



Mary Taylor, CPA
Auditor of State

**PIERCE TOWNSHIP
CLERMONT COUNTY**

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CLERMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pierce Township
Clermont County
950 Locust Corner Road
Cincinnati, Ohio 45216

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, Police Fund, and Fire Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 18, 2008

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2007*

The discussion and analysis of Pierce Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- General receipts accounted for \$6,537,143, or 78 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$1,835,772 or 22 percent of total receipts of \$8,372,915.
- The Township had \$6,956,536 in disbursements; only \$1,835,772 of these disbursements were offset by program specific charges for services, grants, and contributions.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Assets and Statement of Activities provide information about the cash activities as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2007*

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

Statement of Net Assets and the Statement of Activities – Cash Basis

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well, such as the Township's property tax base, the condition of the Township's capital assets, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Township's major funds, not the Township as a whole. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. The Township's major governmental funds are the General, Road and Bridge, Police, Fire, Special Assessment Note Retirement, and the TIF Bond Retirement Funds.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2007*

Governmental Funds

The Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported on a cash basis. The governmental fund statements provide a detailed short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006.

	Table 1 Net Assets		
	2007	2006	Change
Assets:			
Current Assets	\$7,734,267	\$6,317,889	\$1,416,378
Net Assets:			
Restricted for:			
Debt Service	3,934,097	2,787,374	1,146,723
Capital Projects	40,363	1,676	38,687
Public Safety	639,198	707,390	(68,192)
Public Works	1,218,338	1,129,745	88,593
Other Purposes	196,506	136,241	60,265
Unrestricted	1,705,765	1,555,463	150,302
<i>Total Net Assets</i>	\$7,734,267	\$6,317,889	\$1,416,378

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2007*

Table 2 shows the change in net assets for 2007 compared to 2006.

Table 2
Change in Net Assets

	2007	2006	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$482,974	\$379,086	\$103,888
Operating Grants and Contributions	1,352,798	1,379,020	(26,222)
<i>Total Program Cash Receipts</i>	<u>1,835,772</u>	<u>1,758,106</u>	<u>77,666</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	264,203	256,900	7,303
Debt Service	37,957	37,957	0
Public Safety	2,595,993	1,966,262	629,731
Public Works	1,080,409	1,052,626	27,783
Payment in Lieu of Taxes	1,767,737	1,541,378	226,359
Grants and Entitlements not Restricted	294,907	1,206,770	(911,863)
Investment Earnings	320,125	244,729	75,396
Miscellaneous	175,812	228,408	(52,596)
<i>Total General Receipts</i>	<u>6,537,143</u>	<u>6,535,030</u>	<u>2,113</u>
<i>Total Receipts</i>	<u>8,372,915</u>	<u>8,293,136</u>	<u>79,779</u>
Cash Disbursements:			
General Government	680,947	673,895	7,052
Public Safety	3,329,499	3,010,018	319,481
Public Works	1,563,711	1,580,757	(17,046)
Health	117,011	100,430	16,581
Human Services	11,917	6,144	5,773
Capital Outlay	289,809	127,781	162,028
Debt Service:			
Principal Retirement	633,165	623,165	10,000
Interest and Fiscal Charges	330,478	338,610	(8,132)
<i>Total Cash Disbursements</i>	<u>6,956,537</u>	<u>6,460,800</u>	<u>495,737</u>
<i>Increase in Net Assets</i>	<u>1,416,378</u>	<u>1,832,336</u>	<u>(415,958)</u>
<i>Net Assets at Beginning of Year</i>	<u>6,317,889</u>	<u>4,485,553</u>	<u>1,832,336</u>
<i>Net Assets at End of Year</i>	<u>\$7,734,267</u>	<u>\$6,317,889</u>	<u>\$1,416,378</u>

During 2007, net assets increased \$1,416,378 due to the stability of revenues and consistency of expenditures over 2006. Grants and Entitlements not Restricted decreased by \$911,863, due to a very large estate tax settlement that was received in 2006. This was partially offset by an increase in Property Taxes Levied for Public Safety related to a new police levy.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2007*

The significant increase in Public Safety disbursements resulted primarily from personnel costs. The increase in Capital Outlay was from increased spending in the Police Fund, purchase of new vehicles in the Fire Fund, and a paving program. The General Government increase was the result of increased spending on insurance, legal fees and personnel costs.

The Township's Funds

Information about the Township's major funds starts on page 11. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$8,572,914 and disbursements of \$7,156,536.

The net change in fund balance for the General, Road and Bridge, Police, Fire, Special Assessment Note Retirement, and TIF Bond Retirement Funds were \$150,302, (\$1,008), (\$326,942), \$183,725, \$1,084,747, and \$63,652, respectively. The increase in the General Fund was primarily due to interest and increased zoning fees, and lease income. The Police Fund decrease was due to increased personnel costs, and equipment purchase costs. The Fire Fund increase was due to a new levy. The increase in the fund balance for the Special Assessment Note Retirement resulted from increased tax receipts. The TIF Bond Retirement Fund increased slightly from higher interest received in 2007 compared to 2006.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, the final budget basis receipts estimate increased from the original budget basis receipts by \$157,034. The most significant change was in intergovernmental receipts. Actual receipts and other financing sources increased \$69,648 from final budget basis receipts, due to slight overall increases in all revenues.

Final appropriations of \$2,394,128 increased from original appropriations of \$2,237,094 by \$157,034. Actual disbursements decreased by \$1,614,996 from final appropriations. This large decrease was due to the Township's original budget accounting for the disbursement of 100 percent of a very large estate tax settlement received in 2006 that did not occur. The Township's budgeting systems are designed to tightly control total budgets but provide flexibility for management.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2007*

Debt Administration

At December 31, 2007 the Township had \$7,506,925 in general obligation bonds outstanding, of which \$655,415 is due within one year. Table 3 summarizes the bonds outstanding:

Table 3
Outstanding Debt, at Year-End

	<u>2007</u>	<u>2006</u>
TIF Bonds	\$7,305,000	\$7,910,000
Fire Bonds	201,925	230,638
Total	<u>\$7,506,925</u>	<u>\$8,140,638</u>

The Township's overall legal debt margin was \$26,993,801 and an unvoted debt margin of \$351,617.

For more information on the Township's debt, see Note 9 of the basic financial statements.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karen Register, Financial Officer, at Pierce Township, 950 Locust Corner Road, Cincinnati, Ohio 45245, or email kregister@piercetownship.org.

