



Dave Yost • Auditor of State

**PIERCE TOWNSHIP
CLERMONT COUNTY**

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CLERMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2011, 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, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Road & Bridge Fund, Police Fund, Fire Fund, and Garbage & Waste Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 2 and 15, during 2011 Pierce Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, Required budgetary comparison schedules as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

December 31, 2012

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited*

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, 2011, 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 2011 are as follows:

General receipts accounted for \$6,282,245 of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions and interest accounted for \$1,738,159 of total receipts of \$8,020,404.

The Township had \$6,759,604 in disbursements; only \$1,738,159 of these disbursements was offset by program specific charges for services, grants, contributions and interest.

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 the 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.

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.

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*Management's Discussion and Analysis
For the Year Ended December 31, 2011
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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 2011, 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, and Garbage and Waste Disposal District Funds.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited*

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 2011 compared to 2010.

	Table 1 Net Assets		
	2011	2010	Change
Assets:			
Current Assets	\$8,377,670	\$7,116,872	\$1,260,798
Net Assets:			
Restricted for:			
Debt Service	\$92,233	\$98,314	(\$6,081)
Capital Projects	379	380	(1)
Public Safety	3,534,499	3,120,574	413,925
Public Works	1,503,973	2,135,708	(631,735)
Other Purposes	916,802	511,214	405,588
Unrestricted	2,329,784	1,250,680	1,079,104
<i>Total Net Assets</i>	\$8,377,670	\$7,116,870	\$1,260,800

The increase in Total Net Assets from the prior year was a result of the Township experiencing a reduction in personnel and related disbursements, along with the Township monitoring disbursements more closely.

Pierce Township
Clermont County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Table 2 shows the change in net assets for 2011 compared to 2010.

Table 2
Change in Net Assets

	2011	2010	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$550,321	\$594,857	(\$44,536)
Operating Grants, Contributions and Interest	1,187,838	1,526,032	(338,194)
Capital Grants and Contributions	0	20,000	(20,000)
<i>Total Program Cash Receipts</i>	<u>1,738,159</u>	<u>2,140,889</u>	<u>(402,730)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	304,259	313,541	(9,282)
Debt Service	37,957	37,957	0
Public Safety	3,729,692	3,833,560	(103,868)
Public Works	1,313,532	1,343,937	(30,405)
Payment in Lieu of Taxes	300,630	290,254	10,376
Grants and Entitlements not Restricted	504,995	277,962	227,033
Cable Franchise Fees	66,104	0	66,104
Interest	6,349	19,163	(12,814)
Gifts and Donations	0	158	(158)
Proceeds of Loan	0	150,000	(150,000)
Miscellaneous	18,727	23,012	(4,285)
<i>Total General Receipts</i>	<u>6,282,245</u>	<u>6,289,544</u>	<u>(7,299)</u>
<i>Total Receipts</i>	<u>8,020,404</u>	<u>8,430,433</u>	<u>(410,029)</u>
Cash Disbursements:			
General Government	564,034	939,635	375,601
Public Safety	4,032,818	3,975,709	(57,109)
Public Works	1,797,532	1,529,235	(268,297)
Health	138,225	138,759	534
Human Services	41,197	72,166	30,969
Capital Outlay	80,075	255,420	175,345
Debt Service:			
Principal Retirement	78,281	69,137	(9,144)
Payment to Refunded Bond Escrow Agent	0	6,597,268	6,597,268
Interest and Fiscal Charges	27,442	27,586	144
<i>Total Cash Disbursements</i>	<u>6,759,604</u>	<u>13,604,915</u>	<u>6,845,311</u>
<i>Change in Net Assets</i>	<u>1,260,800</u>	<u>(5,174,482)</u>	<u>6,435,282</u>
<i>Net Assets at Beginning of Year -Restated</i>	<u>7,116,870</u>	<u>12,291,352</u>	<u>(5,174,482)</u>
<i>Net Assets at End of Year</i>	<u>\$8,377,670</u>	<u>\$7,116,870</u>	<u>\$1,260,800</u>

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Operating Grant, Contributions and Interest decreased as a result of the Township receiving fewer monies related to homestead and rollback in funds which levied taxes for a particular purpose. Grants and Entitlements not Restricted increased as a result of a greater amount of estate tax receipts in 2011 than in 2010. Government-wide disbursements decreased \$6,845,311. This was primarily the result of the Township defeasing a debt issue in 2010. Such activity did not occur in 2011.

