township contributed \$595 to GCTA in dues and meeting expenses. Financial information for GCTA can be obtained by contacting the Treasurer GCTA, P.O. Box 369, Burton, Ohio 44021.

Geauga County Erosion Control Special Improvement District (GCeSID)

An eSID is a nonprofit entity allowing property owners to pool resources to finance erosion control through property tax assessments, gaining access to better financing and shared project costs, funded by issuing bonds repaid over time via assessments added to their tax bills, a mechanism created by state law to tackle severe erosion damage along Ohio's waterways, including Lake Erie. This is a Public/Private Partnership in which Local government authorizes the eSID, but property owners fund and manage it. Geauga County Erosion Control Special Improvement District (GCeSID) was formed in 2023 and the Township has one Trustee named as a Director. The Township contributed \$0 to the GCeSID during 2025. Financial information can be obtained by contacting McDonald Hopkins LLC, 600 Superior Ave East, Suite 2100, Cleveland, OH 44144.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Chagrin River Watershed Partners (CWRP)

Chagrin River Watershed Partners (CRWP) is a 501(c)(3) non-profit organization that connects people and communities to care for the Chagrin River, Lake Erie and other watersheds in Ohio. CRWP was formed by 16 cities, villages, townships, counties, and park districts in 1996. Its mission is preserving and enhancing the scenic and environmental quality of the ecosystem of the Chagrin River, Lake Erie and other Ohio watersheds in a manner which assures a sustainable future for people, plants and animals.

CRWP is funded by annual member dues, service contracts with members and partners, donations, and grants from foundations and State and Federal agencies. CRWP believes it is more cost effective for local governments to take planning and development steps to maintain these services than to pay for costly, and generally less effective, remedial solutions. Russell Township annually appoints a Trustee to serve as a CRWP Director. The Township contributed \$7,764 to the CRWP during 2025. Financial information can be obtained by contacting the Chagrin River Watershed Partners, P.O. Box 229, Willoughby, OH 44096-0229.

Note 14 – Related Organizations

The Russell Township Citizen’s Park District is a Park District created pursuant to O.R.C. 511. The district’s three (3) person commission is 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 2026, 2027 and 2028. During 2025, the Township contributed \$3,500 to the Russell Township Citizen’s Park District.

Note 15 – Related Party Transactions

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. In December 2022, the lease was renewed and extended through December 2028 with an annual lease payment of \$1.00 per year.

Note 16 – 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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 206,155	\$ 391,142	\$ 50,854	\$ 648,151

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 17 – Restatement of Fund Balances

The Township increased their beginning fund cash position at January 1, 2025 in the Special Revenue Fund due to \$775 in voided checks from prior year. The effect of the adjustment on beginning fund cash balance is reflected in the chart below.

	12/31/2024		1/1/2025	
	<u>As Previously Reported</u>	<u>Correction</u>	<u>As Restated</u>	
Governmental Fund				
Special Revenue Funds	\$ 4,473,348	\$ 775	\$	4,474,123

Russell Township
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, 2024

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,051,438	\$ 4,277,388	\$ -	\$ 5,328,826
Charges for Services	-	118,500	-	118,500
Licenses, Permits, and Fees	77,852	185,282	-	263,134
Fines and Forfeitures	3,315	663	-	3,978
Intergovernmental	238,901	1,082,406	100,000	1,421,307
Earnings on Investments	247,623	12,277	-	259,900
Miscellaneous	76,153	423,632	16,408	516,193
<i>Total Cash Receipts</i>	1,695,282	6,100,148	116,408	7,911,838
Cash Disbursements:				
Current:				
General Government	1,005,882	-	25,090	1,030,972
Public Safety	4,327	3,577,917	-	3,582,244
Public Works	22,793	1,209,329	-	1,232,122
Health	11,262	10,062	-	21,324
Capital Outlay	1,199,781	948,237	677,522	2,825,540
Debt Service:				
Principal Retirement	-	8,333	-	8,333
Interest and Other Fiscal Charges	-	-	36,123	36,123
<i>Total Cash Disbursements</i>	2,244,045	5,753,878	738,735	8,736,658
<i>Excess of Receipts Over/(Under) Disbursements</i>	(548,763)	346,270	(622,327)	(824,820)
Other Financing Receipts/(Disbursements):				
Sale of Capital Assets	-	26,865	-	26,865
Transfers In	140,000	244,053	386,635	770,688
Transfers Out	(314,053)	(456,635)	-	(770,688)
Other Financing Sources	-	2,000	-	2,000
Other Debt Proceeds	-	-	250,000	250,000
<i>Total Other Financing Receipts/(Disbursements)</i>	(174,053)	(183,717)	636,635	278,865
<i>Net Change in Fund Cash Balances</i>	(722,816)	162,553	14,308	(545,955)
<i>Fund Cash Balances, January 1</i>	2,258,288	4,310,795	1,975,567	8,544,650
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,535,472</u>	<u>\$ 4,473,348</u>	<u>\$ 1,989,875</u>	<u>\$ 7,998,695</u>

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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, police and fire protection, and emergency medical services.

Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in one public entity risk pool; the Ohio Township Association Risk Management Authority (OTARMA), a public entity casualty and property insurance risk pool. In addition, the Township participates in six jointly governed organizations, the West Geauga Joint Recreation District (the District), the Northeast Ohio Public Energy Council (NOPEC), the Valley Enforcement Regional Council of Governments (VERCOG), the Chagrin/Southeast Council of Governments (the Council), the Ohio Township Association (OTA), and the Geauga County Township Association (GCTA).

Note 6 to the financial statement provides additional information for OTARMA. OTARMA is a risk sharing pool available to all Ohio Townships for property and casualty insurance coverage.

Note 12 to the financial statement provides additional information for the jointly governed organizations.

The District is a joint recreation district established to promote and provide joint recreation programs and to acquire and develop land to meet the recreational needs of the West Geauga Community.

NOPEC is a regional council of governments formed to serve as a vehicle for communities to proceed jointly with an aggregation program for the purchase of electricity and/or natural gas.

VERCOG is a council of governments formed to foster cooperation among political subdivisions through sharing of police facilities and resources for their common benefit.

The Chagrin/Southeast Council of Governments (Council) is a council of governments that oversees the handling of hazardous materials in the region.

The OTA is a statewide organization dedicated to promoting and preserving township government through lobbying efforts and educational forums.

The GCTA is a local affiliate of the OTA representing the sixteen townships in Geauga County aimed at identifying and solving local government issues.

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 is 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.

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:

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.

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.

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 funds:

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.

4907 Capital Project Fund – Fire Dept Reserve Items - Established pursuant to ORC 5705.13(C) 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, 2024

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 Township 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 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 2024 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.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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.

SBITAs

The Township has ongoing short-term subscriptions for Microsoft 365 and UAN. In addition, the Township entered into a short term SAAS subscriptions with ClearGov in May 2023 and with iWORQ in September 2023. In each case, the annual subscription fees are included in each year's budget and expended through annual appropriations.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of \$10,809 are reflected as miscellaneous revenue in the OneOhio Special Revenue Fund 2905 in the accompanying financial statements.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,579,556	\$ 1,835,282	\$ 255,726
Special Revenue	5,435,684	6,373,066	937,382
Capital Projects	987,744	753,043	(234,701)

2024 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,157,054	\$ 2,853,505	\$ 303,549
Special Revenue	7,449,723	6,523,771	925,952
Capital Projects	1,050,828	812,784	238,044

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Township also has segregated accounts, which include amounts with escrow agents that are not part of this pool. A summary of the Township’s deposit and investment accounts are as follows:

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

	2024
<i>Cash Management Pool:</i>	
Demand deposits	\$ 507,784
Total deposits	507,784
U.S. Treasury	2,765,757
STAR Ohio	1,402,336
Negotiable CDs	278,868
Agency Bonds	2,878,950
Municipal Bond	155,000
Total investments	7,480,911
Total deposits and investments	\$ 7,988,695
 <i>Segregated Accounts - Not held in the Pool:</i>	
Other Paying Agent Outside Account (Not held in the Pool)	\$ 318,137

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, 2024, the Township is holding \$0 in unremitted employee payroll withholdings.

The Township also has accounts held outside of the deposit pool for monies held in accordance with debt agreements. In October 2023, the Township entered into a 5-year Lease-Purchase Agreement with Leasing 2 LLC for the purchase of an Ambulance. The Township has an escrow account with Zions Bank pursuant to that Agreement. The escrow account was funded with \$307,377 in October 2023 and had a Cost value of \$318,137 as of December 31, 2024.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

At December 31, 2024, \$0.00 of deposits were not insured or collateralized.

Investments

A financial institution's trust department holds the Township's investment 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, 2024

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.

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

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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. 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.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Employment practices 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>2024</u>
Cash and investments	\$ 32,822,076
Actuarial liabilities	12,568,762

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Non full time police officer OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. Full time police officer OPERS members contributed 13% of their gross salaries and the Township contributed an amount equaling 18.1% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2024.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2024</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Law Enforcement</i>	<i>2024</i>	<i>13.00%</i>	<i>18.10%</i>

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% of their gross salaries. The Township contributed an amount equal to 6.2% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2024.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Debt

Debt outstanding at December 31, 2024 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Road Resurfacing - 15 Yr Zero Interest Loan	\$ 241,667	0.00%
Ford F-550 Ambulance	252,710	5.87%
Lease-Purchase of Gradall D152 Excavator	158,090	3.12%
Fire Engine	416,697	2.50%
Total	<u>\$1,069,164</u>	

In November 2024 a 15-year , zero-interest Ohio Public Works Commission loan in the amount of \$250,000 was secured. Loan payments of \$8,333 were made in 2024, and the amortization schedule calls for annual payments of \$16,666 through 2039.