Pierce Township
Clermont County
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$7,734,267
Net Assets:	
Restricted for:	
Debt Service	3,934,097
Capital Projects	40,363
Public Safety	639,198
Public Works	1,218,338
Other Purposes	196,506
Unrestricted	1,705,765
<i>Total Net Assets</i>	<i>\$7,734,267</i>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities:				
General Government	\$680,947	\$74,063	\$0	(\$606,884)
Public Safety	3,329,499	246,571	604,786	(2,478,142)
Public Works	1,563,711	110,871	748,012	(704,828)
Health	117,011	51,469	0	(65,542)
Human Services	11,917	0	0	(11,917)
Capital Outlay	289,809	0	0	(289,809)
Debt Service:				
Principal Retirement	633,165	0	0	(633,165)
Interest and Fiscal Charges	330,478	0	0	(330,478)
<i>Total Governmental Activities</i>	<u>\$6,956,537</u>	<u>\$482,974</u>	<u>\$1,352,798</u>	<u>(5,120,765)</u>
 General Receipts:				
Property Taxes Levied for:				
General Purposes				264,203
Debt Service				37,957
Public Safety				2,595,993
Public Works				1,080,409
Payment in Lieu of Taxes				1,767,737
Grants and Entitlements not Restricted				294,907
Investment Earnings				320,125
Miscellaneous				175,812
<i>Total General Receipts</i>				<u>6,537,143</u>
 <i>Change in Net Assets</i>				 1,416,378
 <i>Net Assets at Beginning of Year</i>				 <u>6,317,889</u>
<i>Net Assets at End of Year</i>				<u><u>\$7,734,267</u></u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2007

	General	Road and Bridge	Police	Fire	Special Assessment Note Retirement	TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:								
Equity in Pooled Cash and Cash Equivalents	\$1,705,765	\$422,830	\$296,010	\$201,472	\$2,861,540	\$1,072,557	\$1,174,093	\$7,734,267
Fund Balances:								
Reserved for Encumbrances	\$18,591	\$5,414	\$0	\$2,275	\$6,345	\$0	\$52,952	\$85,577
Unreserved, Undesignated, Reported in:								
General Fund	1,687,174	0	0	0	0	0	0	1,687,174
Special Revenue Funds	0	417,416	296,010	199,197	0	0	1,121,063	2,033,686
Debt Service Funds	0	0	0	0	2,855,195	1,072,557	0	3,927,752
Capital Projects Funds	0	0	0	0	0	0	78	78
Total Fund Balances	\$1,705,765	\$422,830	\$296,010	\$201,472	\$2,861,540	\$1,072,557	\$1,174,093	\$7,734,267

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2007*

	General	Road and Bridge	Police	Fire
Receipts:				
Property Taxes	\$264,203	\$493,654	\$984,548	\$1,611,027
Interest	238,049	0	0	0
Intergovernmental	294,906	128,199	318,715	249,233
Special Assessments	0	0	0	0
Charges for Services	0	0	0	61,188
Licenses, Permits, and Fees	69,477	0	0	0
Fines, Forfeitures, and Penalties	4,586	0	800	0
Payment in Lieu of Taxes	0	0	0	0
Miscellaneous	37,092	2,262	1,048	322
<i>Total Receipts</i>	<u>908,313</u>	<u>624,115</u>	<u>1,305,111</u>	<u>1,921,770</u>
Disbursements:				
Current:				
General Government	670,021	0	0	0
Public Safety	0	0	1,519,088	1,691,129
Public Works	7,846	623,115	0	0
Health	54,911	0	0	0
Human Services	11,917	0	0	0
Capital Outlay	15,846	2,008	112,965	46,916
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	<u>760,541</u>	<u>625,123</u>	<u>1,632,053</u>	<u>1,738,045</u>
<i>Excess of Revenues Under Expenditures</i>	<u>147,772</u>	<u>(1,008)</u>	<u>(326,942)</u>	<u>183,725</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	2,530	0	0	0
Advances-In	100,000	0	0	100,000
Advances-Out	(100,000)	0	0	(100,000)
Total Other Financing Sources	<u>2,530</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	150,302	(1,008)	(326,942)	183,725
<i>Fund Balances at Beginning of Year</i>	<u>1,555,463</u>	<u>423,838</u>	<u>622,952</u>	<u>17,747</u>
<i>Fund Balances at End of Year</i>	<u>\$1,705,765</u>	<u>\$422,830</u>	<u>\$296,010</u>	<u>\$201,472</u>

See Accompanying Notes to the Basic Financial Statements

Special Assessment Note Retirement	TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$624,712	\$3,978,144
7,679	63,652	10,745	320,125
241,579	0	415,491	1,648,123
0	0	110,871	110,871
0	0	180,197	241,385
0	0	51,469	120,946
0	0	4,386	9,772
1,767,737	0	0	1,767,737
75	0	132,482	173,281
<u>2,017,070</u>	<u>63,652</u>	<u>1,530,353</u>	<u>8,370,384</u>
0	0	10,926	680,947
0	0	119,282	3,329,499
0	0	932,749	1,563,710
0	0	62,100	117,011
0	0	0	11,917
6,634	0	105,440	289,809
605,000	0	28,713	633,713
320,689	0	9,241	329,930
<u>932,323</u>	<u>0</u>	<u>1,268,451</u>	<u>6,956,536</u>
<u>1,084,747</u>	<u>63,652</u>	<u>261,902</u>	<u>1,413,848</u>
0	0	0	2,530
0	0	0	200,000
0	0	0	(200,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,530</u>
1,084,747	63,652	261,902	1,416,378
1,776,793	1,008,905	912,191	6,317,889
<u>\$2,861,540</u>	<u>\$1,072,557</u>	<u>\$1,174,093</u>	<u>\$7,734,267</u>