The Township's Funds

Information about the Township's major funds starts on page 10. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$8,020,402 and total disbursements of \$6,759,604.

All major funds balances increased in 2011. The increase in the General Fund of \$271,946 was due to an increase in estate taxes received coupled with a decrease in salaries expense as positions were either cut or reduced. The increase in the Road and Bridge Fund was \$9,822 which is insignificant. The increases in the Police Fund and Fire Fund of \$424,831 and \$251,674, respectively, are due to revenues exceeding disbursements as a result of the continuance of monitoring disbursements more closely. The increase in the Garbage Fund of \$21,389 is insignificant.

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 estimate by \$69,829, which was due mainly to an increase in Intergovernmental Receipts as the Township attempted to adjust its budget for greater estate tax revenue anticipations. Actual receipts increased \$3,619 from the final budget, which is insignificant.

Final appropriations of \$2,065,668 increased from original appropriations of \$1,995,841, an insignificant increase. Actual disbursements decreased \$1,510,487 from final appropriations. The actual disbursements reflect a decrease as the Township experienced a reduction in personnel during the year. The Township's budgeting systems are designed to tightly control total budgets but provide flexibility for management.

**Pierce Township
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*Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited*

Debt Administration

At December 31, 2011 the Township had \$204,242 in general obligation bonds and loans outstanding, of which \$48,255 is due within one year. Table 3 summarizes the debt outstanding:

Table 3
Outstanding Debt, at Year-End

	<u>2011</u>	<u>2010</u>
Fire Bonds	\$72,309	\$106,457
Locust Lake Property Loan	131,933	144,184
Total	<u>\$204,242</u>	<u>\$250,641</u>

The Township's overall legal debt margin was \$41,314,836 and an unvoted debt margin of \$216,790.

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, 2011

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$8,377,670
Net Assets:	
Restricted for:	
Debt Service	\$92,233
Capital Projects	379
Public Safety	3,534,499
Public Works	1,503,973
Other Purposes	916,802
Unrestricted	2,329,784
<i>Total Net Assets</i>	<u>\$8,377,670</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants Contributions and Interest	Total Governmental Activities
Governmental Activities:				
General Government	\$564,034	\$65,535	\$0	(\$498,499)
Public Safety	4,032,818	303,772	774,210	(2,954,836)
Public Works	1,797,532	114,525	413,628	(1,269,379)
Health	138,225	66,489	0	(71,736)
Human Services	41,197	0	0	(41,197)
Capital Outlay	80,075	0	0	(80,075)
Debt Service:				
Principal Retirement	78,281	0	0	(78,281)
Interest and Fiscal Charges	27,442	0	0	(27,442)
<i>Total Governmental Activities</i>	<u>\$6,759,604</u>	<u>\$550,321</u>	<u>\$1,187,838</u>	<u>(5,021,445)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	304,259
Debt Service	37,957
Public Safety	3,729,692
Public Works	1,313,532
Cable Franchise Fees	66,104
Payment in Lieu of Taxes	300,630
Grants and Entitlements not Restricted	504,995
Interest	6,349
Miscellaneous	18,727
<i>Total General Receipts</i>	<u>6,282,245</u>
<i>Change in Net Assets</i>	1,260,800
<i>Net Assets at Beginning of Year - as Restated (See Note 15)</i>	<u>7,116,870</u>
<i>Net Assets at End of Year</i>	<u><u>\$8,377,670</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, 2011

	General	Road and Bridge	Police	Fire	Garbage and Waste Disposal District	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$1,522,626	\$549,307	\$2,583,323	\$850,932	\$1,085,318	\$1,786,164	\$8,377,670
Fund Balances:							
Restricted	\$0	\$0	\$2,583,323	\$850,932	\$1,085,318	\$1,528,313	\$6,047,886
Committed	0	549,307	0	0	0	257,851	807,158
Assigned	2,500	0	0	0	0	0	2,500
Unassigned	1,520,126	0	0	0	0	0	1,520,126
<i>Total Fund Balances</i>	<u>\$1,522,626</u>	<u>\$549,307</u>	<u>\$2,583,323</u>	<u>\$850,932</u>	<u>\$1,085,318</u>	<u>\$1,786,164</u>	<u>\$8,377,670</u>