Financed Purchases

The Township has entered into financed purchases agreements for vehicles where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$191,016 to pay these costs for the fiscal year ended December 31, 2024 as described below.

In February 2020, the Township entered into a 10-year Master Tax Exempt Lease Purchase Agreement with Key Government Finance, Inc. for the purchase of a new Fire Engine. The effective repayment interest rate is 2.4984%. The Township disbursed \$75,647 to pay lease costs for the year ended December 31, 2024.

In March 2022, the Township amended the above Master Tax Exempt Lease Purchase Agreement with Key Government Finance, Inc. for the purchase of a new Gradall Excavator. This portion of the agreement matures in 2028 and has an effective repayment interest rate is 3.12%. The Township disbursed \$42,653 to pay lease costs for the year ended December 31, 2024.

In October 2023, the Township entered into a 5-year Lease Purchase Agreement with Leasing 2, Inc. for the purchase of a new Ambulance. The effective repayment interest rate is 5.87%. The Township disbursed \$72,716 to pay lease costs for the year ended December 31, 2024.

Amortization

Amortization of the above Lease-Purchase financing and debt, including interest, is scheduled as follows:

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Year Ending	Finance	
December 31:	Purchases	OPWC
2025	\$ 191,016	\$ 16,666
2026	191,016	16,666
2027	191,016	16,666
2028	191,016	16,666
2029	75,647	16,666
2030-2034	75,647	83,335
2035-2039	-	75,002
Total	\$ 915,358	\$ 241,667

Note 10 – Construction and Contractual Commitments

In December 2023, the Township entered a contract for the construction of a Russell Township Community Meeting Building. The \$1,095,905 project was awarded in December 2023 and was funded from General Fund resources. The project commenced in early 2024 and is expected to be completed by February 2025. As of December 31, 2024, the contract sum was \$1,195,802 and outstanding encumbrances for the construction contract were \$117,235.

Note 11 – Contingent Liabilities

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

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Jointly Governed Organizations

Northeast Ohio Public Energy Council (NOPEC)

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

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 2024. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Solon, Ohio 44139.

West Geauga Joint Recreation District (the District)

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

The District is comprised of the Township, Chester Township and the West Geauga Local School District. The District is directed by a nine member Board of Trustees, of which three members are appointed by the Township. The Township contributed \$0 to the District during 2024. Financial information can be obtained by contacting the West Geauga Joint Recreation District, P.O. Box 384, Chesterland, Ohio 44026.

Valley Enforcement Regional Council of Governments (VERCOG)

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

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

The VEG, a 501c(6) organization, is administered by a Board of Trustees composed of the Chief of Police, or acting Chief of Police, of the political subdivisions that formed the Council. The VEG has been designated as an agency of the Council, providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2024, the Township contributed \$11,000 to VERCOG. Financial information for VERCOG can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio 44124.

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 2024, 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 of 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 2024, the Township contributed \$1,206 to GCTA in dues and meeting expenses. Financial information for GCTA can be obtained by contacting the Treasurer GCTA, c/o Thompson Township, P.O. Box 204 | Thompson, Ohio 44086.

Note 13 – Related Organizations

The Russell Township Citizen's Park District is a Park District created pursuant to O.R.C. 511. The district's three (3) person commission is 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 2023, 2024 and 2025. During 2024, the Township contributed \$15,000 to the Russell Township Citizen's Park District.

Note 14 – Related Party Transactions

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. In December 2022, the lease was renewed and extended through December 2028 with an annual lease payment of \$1.00 per year.

Note 15 – 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:

Russell Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 295,407	\$ 313,258	\$ 74,049	\$ 682,714

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

Note 16 – 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 ended in April 2023. During 2024, the Township received \$0 as an eligible NEU recipient of the American Rescue Plan Act and expended \$90,548 from previously awarded ARPA funds. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 17 – Interfund Transfers

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The general fund transfers to the other governmental funds were made to provide additional resources for current operations and capital improvements. The transfers from the special revenue funds to the capital projects funds were to provide additional resources for capital improvements in accordance with ORC 5705.13(C). Transfers into the general fund consisted of special revenue fund transfers to compensated absences reserve funds in accordance with ORC 5705.13(B) that were then mapped to the general fund.

**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 Rd
P.O. Box 522
Novelty, OH 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2025 and the related notes to the financial statements of Russell Township, Geauga County, (the Township) and have issued our report thereon dated April 14, 2026 wherein we noted the Township 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 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 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.

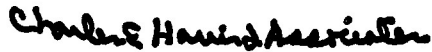
Report on Compliance and Other Matters

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*.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 14, 2026.

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.



Charles E. Harris & Associates, Inc.
April 14, 2026