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$264,446	\$264,446	\$264,203	(\$243)
Interest	154,182	212,219	238,049	25,830
Intergovernmental	193,705	262,906	294,906	32,000
Licenses, Permits, and Fees	45,000	61,938	69,477	7,539
Fines, Forfeitures, and Penalties	2,970	4,088	4,586	498
Miscellaneous	21,328	33,067	37,092	4,025
<i>Total Receipts</i>	<u>681,631</u>	<u>838,665</u>	<u>908,313</u>	<u>69,648</u>
Disbursements:				
Current:				
General Government	2,131,094	2,278,128	670,021	1,608,107
Public Works	10,000	10,000	7,846	2,154
Health	55,000	55,000	54,911	89
Human Services	16,000	26,000	11,917	14,083
Capital Outlay	25,000	25,000	15,846	9,154
<i>Total Disbursements</i>	<u>2,237,094</u>	<u>2,394,128</u>	<u>760,541</u>	<u>1,633,587</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,555,463)	(1,555,463)	147,772	1,703,235
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	0	0	2,530	2,530
Advances - In	0	0	100,000	100,000
Advances - Out	0	0	(100,000)	(100,000)
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>2,530</u>	<u>2,530</u>
<i>Net Change in Fund Balance</i>	(1,555,463)	(1,555,463)	150,302	1,705,765
<i>Fund Balance at Beginning of Year</i>	<u>1,555,463</u>	<u>1,555,463</u>	<u>1,555,463</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,705,765</u>	<u>\$1,705,765</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$494,249	\$494,249	\$493,654	(\$595)
Intergovernmental	181,547	127,614	128,199	585
Miscellaneous	3,203	2,252	2,262	10
<i>Total Receipts</i>	<u>678,999</u>	<u>624,115</u>	<u>624,115</u>	<u>0</u>
Disbursements:				
Current:				
Public Works	1,092,837	1,037,953	623,115	414,838
Capital Outlay	10,000	10,000	2,008	7,992
<i>Total Disbursements</i>	<u>1,102,837</u>	<u>1,047,953</u>	<u>625,123</u>	<u>422,830</u>
<i>Net Change in Fund Balance</i>	(423,838)	(423,838)	(1,008)	422,830
<i>Fund Balance at Beginning of Year</i>	416,986	416,986	416,986	0
<i>Prior Year Encumbrances Appropriated</i>	6,852	6,852	6,852	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$422,830</u>	<u>\$422,830</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Police Special Revenue Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$979,021	\$979,021	\$984,548	\$5,527
Intergovernmental	452,745	324,219	318,715	(5,504)
Fines, Forfeitures, and Penalties	1,136	814	800	(14)
Miscellaneous	1,489	1,066	1,048	(18)
<i>Total Receipts</i>	<u>1,434,391</u>	<u>1,305,120</u>	<u>1,305,111</u>	<u>(9)</u>
Disbursements:				
Current:				
Public Safety	1,956,343	1,827,072	1,519,088	307,984
Capital Outlay	101,000	101,000	112,965	(11,965)
<i>Total Disbursements</i>	<u>2,057,343</u>	<u>1,928,072</u>	<u>1,632,053</u>	<u>296,019</u>
<i>Net Change in Fund Balance</i>	(622,952)	(622,952)	(326,942)	296,010
<i>Fund Balance at Beginning of Year</i>	622,952	622,952	622,952	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$296,010</u>	<u>\$296,010</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Fire Special Revenue Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$1,609,901	\$1,609,901	\$1,611,027	\$1,126
Intergovernmental	297,404	350,274	249,233	(101,041)
Charges for Services	61,188	61,188	61,188	0
Miscellaneous	463	532	322	(210)
<i>Total Receipts</i>	<u>1,968,956</u>	<u>2,021,895</u>	<u>1,921,770</u>	<u>(100,125)</u>
Disbursements:				
Current:				
Public Safety	1,903,049	1,895,711	1,691,129	204,582
Capital Outlay	75,000	135,277	46,916	88,361
<i>Total Disbursements</i>	<u>1,978,049</u>	<u>2,030,988</u>	<u>1,738,045</u>	<u>292,943</u>
<i>Excess of Receipts Under Disbursements</i>	(9,093)	(9,093)	183,725	192,818
Other Financing Sources (Uses):				
Advances - In	0	0	100,000	100,000
Advances - Out	0	0	(100,000)	(100,000)
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(9,093)	(9,093)	183,725	192,818
<i>Fund Balance at Beginning of Year</i>	9,093	9,093	9,093	0
<i>Prior Year Encumbrances Appropriated</i>	8,654	8,654	8,654	0
<i>Fund Balance at End of Year</i>	<u>\$8,654</u>	<u>\$8,654</u>	<u>\$201,472</u>	<u>\$192,818</u>

See Accompanying Notes to the Basic Financial Statements

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**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007*

Note 1 – Reporting Entity

Pierce Township, Clermont County, Ohio (the Township), is a body politic and corporate established in to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Financial Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, police protection, and cemetery maintenance. The Township contracts with Union Township for fire and emergency medical services and New Richmond Fire Department to provide fire protection.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 2 – Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township, however, has no activities which are reported as business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The Statement of Net Assets presents the cash and investment balances of the governmental activities of the Township at year-end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Township's major governmental funds:

General Fund: This fund is the general operating fund and accounts for all financial resources except those required to be accounted for 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.

Road and Bridge Fund: This fund is used to record disbursements related to roads including the improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

Police Fund: This fund accounts for proceeds from property taxes used for police department operations and protection services.

Fire Fund: This fund accounts for proceeds from property taxes received for fire department and life squad protection and emergency.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Special Assessment Note Retirement Fund: This fund is used to retire all debt associated with the Township financing the cost of constructing and installing certain additional public improvements by the issuance and sale of bonds with the bonds secured by a trust agreement. The bonds were issued for a thirty year period.

TIF Bond Retirement Fund: This fund is used to retain sufficient funds that will be used to retire the TIF debt in the event the Township defaults on the note.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Financial Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Township's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Township are presented on the financial statements as cash and cash equivalents.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007, the Township invested in nonnegotiable certificates of deposit, STAR Ohio, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Bank Bonds, the First American Treasury Market Mutual Fund and Fifth Third U.S. Treasury Money Market Mutual Fund. The nonnegotiable certificates of deposit are reported at cost. The Township's money market mutual fund investments are recorded at the amount reported by the banks on December 31, 2007.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 were \$238,049 which includes \$192,536 assigned from other Township funds.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for police and fire programs, street repair/improvement programs, and cemetery programs. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$6,028,502 of restricted net assets, none of which is restricted by enabling legislation.

Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Road and Bridge, Garbage and Waste Disposal, Police, and Fire Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and unrecorded cash, which represents amounts received but not included on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund, Road and Bridge Fund, Police Fund, and Fire Fund.