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, 2011

	General	Road and Bridge	Police	Fire
Receipts:				
Property Taxes	\$304,259	\$571,772	\$1,940,242	\$1,789,450
Interest	6,349	0	0	0
Intergovernmental	378,215	126,440	415,071	301,117
Special Assessments	0	0	0	0
Charges for Services	0	0	0	67,119
Licenses, Permits, and Fees	72,362	0	0	0
Fines, Forfeitures, and Penalties	2,689	0	626	0
Payment in Lieu of Taxes	0	0	0	0
Gifts and Donations	0	0	0	0
Rent	56,588	0	0	0
Miscellaneous	2,031	6,057	2,723	3,124
<i>Total Receipts</i>	<u>822,493</u>	<u>704,269</u>	<u>2,358,662</u>	<u>2,160,810</u>
Disbursements:				
Current:				
General Government	406,496	0	0	0
Public Safety	0	0	1,933,831	1,859,370
Public Works	8,036	634,566	0	0
Health	59,685	0	0	0
Human Services	41,197	0	0	0
Capital Outlay	19,267	59,881	0	0
Debt Service:				
Principal Retirement	12,253	0	0	31,885
Interest and Fiscal Charges	5,747	0	0	17,881
<i>Total Disbursements</i>	<u>552,681</u>	<u>694,447</u>	<u>1,933,831</u>	<u>1,909,136</u>
<i>Excess of Revenues Over Expenditures</i>	<u>269,812</u>	<u>9,822</u>	<u>424,831</u>	<u>251,674</u>
Other Financing Sources (Uses):				
Advances-In	2,134	0	0	0
Advances-Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>2,134</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	271,946	9,822	424,831	251,674
<i>Fund Balances at Beginning of Year - as Restated (See Note 15)</i>	<u>1,250,680</u>	<u>539,485</u>	<u>2,158,492</u>	<u>599,258</u>
<i>Fund Balances at End of Year</i>	<u>\$1,522,626</u>	<u>\$549,307</u>	<u>\$2,583,323</u>	<u>\$850,932</u>

See Accompanying Notes to the Basic Financial Statements

Garbage and Waste Disposal District	Other Governmental Funds	Total Governmental Funds
\$741,760	\$37,957	\$5,385,440
0	349	6,698
168,025	299,580	1,688,448
0	114,525	114,525
0	262,809	329,928
0	37,244	109,606
0	2,463	5,778
0	300,630	300,630
0	4,036	4,036
0	0	56,588
701	4,091	18,727
<u>910,486</u>	<u>1,063,684</u>	<u>8,020,404</u>
0	157,538	564,034
0	239,617	4,032,818
889,097	265,833	1,797,532
0	78,540	138,225
0	0	41,197
0	927	80,075
0	34,143	78,281
0	3,814	27,442
<u>889,097</u>	<u>780,412</u>	<u>6,759,604</u>
<u>21,389</u>	<u>283,272</u>	<u>1,260,800</u>
0	0	2,134
0	(2,134)	(2,134)
<u>0</u>	<u>(2,134)</u>	<u>0</u>
21,389	281,138	1,260,800
<u>1,063,929</u>	<u>1,505,026</u>	<u>7,116,870</u>
<u>\$1,085,318</u>	<u>\$1,786,164</u>	<u>\$8,377,670</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, 2011*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$315,466	\$315,466	\$304,259	(\$11,207)
Interest	5,315	6,167	6,349	182
Intergovernmental	316,900	367,695	378,215	10,520
Licenses, Permits, and Fees	60,581	70,291	72,362	2,071
Fines, Forfeitures, and Penalties	2,251	2,612	2,689	77
Rent	47,375	54,969	56,588	1,619
Miscellaneous	1,443	1,674	2,031	357
<i>Total Receipts</i>	749,331	818,874	822,493	3,619
Disbursements:				
Current:				
General Government	1,786,926	1,856,753	406,496	1,450,257
Public Works	10,000	10,000	8,036	1,964
Health	59,915	59,915	59,685	230
Human Services	81,000	81,000	41,197	39,803
Capital Outlay	58,000	58,000	39,767	18,233
<i>Total Disbursements</i>	1,995,841	2,065,668	555,181	1,510,487
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,246,510)	(1,246,794)	267,312	1,514,106
Other Financing Sources:				
Advances-In	1,787	2,073	2,134	61
<i>Net Change in Fund Balance</i>	(1,244,723)	(1,244,721)	269,446	1,514,167
<i>Fund Balance at Beginning of Year - Restated</i>	1,247,140	1,247,140	1,247,140	0
<i>Prior Year Encumbrances Appropriated</i>	3,542	3,542	3,542	0
<i>Fund Balance at End of Year</i>	\$5,959	\$5,961	\$1,520,128	\$1,514,167