Net Change in Fund Balance

	<u>General</u>	<u>Road and Bridge</u>	<u>Police</u>	<u>Fire</u>
Cash Basis	\$150,302	(\$1,008)	(\$326,942)	\$183,725
Adjustment for Encumbrances	(18,591)	(5,414)	0	(2,275)
Budget Basis	<u>\$131,711</u>	<u>(\$6,422)</u>	<u>(\$326,942)</u>	<u>\$181,450</u>

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 4 – Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 4 – Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$4,495,974 of the Township's bank balance of \$4,795,974 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investments:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
STAROhio	\$1,083,321	\$1,083,321	\$0
Federal Home Loan Bank Notes	591,902	387,214	204,688
Federal National Mortgage Association Notes	108,439	0	108,439
Federal National Mortgage Association Discount Notes	99,020	99,020	0
Federal Home Loan Bank Discount Notes	222,075	222,075	0
Federal Home Loan Bank Bonds	199,563	199,563	0
First American Treasury Money Market Mutual Fund	26,068	26,068	0
Fifth Third US Treasury Money Market Mutual Fund	907,537	907,537	0
Total Investments	<u>\$3,237,925</u>	<u>\$2,924,798</u>	<u>\$313,127</u>

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 4 – Deposits and Investments (continued)

Credit Risk – Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal National Mortgage Association Discount Notes, Federal Home Loan Bank Discount Notes, Federal Home Loan Bank Bonds, the First American Treasury Market Mutual Fund and Fifth Third U.S. Treasury Money Market Mutual Fund carry a rating of Aaa by Moody's. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Township's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The Township's investments in Federal Home Loan Bank Notes, Federal Home Loan Bank Discount Notes, the Fifth Third U.S. Treasury Money Market Mutual Fund and Federal Home Loan Bank Bonds represent 18.28 percent, 6.86 percent, 28.02 percent and 6.16 percent of the Township's total investments, respectively.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax revenue received during 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$21.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$248,675,270
Commercial/Industrial	42,491,370
Personal Public Utility	57,240,860
General Personal Property	3,209,515
Total Assessed Value	<u>\$351,617,015</u>

Note 6 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 6 – Risk Management (continued)

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	2007	2006
Assets	\$43,210,703.00	\$42,042,275.00
Liabilities	(13,357,837.00)	(12,120,661.00)
Net Assets	\$29,852,866.00	\$29,921,614.00

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 6 – Risk Management (continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$74,266. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA		
2005		\$90,712
2006		\$73,070
2007		\$78,964

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 7 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, 2007 a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$172,471, \$145,434 and \$158,542 respectively. The full amount has been contributed for 2007, 2006, and 2005. Contributions to the member-directed plan for 2007 were \$5,437 made by the Township and \$3,730 made by the plan members.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 7 – Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Township’s contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the Township’s contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Township’s pension contributions to OP&F for firefighters was \$92,155 for the year ended December 31, 2007, \$38,724 for the year ended December 31, 2006, and \$42,741 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

Note 8 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 8 – Postemployment Benefits (continued)

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.0 percent of covered payroll from January 1 through June 30, 2007, and 6.0 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007 and 2006 were \$88,719 and \$67,561 respectively. The full amount has been contributed for 2007 and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post -employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&B Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 8 – Postemployment Benefits (continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township’s contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters was \$36,060 for the year ended December 31, 2007, and \$30,011 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006.

Note 9 – Debt

The changes in the Township’s long-term obligations during 2007 were as follows:

Types / Issues	Balance 12/31/06	Issued	Retired	Balance 12/31/07	Due Within One Year
<u>Governmental Activities:</u>					
TIF Bonds 2.0 - 4.4%	\$7,910,000	\$0	\$605,000	\$7,305,000	\$625,000
Fire Equipment Bond - 3.89%	230,638	0	28,713	201,925	30,415
Total - General Long-Term Obligations	<u>\$8,140,638</u>	<u>\$0</u>	<u>\$633,713</u>	<u>\$7,506,925</u>	<u>\$655,415</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 9 – Debt (continued)

The Township issued \$9,685,000 in Tax Increment Revenue Bonds in 2003 and incurred issuance costs of \$142,264. A portion of the bond proceeds was used to retire existing \$8,246,378 Tax Increment Revenue Notes issued in 2000. The remaining bond proceeds were placed with a trustee. The Trust agreement requires the Trustee to establish funds for debt service reserves, bond servicing and payments to contractors. The Township reports bond servicing in a debt service fund and project construction costs in a capital projects fund. The Tax Increment Financing Bonds were issued to retire bond anticipation notes and to pay the cost of constructing and installing certain additional public improvements. The bonds will be repaid from payments in lieu of taxes assessed and collected by the County on property improvements in Pierce Township from the TIF Bond Retirement Fund. The Township is primarily liable for the TIF bonds. Therefore, although the payments in lieu of taxes are collected by the County and the corresponding debt payments made by the County, the Township will record on their financial statements the receipts and disbursements made on behalf of the Township by the County.

The Township issued \$310,000 in general obligation bonds for the purchase of fire equipment. The bonds were issued at a 3.89 percent interest rate, with final maturity October 15, 2013 and will be repaid from Other Governmental Funds.

The following is a summary of the Township’s future annual debt service requirements:

Year Ending December 31,	TIF Bonds		Fire Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	625,000	282,225	30,415	7,541	655,415	289,766
2009	640,000	264,412	31,611	6,346	671,611	270,758
2010	660,000	244,253	32,852	5,104	692,852	249,357
2011	680,000	221,152	34,143	3,814	714,143	224,966
2012	710,000	195,993	35,484	2,473	745,484	198,466
2013-2016	3,125,000	488,493	37,973	1,079	3,162,973	489,572
2017	865,000	38,060	0	0	865,000	38,060
Total	\$7,305,000	\$1,734,588	\$202,478	\$26,357	\$7,507,478	\$1,760,945

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$26,993,801 and an unvoted debt margin of 351,617.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(Continued)*

Note 10 – Contingent Liabilities

The Township is defendant in various lawsuits. Although management cannot presently determine the outcome, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pierce Township
Clermont County
950 Locust Corner Road
Cincinnati, Ohio 45216

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, Garbage and Waste Disposal, Police Fund, and Fire Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 18, 2008

**Pierce Township
Clermont County**
Management's Discussion and Analysis
For the Year Ended December 31, 2006

The discussion and analysis of Pierce Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- General receipts accounted for \$6,451,825, or 77.8 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$1,841,311 or 22.2 percent of total receipts of \$8,293,136.
- The Township had \$6,460,800 in disbursements; only \$1,841,311 of these disbursements were offset by program specific charges for services, grants, and contributions.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Assets and Statement of Activities provide information about the cash activities as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

**Pierce Township
Clermont County**
Management's Discussion and Analysis
For the Year Ended December 31, 2006

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

Statement of Net Assets and the Statement of Activities –Cash Basis

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well, such as the Township's property tax base, the condition of the Township's capital assets, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property taxes.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Township's major funds, not the Township as a whole. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. The Township's major governmental funds are the General, Road and Bridge, Garbage and Waste Disposal, Police, Fire, Special Assessment Note Retirement, and the TIF Bond Retirement Funds.

**Pierce Township
Clermont County**
Management's Discussion and Analysis
For the Year Ended December 31, 2006

Governmental Funds

The Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported on a cash basis. The governmental fund statements provide a detailed short-term view of the Township's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005.

	Table 1 Net Assets		
	2006	2005	Change
Assets:			
Current Assets	\$6,317,889	\$4,485,553	\$1,832,336
Net Assets:			
Restricted for:			
Debt Service	2,787,374	1,896,798	890,576
Capital Projects	1,676	2,904	(1,228)
Public Safety	707,390	983,143	(275,753)
Public Works	1,129,745	1,028,870	100,875
Other Purposes	136,241	179,485	(43,244)
Unrestricted	1,555,463	394,353	1,161,110
<i>Total Net Assets</i>	\$6,317,889	\$4,485,553	\$1,832,336

**Pierce Township
Clermont County**
Management's Discussion and Analysis
For the Year Ended December 31, 2006

Table 2 shows the change in net assets for 2006 compared to 2005.

Table 2
Change in Net Assets

	2006	2005	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$458,601	\$384,038	\$74,563
Operating Grants and Contributions	1,382,710	1,498,301	(115,591)
<i>Total Program Cash Receipts</i>	<u>1,841,311</u>	<u>1,882,339</u>	<u>(41,028)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	256,900	229,691	27,209
Debt Service	37,957	37,957	0
Public Safety	1,052,626	1,873,190	(820,564)
Public Works	1,966,262	976,228	990,034
Payment in Lieu of Taxes	1,541,378	1,306,585	234,793
Grants and Entitlements not Restricted	1,206,770	299,125	907,645
Investment Earnings	244,729	120,934	123,795
Miscellaneous	145,203	257,545	(112,342)
<i>Total General Receipts</i>	<u>6,451,825</u>	<u>5,101,255</u>	<u>1,350,570</u>
<i>Total Receipts</i>	<u>8,293,136</u>	<u>6,983,594</u>	<u>1,309,542</u>
Cash Disbursements:			
General Government	673,895	480,243	193,652
Public Safety	3,010,018	2,928,040	81,978
Public Works	1,580,757	1,236,651	344,106
Health	100,430	118,560	(18,130)
Human Services	6,144	5,140	1,004
Capital Outlay	127,781	349,382	(221,601)
Debt Service:			
Principal Retirement	623,165	612,096	11,069
Interest and Fiscal Charges	338,610	334,320	4,290
<i>Total Cash Disbursements</i>	<u>6,460,800</u>	<u>6,064,432</u>	<u>\$396,368</u>
<i>Increase in Net Assets</i>	1,832,336	919,162	
<i>Net Assets at Beginning of Year</i>	4,485,553	3,566,391	
<i>Net Assets at End of Year</i>	<u>\$6,317,889</u>	<u>\$4,485,553</u>	

During 2006, net assets increased \$1,832,336 due primarily to the significant increase in receipts from estate taxes. This increase is reflected in Grants and Entitlements not Restricted. Also, the Township had more payment in lieu of taxes receipts than expected.

**Pierce Township
Clermont County**
Management's Discussion and Analysis
For the Year Ended December 31, 2006

The significant increase in General Government disbursements resulted from the purchase of a life squad in 2006. The significant increase in Public Safety disbursements resulted primarily from personnel costs. Public Works disbursements increased due mainly to increased costs from a road paving/resurfacing program in 2006, along with additional payments in 2006 for garbage and waste disposal. The decrease in Capital Outlay was from purchases in 2005 for emergency road repair, mobile data processing equipment, and police cruisers, which were not repeated in 2006.

The Township's Funds

Information about the Township's major funds starts on page 11. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$8,293,136 and disbursements of \$6,460,800.

The net change in fund balance for the General, Road and Bridge, Garbage and Waste Disposal, Police, Fire, Special Assessment Note Retirement, and TIF Bond Retirement Funds were \$1,161,108, \$90,504, (\$133,175), (\$84,648), (\$115,835), \$830,225, and \$58,675, respectively. The increase in the General Fund was primarily due to a large inheritance tax received. The increase in the Road & Bridge Fund was primarily due to decreased spending in 2005 which resulted in a larger carryover in 2006. In the Garbage and Waste Disposal Fund, spending increased from 2005 to 2006 primarily due to higher waste collection fees. The Police Fund had a smaller carryover in 2006 compared to 2005, primarily due to increased personnel costs, and insurance costs. The Fire Fund had a smaller carryover in 2006 compared to 2005. The increase in the fund balance for the Special Assessment Note Retirement resulted from increased tax receipts. The TIF Bond Retirement Fund increased slightly from higher interest received in 2006 compared to 2005.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, the final budget basis receipts estimate increased from the original budget basis receipts by \$1,125,372. The most significant change was in intergovernmental receipts due primarily to the unexpected inheritance tax received. Actual receipts and other financing sources increased \$17,751 from final budget basis receipts, primarily from the Township earning more interest than expected.

Final appropriations of \$2,107,240 increased from original appropriations of \$981,869 by \$1,125,371. Actual disbursements decreased by \$1,531,026 from final appropriations. The Township's budgeting systems are designed to tightly control total budgets but provide flexibility for management.

**Pierce Township
Clermont County**
Management's Discussion and Analysis
For the Year Ended December 31, 2006

Debt Administration

At December 31, 2006 the Township had \$8,140,638 in general obligation bonds outstanding, of which \$634,266 is due within one year. Table 3 summarizes the bonds outstanding:

Table 3
Outstanding Debt, at Year-End

	2006	2005
TIF Bonds	\$7,910,000	\$8,505,000
Fire Bonds	230,638	258,808
Total	\$8,140,638	\$8,763,808

The Township's overall legal debt margin was \$25,922,784 and an unvoted debt margin of \$358,740.

For more information on the Township's debt, see Note 9 of the basic financial statements.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karen Register, Financial Officer, at Pierce Township, 950 Locust Corner Road, Cincinnati, Ohio 45245, or email kregister@piercetownship.org.