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, 2011*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$595,879	\$595,879	\$571,772	(\$24,107)
Intergovernmental	134,260	103,231	126,440	23,209
Miscellaneous	6,428	4,943	6,057	1,114
<i>Total Receipts</i>	<u>736,567</u>	<u>704,053</u>	<u>704,269</u>	<u>216</u>
Disbursements:				
Current:				
Public Works	1,116,052	1,083,538	635,217	448,321
Capital Outlay	160,000	160,000	59,881	100,119
<i>Total Disbursements</i>	<u>1,276,052</u>	<u>1,243,538</u>	<u>695,098</u>	<u>548,440</u>
<i>Net Change in Fund Balance</i>	(539,485)	(539,485)	9,171	548,656
<i>Fund Balance at Beginning of Year</i>	534,245	534,245	534,245	0
<i>Prior Year Encumbrances Appropriated</i>	5,240	5,240	5,240	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$548,656</u>	<u>\$548,656</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, 2011*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$2,040,897	\$2,040,897	\$1,940,242	(\$100,655)
Intergovernmental	453,003	317,603	415,071	97,468
Fines, Forfeitures, and Penalties	683	479	626	147
Miscellaneous	2,962	2,077	2,723	646
<i>Total Receipts</i>	<u>2,497,545</u>	<u>2,361,056</u>	<u>2,358,662</u>	<u>(2,394)</u>
Disbursements:				
Current:				
Public Safety	4,656,037	4,519,548	1,935,505	2,584,043
<i>Net Change in Fund Balance</i>	(2,158,492)	(2,158,492)	423,157	2,581,649
<i>Fund Balance at Beginning of Year</i>	<u>2,158,492</u>	<u>2,158,492</u>	<u>2,158,492</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,581,649</u>	<u>\$2,581,649</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, 2011*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$1,875,952	\$1,875,952	\$1,789,450	(\$86,502)
Intergovernmental	293,296	232,551	301,117	68,566
Charges for Services	64,922	51,476	67,119	15,643
Miscellaneous	987	782	3,124	2,342
<i>Total Receipts</i>	<u>2,235,157</u>	<u>2,160,761</u>	<u>2,160,810</u>	<u>49</u>
Disbursements:				
Current:				
Public Safety	2,779,415	2,705,019	1,860,820	844,199
Debt Service:				
Principal Retirement	35,000	35,000	31,885	3,115
Interest and Fiscal Charges	20,000	20,000	17,881	2,119
<i>Total Disbursements</i>	<u>2,834,415</u>	<u>2,760,019</u>	<u>1,910,586</u>	<u>849,433</u>
<i>Net Change in Fund Balance</i>	(599,258)	(599,258)	250,224	849,482
<i>Fund Balance at Beginning of Year</i>	<u>599,258</u>	<u>599,258</u>	<u>599,258</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$849,482</u>	<u>\$849,482</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 District Special Revenue Fund
 For the Year Ended December 31, 2011*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$773,403	\$773,403	\$741,760	(\$31,643)
Intergovernmental	176,983	136,493	168,025	31,532
Miscellaneous	738	569	701	132
<i>Total Receipts</i>	<u>951,124</u>	<u>910,465</u>	<u>910,486</u>	<u>21</u>
Disbursements:				
Current:				
Public Works	2,015,053	1,974,394	889,097	1,085,297
<i>Net Change in Fund Balance</i>	(1,063,929)	(1,063,929)	21,389	1,085,318
<i>Fund Balance at Beginning of Year</i>	960,059	960,059	960,059	0
<i>Prior Year Encumbrances Appropriated</i>	103,870	103,870	103,870	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,085,318</u>	<u>\$1,085,318</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011*

Note 1 – Reporting Entity

Pierce Township, Clermont County, Ohio (the Township), is a body politic and corporate established in 1853 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, fire and emergency services, zoning, and cemetery maintenance

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 two public entity risk pools, the Ohio Township Association Risk Management Authority and the Center for Local Government Benefits Pool. Notes 6 and 12 to the financial statements provide additional information for these entities.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, 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. Generally accepted accounting principles (GAAP) 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, 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, 2011
(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, rather than reporting by fund type. 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 and reports 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 accounts for and reports all disbursements committed to roads, including 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 and reports proceeds from property taxes restricted for police department operations and protection services.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Garbage and Waste Disposal District Fund: This fund accounts for and reports charges restricted to garbage and waste collection, as well as payments to a private trash removal service.