Pierce Township
Clermont County
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$6,317,889
Net Assets:	
Restricted for:	
Debt Service	2,787,374
Capital Projects	1,676
Public Safety	707,390
Public Works	1,129,745
Other Purposes	136,241
Unrestricted	1,555,463
<i>Total Net Assets</i>	<i>\$6,317,889</i>

See Accompanying Notes to the Basic Financial Statements

Pierce Township
Clermont County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2006

	General	Road and Bridge	Garbage and Waste Disposal	Police	Fire	Special Assessment Note Retirement	TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$1,555,463	\$423,838	\$406,772	\$622,952	\$17,747	\$1,776,793	\$1,008,905	\$505,419	\$6,317,889
Fund Balances:									
Reserved for Encumbrances	\$0	\$6,852	\$0	\$0	\$8,654	\$0	\$0	\$0	\$15,506
Unreserved, Undesignated, Reported in:									
General Fund	1,555,463	0	0	0	0	0	0	0	1,555,463
Special Revenue Funds	0	416,986	406,772	622,952	9,093	0	0	503,743	1,959,546
Debt Service Funds	0	0	0	0	0	1,776,793	1,008,905	0	2,785,698
Capital Projects Funds	0	0	0	0	0	0	0	1,676	1,676
Total Fund Balances	1,555,463	423,838	406,772	622,952	17,747	1,776,793	1,008,905	505,419	6,317,889
<i>Total Fund Balances</i>	<u>\$1,555,463</u>	<u>\$423,838</u>	<u>\$406,772</u>	<u>\$622,952</u>	<u>\$17,747</u>	<u>\$1,776,793</u>	<u>\$1,008,905</u>	<u>\$505,419</u>	<u>\$6,317,889</u>

See Accompanying Notes to the Basic Financial Statements

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**Pierce Township
Clermont County**

*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2006*

	General	Road and Bridge	Garbage and Waste Disposal	Police	Fire
Receipts:					
Property Taxes	\$256,900	\$481,334	\$571,292	\$958,799	\$1,007,463
Interest	173,658	0	0	0	0
Intergovernmental	1,206,770	133,331	167,680	369,702	207,183
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	59,288
Licenses, Permits, and Fees	68,068	0	0	0	0
Fines, Forfeitures, and Penalties	4,387	0	0	335	0
Payment in Lieu of Taxes	0	0	0	0	0
Miscellaneous	27,539	2,043	0	16,737	7,105
<i>Total Receipts</i>	<u>1,737,322</u>	<u>616,708</u>	<u>738,972</u>	<u>1,345,573</u>	<u>1,281,039</u>
Disbursements:					
Current:					
General Government	491,267	0	0	0	0
Public Safety	0	0	0	1,427,688	1,381,503
Public Works	6,903	520,745	831,451	0	0
Health	53,565	0	0	0	0
Human Services	6,144	0	0	0	0
Capital Outlay	18,335	5,459	40,696	2,533	15,371
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Disbursements</i>	<u>576,214</u>	<u>526,204</u>	<u>872,147</u>	<u>1,430,221</u>	<u>1,396,874</u>
<i>Net Change in Fund Balances</i>	1,161,108	90,504	(133,175)	(84,648)	(115,835)
<i>Fund Balances at Beginning of Year</i>	394,355	333,334	539,947	707,600	133,582
<i>Fund Balances at End of Year</i>	<u>\$1,555,463</u>	<u>\$423,838</u>	<u>\$406,772</u>	<u>\$622,952</u>	<u>\$17,747</u>

See Accompanying Notes to the Basic Financial Statements

Special Assessment Note Retirement	TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$37,957	\$3,313,745
5,193	58,675	7,203	244,729
209,562	0	295,252	2,589,480
	0	106,512	106,512
0	0	180,766	240,054
0	0	35,645	103,713
0	0	3,600	8,322
1,541,378	0	0	1,541,378
0	0	91,779	145,203
1,756,133	58,675	758,714	8,293,136
0	0	182,628	673,895
0	0	200,827	3,010,018
0	0	221,658	1,580,757
0	0	46,865	100,430
0	0	0	6,144
2,090	0	43,297	127,781
595,000	0	28,165	623,165
328,818	0	9,792	338,610
925,908	0	733,232	6,460,800
830,225	58,675	25,482	1,832,336
946,568	950,230	479,937	4,485,553
\$1,776,793	\$1,008,905	\$505,419	\$6,317,889

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$256,426	\$256,426	\$256,900	\$474
Interest	40,000	40,000	173,658	133,658
Intergovernmental	220,002	1,345,374	1,206,770	(138,604)
Licenses, Permits, and Fees	30,000	30,000	68,068	38,068
Fines, Forfeitures, and Penalties	3,500	3,500	4,387	887
Miscellaneous	46,641	46,641	27,539	(19,102)
<i>Total Receipts</i>	<u>596,569</u>	<u>1,721,941</u>	<u>1,737,322</u>	<u>15,381</u>
Disbursements:				
Current:				
General Government	825,815	1,963,621	491,267	1,472,354
Public Works	10,000	10,000	6,903	3,097
Human Services	48,054	48,054	6,144	41,910
Health	69,000	56,565	53,565	3,000
Capital Outlay	29,000	29,000	18,335	10,665
<i>Total Disbursements</i>	<u>981,869</u>	<u>2,107,240</u>	<u>576,214</u>	<u>1,531,026</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(385,300)	(385,299)	1,161,108	1,546,407
Other Financing Sources:				
Refund of Prior Year Disbursements	<u>0</u>	<u>0</u>	<u>2,370</u>	<u>2,370</u>
<i>Net Change in Fund Balance</i>	(385,300)	(385,299)	1,163,478	1,548,777
<i>Fund Balance at Beginning of Year</i>	385,301	385,301	385,301	0
<i>Prior Year Encumbrances Appropriated</i>	<u>9,054</u>	<u>9,054</u>	<u>9,054</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$9,055</u>	<u>\$9,056</u>	<u>\$1,557,833</u>	<u>\$1,548,777</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$480,328	\$480,328	\$481,334	\$1,006
Intergovernmental	132,056	132,056	133,331	1,275
Miscellaneous	255	4,324	2,043	(2,281)
<i>Total Receipts</i>	<u>612,639</u>	<u>616,708</u>	<u>616,708</u>	<u>0</u>
Disbursements:				
Current:				
Public Works	927,376	927,848	527,597	400,251
Capital Outlay	18,597	18,597	5,459	13,138
<i>Total Disbursements</i>	<u>945,973</u>	<u>946,445</u>	<u>533,056</u>	<u>413,389</u>
<i>Net Change in Fund Balance</i>	(333,334)	(329,737)	83,652	413,389
<i>Fund Balance at Beginning of Year</i>	329,737	329,737	329,737	0
<i>Prior Year Encumbrances Appropriated</i>	3,597	3,597	3,597	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$3,597</u>	<u>\$416,986</u>	<u>\$413,389</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Garbage and Waste Disposal Special Revenue Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$570,441	\$570,441	\$571,292	\$851
Intergovernmental	189,465	168,531	167,680	(851)
<i>Total Receipts</i>	759,906	738,972	738,972	0
Disbursements:				
Current:				
Public Works	1,168,591	1,147,657	831,451	316,206
Capital Outlay	90,631	90,631	40,696	49,935
<i>Total Disbursements</i>	1,259,222	1,238,288	872,147	366,141
<i>Net Change in Fund Balance</i>	(499,316)	(499,316)	(133,175)	366,141
<i>Fund Balance at Beginning of Year</i>	499,316	499,316	499,316	0
<i>Prior Year Encumbrances Appropriated</i>	40,631	40,631	40,631	0
<i>Fund Balance at End of Year</i>	\$40,631	\$40,631	\$406,772	\$366,141