The other governmental funds of the Township account for grants and other resources whose use is restricted or committed to a particular purpose. Committed resources in the other governmental funds are for emergency medical services.

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 resolution, 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 resolution 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 Fiscal 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 certificate of estimated resources that were in effect at the time final appropriations were passed by the Township Trustees.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations resolution 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 resolution 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 Trustees during the year, including all supplemental appropriations.

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 2011, the Township invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's net asset value per share, which is the price the investment could be sold for on December 31, 2011.

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 2011 were \$6,349, which includes \$5,130 assigned from other Township funds.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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 post-retirement 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 cemetery programs and two Tax Increment Financing (TIFs) agreements. Both TIFs were drafted with specific purposes for the anticipated revenue. 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted: The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Township to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Township can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless Township Trustees remove or change the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by Township resolution or State statute.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary 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, Police, Fire and Garbage and Waste Disposal District 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 restricted, committed, or assigned fund balance (cash 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, Fire Fund and Garbage and Waste Disposal District Fund.

	<u>Net Change in Fund Balance</u>				
	<u>General</u>	<u>Road and Bridge</u>	<u>Police</u>	<u>Fire</u>	<u>Garbage and Waste Disposal District</u>
Cash Basis	\$271,946	\$9,822	\$424,831	\$251,674	\$21,389
Adjustment for Encumbrances	(2,500)	(651)	(1,674)	(1,450)	0
Budget Basis	<u>\$269,446</u>	<u>\$9,171</u>	<u>\$423,157</u>	<u>\$250,224</u>	<u>\$21,389</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

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.

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 obligations or securities 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 30 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;

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 4 – Deposits and Investments (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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.

Investments

As of December 31, 2011, the Township had the following investments:

	Investment
	Maturities (in Years)
	Less than 1
	<u>Fair Value</u>
STAROhio	<u>\$1,115,969</u>

Interest Rate Risk – 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 – 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 5 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Township. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2010, was \$21.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$327,207,470
Public Utility Personal	66,955,820
Totals	<u><u>\$394,163,290</u></u>

Note 6 – Risk Management

Property and Liability

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 6 – Risk Management (continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010 (the latest information available), OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$60,847.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 6 – Risk Management (continued)

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

<u>2011</u>	<u>2010</u>
\$90,817	\$87,976

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

Medical

The Township provides a limited medical, surgical, prescription drug, and life insurance program for its employees through a public entity shared risk pool. The Center for Local Government Benefits Pool (Benefits Pool) contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing (Note 12). Premiums are paid by the Township to the Benefits Pool. OME-RESA contracts with United Healthcare to service the claims of Benefits Pool members. The Benefits Pool covers claims up to \$75,000 per individual. Plan participants also participate in a shared risk internal pool for individual claims between \$75,000 and \$500,000. The Township also has a stop loss insurance policy through OME-RESA which covers individual claims in excess of \$500,000 per employee per year for medical claims.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 7 – Defined Benefit Pension Plan

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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The Township's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 7 – Defined Benefit Pension Plan (continued)

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$209,961, \$191,687, and \$172,398, respectively. The full amount has been contributed for 2011, 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$10,999 made by the Township and \$7,857 made by plan members.

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The Township's police personnel contribute to OPERS. The Township's contributions to OP&F for firefighters pension were \$126,377 for the year ended December 31, 2011, \$124,390 for the year ended December 31, 2010, and \$117,963 for the year ended December 31, 2009, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 8 – Post-Employment Benefits (continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The Township’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$67,640, \$89,732, and \$101,793, respectively. The full amount has been contributed for 2011, 2010 and 2009.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 8 – Post-Employment Benefits (continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code 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. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 8 – Post-Employment Benefits (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$49,452 for the year ended December 31, 2011, \$48,674 for the year ended December 31, 2010, and \$46,159 for the year ended December 31, 2009. The full amount has been contributed for 2011, 2010 and 2009.

Note 9 – Debt

The changes in the Township's long-term obligations during 2011 were as follows:

Types / Issues	Balance 12/31/10	Issued	Retired	Balance 12/31/11	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
Fire Equipment Bond - 3.89%	\$106,457	\$0	\$34,148	\$72,309	\$35,484
Locust Lake Loan - 4.15%	144,184	0	12,251	131,933	12,771
Total - General Long-Term Obligations	250,641	0	46,399	204,242	48,255
<u>Other Long-Term Obligations</u>					
Fire Truck Lease- 4.65%	352,612	0	31,885	320,727	33,502
Total - All General Long-Term Obligations	\$603,253	\$0	\$78,284	\$524,969	\$81,757

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 on October 15, 2013, and will be repaid from Other Governmental Funds.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 9 – Debt (continued)

During 2010, the Township entered in to a loan agreement with PNC Bank for a \$150,000 loan to purchase property. The loan was issued at a 4.15 percent interest rate, with final maturity on September 30, 2020. The loan will be paid from the General Fund.

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

Year Ending December 31,	Fire Bonds		Locust Lake Loan	
	Principal	Interest	Principal	Interest
2012	\$35,484	\$2,473	\$12,771	\$5,229
2013	36,852	1,079	13,311	4,689
2014	0	0	13,874	4,126
2015	0	0	14,461	3,539
2016	0	0	15,073	29,827
2017-2020	0	0	62,318	5,074
Total	\$72,336	\$3,552	\$131,808	\$52,484

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, 2011, were an overall debt margin of \$41,314,809 and an unvoted debt margin of \$144,454.

Note 10 – Leases

In 2008, the Township entered into a capital lease purchase agreement for a new fire truck. Total lease payments for 2011 included \$31,885 for principal and \$17,881 for interest.

Year Ending December 31,	Principal	Interest	Total
2012	\$33,502	\$16,264	\$49,766
2013	35,201	14,565	49,766
2014	36,986	12,780	49,766
2015	38,861	10,905	49,766
2016	40,832	8,934	49,766
2017-2019	135,345	13,953	149,298
Total	\$320,727	\$77,401	\$398,128

**Pierce Township
Clermont County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011*
(Continued)

Note 11 – Interfund Activity

		<u>Advances-Out</u>
		<u>General Fund</u>
Advances In	Other Governmental Funds	<u>\$2,134</u>

The balances represent loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

Note 12 – Shared Risk Pool

Ohio Township Association Risk Management Authority

The Township is a member of the Ohio Township Association Risk Management Authority, a risk-sharing pool. For more information on OTARMA, see note 6.

Center for Local Governments Benefits Pool

The Township is a member of the Center for Local Governments Benefits Pool (Benefits Pool), a public entity shared risk pool. The Benefits Pool’s primary purpose and objective is establishing and carrying out a cost effective cooperative health program for its member organizations. Each member is entitled to appoint one Director on the Board of Directors. OME-RESA serves as the fiscal agent for the Benefits Pool.

The Benefits Pool contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing and insurance purchasing pool, comprised of 75 members, including two insurance consortiums. Each participant appoints a member of the insurance plan’s assembly. The Benefits Pool’s business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Benefits Pool offers medical, dental and prescription drug coverage to the members, with the opportunity to choose from several different benefit plans. The Benefits Pool is responsible for claims up to \$75,000 per individual. Benefits Pool participants also participate in a shared risk internal pool for individual claims between \$75,000 and \$500,000, and all claims within this range are paid from the shared internal risk pool. For all individual claims exceeding \$500,000, stop loss coverage is purchased. All Benefits Pool participants also pay a monthly administrative fee for fiscal services and third party administrative services.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 12 – Shared Risk Pool (continued)

In the event that the Township would withdraw from the Benefits Pool, the Township would be required to give a 180 day notice prior to the end of their three year contract, be responsible for any current payments due as well as the Township's share of any reserve deficit of the Benefits Pool. To obtain information for the Benefits Pool, write to the fiscal agent, OME-RESA, 2023 Sunset Boulevard, Stuebenville, Ohio 43952.