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Police Special Revenue Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$959,284	\$959,284	\$958,799	(\$485)
Intergovernmental	511,134	368,632	369,702	1,070
Charges for Services	550	550	0	(550)
Fines, Forfeitures, and Penalties	335	335	335	0
Miscellaneous	16,737	16,737	16,737	0
<i>Total Receipts</i>	<u>1,488,040</u>	<u>1,345,538</u>	<u>1,345,573</u>	<u>35</u>
Disbursements:				
Current:				
Public Safety	2,070,640	1,928,138	1,427,688	500,450
Capital Outlay	125,000	125,000	2,533	122,467
<i>Total Disbursements</i>	<u>2,195,640</u>	<u>2,053,138</u>	<u>1,430,221</u>	<u>622,917</u>
<i>Net Change in Fund Balance</i>	(707,600)	(707,600)	(84,648)	622,952
<i>Fund Balance at Beginning of Year</i>	707,600	707,600	707,600	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$622,952</u>	<u>\$622,952</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Fire Special Revenue Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$1,006,447	\$1,006,447	\$1,007,463	\$1,016
Intergovernmental	222,927	207,952	207,183	(769)
Charges for Services	59,288	59,288	59,288	0
Miscellaneous	73,515	7,352	7,105	(247)
<i>Total Receipts</i>	<u>1,362,177</u>	<u>1,281,039</u>	<u>1,281,039</u>	<u>0</u>
Disbursements:				
Current:				
Public Safety	1,470,759	1,398,944	1,389,880	9,064
Capital Outlay	25,000	15,677	15,648	29
<i>Total Disbursements</i>	<u>1,495,759</u>	<u>1,414,621</u>	<u>1,405,528</u>	<u>9,093</u>
<i>Net Change in Fund Balance</i>	(133,582)	(133,582)	(124,489)	9,093
<i>Fund Balance at Beginning of Year</i>	133,582	133,582	133,582	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$9,093</u>	<u>\$9,093</u>

See Accompanying Notes to the Basic Financial Statements

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**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006*

Note 1 – Reporting Entity

Pierce Township, Clermont County, Ohio (the Township), is a body politic and corporate established in to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Financial Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, police protection, and cemetery maintenance. The Township contracts with Union Township for fire and emergency medical services and New Richmond Fire Department to provide fire protection.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

Public Entity Risk Pool

The Township participates in a public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 2 – Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township, however, has no activities which are reported as business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

The Statement of Net Assets presents the cash and investment balances of the governmental activities of the Township at year-end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Township's major governmental funds:

General Fund: This fund is the general operating fund and accounts for all financial resources except those required to be accounted for 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Road and Bridge Fund: This fund is used to record disbursements related to roads including the improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

Garbage and Waste Disposal Fund: This fund is used to record disbursements related to waste removal, payroll, equipment, supplies, maintenance and can be used for construction of new future facilities.

Police Fund: This fund accounts for proceeds from property taxes used for police department operations and protection services.

Fire Fund: This fund accounts for proceeds from property taxes received for fire department and life squad protection and emergency.

Special Assessment Note Retirement Fund: This fund is used to retire all debt associated with the Township financing the cost of constructing and installing certain additional public improvements by the issuance and sale of bonds with the bonds secured by a trust agreement. The bonds were issued for a thirty year period.

TIF Bond Retirement Fund: This fund is used to retain sufficient funds that will be used to retire the TIF debt in the event the Township defaults on the note.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Financial Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Township's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Township are presented on the financial statements as cash and cash equivalents.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006, the Township invested in nonnegotiable certificates of deposit, STAR Ohio, Federal Home Loan Bank Bonds, and Fifth Third U.S. Treasury Money Market Mutual Fund. The nonnegotiable certificates of deposit are reported at cost. The Township's money market mutual fund investment is recorded at the amount reported by Fifth Third on December 31, 2006.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$173,658 which includes \$143,138 assigned from other Township funds.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for police and fire programs, street repair/improvement programs, and cemetery programs. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$4,762,426 of restricted net assets, none of which is restricted by enabling legislation.

Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Road and Bridge, Garbage and Waste Disposal, Police, and Fire Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and unrecorded cash, which represents amounts received but not included on the budgetary basis.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 3 – Budgetary Basis of Accounting (continued)

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund, Road and Bridge Fund, Garbage and Waste Disposal Fund, Police Fund, and Fire Fund.

Net Change in Fund Balance

	General	Road and Bridge	Garbage and Waste	Police	Fire
Cash Basis	\$1,161,108	\$90,504	(\$133,175)	(\$84,648)	(\$115,835)
Adjustment for Encumbrances	0	(6,852)	0	0	(8,654)
Budget Basis	\$1,161,108	\$83,652	(\$133,175)	(\$84,648)	(\$124,489)

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 4 – Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 4 – Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$4,326,364 of the Township’s bank balance of \$4,526,364 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, in the Township’s name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006, the Township had the following investments:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
STAROhio	\$1,030,125	\$1,030,125	\$0
Federal Home Loan Bank Bonds	196,812	0	196,812
Fifth Third US Treasury Money Market Mutual Fund	895,072	895,072	0
Total Investments	<u>\$2,122,009</u>	<u>\$1,925,197</u>	<u>\$196,812</u>

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township’s investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The Federal Home Loan Bank Bonds and the Fifth Third US Treasury Money Market Mutual Fund carry a rating of Aaa by Moody’s. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City’s investment policy limits investments to those authorized by State statute.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 4 – Deposits and Investments (continued)

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The Township's investments in The Federal Home Loan Bank Bonds represent 9.28 percent of the Township's total investments.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2006, was \$10.59 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$251,273,650
Agricultural	4,926,700
Commercial/Industrial	42,780,280
Personal Public Utility	57,283,100
General Personal Property	2,476,589
Total Assessed Value	<u>\$358,740,319</u>

Note 6 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 6 – Risk Management (continued)

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 6 – Risk Management (continued)

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$146,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2004	\$ 80,119
2005	\$ 90,712
2006	\$ 73,070

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 7 – Defined Benefit Pension Plan (continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005 were \$145,434 and \$158,542 respectively. The full amount has been contributed for 2006 and 2005.

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters was \$38,724 for the year ended December 31, 2006 and \$42,741 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$67,561. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 8 – Postemployment Benefits (continued)

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2006 that were used to fund postemployment benefits were \$30,011 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 9 – Debt

The changes in the Township's long-term obligations during 2006 were as follows:

Types / Issues	Balance 12/31/05	Issued	Retired	Balance 12/31/06	Due Within One Year
<u>Governmental Activities:</u>					
TIF Bonds 2.0 - 4.4%	\$8,505,000	\$0	\$595,000	\$7,910,000	\$605,000
Fire Equipment Bond - 3.89%	258,803	0	28,165	230,638	29,266
Total - General Long-Term Obligations	<u>\$8,763,803</u>	<u>\$0</u>	<u>\$623,165</u>	<u>\$8,140,638</u>	<u>\$634,266</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 9 – Debt (continued)

The Township issued \$9,685,000 in Tax Increment Revenue Bonds in 2003 and incurred issuance costs of \$142,264. A portion of the bond proceeds was used to retire existing \$8,246,378 Tax Increment Revenue Notes issued in 2000. The remaining bond proceeds were placed with a trustee. The Trust agreement requires the Trustee to establish funds for debt service reserves, bond servicing and payments to contractors. The Township reports bond servicing in a debt service fund and project construction costs in a capital projects fund. The Tax Increment Financing Bonds were issued to retire bond anticipation notes and to pay the cost of constructing and installing certain additional public improvements. The bonds will be repaid from payments in lieu of taxes assessed and collected by the County on property improvements in Pierce Township from the TIF Bond Retirement Fund. The Township is primarily liable for the TIF bonds. Therefore, although the payments in lieu of taxes are collected by the County and the corresponding debt payments made by the County, the Township will record on their financial statements the receipts and disbursements made on behalf of the Township by the County.

The Township issued \$310,000 in general obligation bonds for the purchase of fire equipment. The bonds were issued at a 3.89 percent interest rate, with final maturity October 15, 2013 and will be repaid from Other Governmental Funds.

The following is a summary of the Township’s future annual debt service requirements:

Year Ending December 31,	TIF Bonds		Fire Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$605,000	\$297,350	\$29,266	\$8,690	\$634,266	\$306,040
2008	625,000	282,225	30,415	7,541	655,415	289,766
2009	640,000	264,412	31,611	6,346	671,611	270,758
2010	660,000	244,253	32,852	5,104	692,852	249,357
2011	680,000	221,152	34,143	3,814	714,143	224,966
2012-2016	3,835,000	684,486	72,361	3,552	3,907,361	688,038
2017	865,000	38,060	0	0	865,000	38,060
Total	\$7,910,000	\$2,031,938	\$230,648	\$35,047	\$8,140,648	\$2,066,985

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$25,922,784 and an unvoted debt margin of \$358,740.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2006
(Continued)*

Note 10 – Contingent Liabilities

The Township is defendant in various lawsuits. Although management cannot presently determine the outcome, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

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Mary Taylor, CPA

Auditor of State

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

Pierce Township
Clermont County
950 Locust Corner Road
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 18, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-001 is also a material weakness.

We noted a certain matter that we reported to the Township's management in a separate letter dated December 18, 2008.

Compliance and Other Matters

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

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



Mary Taylor, CPA
Auditor of State

December 18, 2008

PIERCE TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-001

Material Weakness

Ohio Admin. Code, Section 117-2-01(D), states that when designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The Township lacked management oversight in the proper recording of various transactions. The Township incorrectly posted:

**FINDING NUMBER 2007-001
(Continued)**

Opinion Unit	Description	Year	Classified in Error as	Reclassified as	Amount
General	Person Property Reimbursements	2007	All Other Revenue	Intergovernmental	\$ 1,298
		2006	All Other Revenue	Intergovernmental	709
General	Excise Tax Reimbursements	2007	All Other Revenue	Intergovernmental	39,371
		2006	All Other Revenue	Intergovernmental	49,213
General	Excess Deregulation Monies	2007	All Other Revenue	Intergovernmental	9,763
General	Cable Franchise Fees	2007	All Other Revenue	License, Permits, and Fees	27,509
		2006	All Other Revenue	License, Permits, and Fees	47,830
Road & Bridge	Person Property Reimbursements	2007	All Other Revenue	Intergovernmental	2,635
		2006	All Other Revenue	Intergovernmental	1,442
Road & Bridge	Excise Tax Reimbursements	2007	All Other Revenue	Intergovernmental	64,460
		2006	All Other Revenue	Intergovernmental	80,575
Road & Bridge	County Share Road Repair Village of Amelia Share Road Repair	2007	All Other Revenue	Intergovernmental	12,000
		2006	All Other Revenue	Intergovernmental	3,691
Police	Person Property Reimbursements	2007	All Other Revenue	Intergovernmental	9,517
		2006	All Other Revenue	Intergovernmental	5,207
Police	Excise Tax Reimbursements	2007	All Other Revenue	Intergovernmental	232,774
		2006	All Other Revenue	Intergovernmental	290,966
Police	County Warrant Fees	2007	All Other Revenue	Fine, Forfeitures, and Penalties	800
		2006	All Other Revenue	Fine, Forfeitures, and Penalties	335
Fire	Person Property Reimbursements	2007	All Other Revenue	Intergovernmental	7,760
		2006	All Other Revenue	Intergovernmental	4,246
Fire	Excise Tax Reimbursements	2007	All Other Revenue	Intergovernmental	87,700
		2006	All Other Revenue	Intergovernmental	109,625
Fire	Fire Service Contract w/Ohio Twsp	2007	All Other Revenue	Charges for Service	61,188
		2006	All Other Revenue	Charges for Service	59,288
Special Assessment Note Retirement	Homestead and Rollback	2007	All Other Revenue	Intergovernmental	241,578
		2006	All Other Revenue	Intergovernmental	209,562
Special Assessment Note Retirement	TIF Assessment	2007	Special Assessments	Payment in Lieu of Taxes	1,767,737
		2006	Special Assessments	Payment in Lieu of Taxes	1,541,378
Remaining	Person Property Reimbursements	2007	All Other Revenue	Intergovernmental	3,660
		2006	All Other Revenue	Intergovernmental	2,003
Remaining	Excise Tax Reimbursements	2007	All Other Revenue	Intergovernmental	89,528
		2006	All Other Revenue	Intergovernmental	111,910

These errors resulted in the annual report being incorrect and not consistent with prior years. The proper classification of transactions can help demonstrate legal compliance, financial accountability, and to provide management with proper information for decision making. We recommend the fiscal officer review the chart of accounts per the Township Handbook to ensure that receipts are properly coded, are properly posted to the ledgers, and properly reflected on the annual report. Additionally, management should periodically review detailed financial reports to determine accuracy and to ensure proper procedures are followed by the fiscal officer.

Officials Response:

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

PIERCE TOWNSHIP

CLERMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 6, 2009**