Note 13 – Contingent Liabilities

Federal and State Grants

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

Litigation

The Township is a 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011
(Continued)*

Note 14 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General	Road and Bridge	Police	Fire	Garbage and Waste Disposal District	Other Governmental Funds	Total
<u>Restricted for:</u>							
Public Works	\$0	\$0	\$0	\$0	\$1,085,318	\$484,899	\$1,570,217
Capital Improvements	0	0	0	0	0	588,288	588,288
Debt Payments	0	0	0	0	0	92,233	92,233
Health	0	0	0	0	0	82,234	82,234
Street Lighting	0	0	0	0	0	164,910	164,910
Public Safety	0	0	2,583,323	850,932	0	115,749	3,550,004
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>2,583,323</u>	<u>850,932</u>	<u>1,085,318</u>	<u>1,528,313</u>	<u>6,047,886</u>
<u>Committed to:</u>							
Public Works	0	549,307	0	0	0	0	549,307
Public Safety	0	0	0	0	0	257,851	257,851
<i>Total Committed</i>	<u>0</u>	<u>549,307</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>257,851</u>	<u>807,158</u>
<u>Assigned to:</u>							
Unpaid Obligations	2,500	0	0	0	0	0	2,500
<u>Unassigned</u>	<u>1,520,126</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,520,126</u>
Total Fund Balances	<u><u>\$1,522,626</u></u>	<u><u>\$549,307</u></u>	<u><u>\$2,583,323</u></u>	<u><u>\$850,932</u></u>	<u><u>\$1,085,318</u></u>	<u><u>\$1,786,164</u></u>	<u><u>\$8,377,670</u></u>

Note 15 - Change in Accounting Principle and Restatement of Prior Year Fund Balance and Net Assets

Change in Accounting Principle

The Township has implemented *Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions"*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in any change to fund balances for year ended December 31, 2011.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2010, 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, 2010, and the respective changes in cash financial position thereof and the respective budgetary comparisons for the General and Road & Bridge Fund, Police Fund, Fire Fund, and Garbage & Waste Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, Required budgetary comparison schedules as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

December 31, 2012

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited*

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, 2010, 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 2010 are as follows:

- General receipts accounted for \$6,289,544, or 75 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions and interest accounted for \$2,140,889 or 25 percent of total receipts of \$8,430,433.
- The Township had \$13,604,915 in disbursements; only \$2,140,889 of these disbursements was offset by program specific charges for services, grants, contributions and interest.

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 the 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, 2010
Unaudited*

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 2010, 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, and Garbage and Waste Disposal District Funds.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited*

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 2010 compared to 2009.

Table 1 Net Assets			
	2010	2009	Change
Assets:			
Current Assets	\$7,116,870	\$12,291,352	(\$5,174,482)
Net Assets:			
Restricted for:			
Debt Service	\$98,314	\$6,697,573	(\$6,599,259)
Capital Projects	380	367	13
Public Safety	3,120,574	2,008,250	1,112,324
Public Works	2,135,708	1,729,278	406,430
Other Purposes	511,214	517,643	(6,429)
Unrestricted	1,250,680	1,338,241	(87,561)
<i>Total Net Assets</i>	\$7,116,870	\$12,291,352	(\$5,174,482)

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited*

Table 2 shows the change in net assets for 2010 compared to 2009.

Table 2
Change in Net Assets

	2010	2009	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$594,857	\$573,861	\$20,996
Operating Grants, Contributions and Interest	1,526,032	1,787,260	(261,228)
Capital Grants and Contributions	20,000	0	20,000
<i>Total Program Cash Receipts</i>	<u>2,140,889</u>	<u>2,361,121</u>	<u>(220,232)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	313,541	274,600	38,941
Debt Service	37,957	37,957	0
Public Safety	3,833,560	3,275,103	558,457
Public Works	1,343,937	1,138,687	205,250
Payment in Lieu of Taxes	290,254	2,295,432	(2,005,178)
Grants and Entitlements not Restricted	277,962	173,034	104,928
Interest	19,163	67,522	(48,359)
Gifts and Donations	158	354	(196)
Proceeds of Loan	150,000	0	150,000
Miscellaneous	23,012	93,247	(70,235)
<i>Total General Receipts</i>	<u>6,289,544</u>	<u>7,355,936</u>	<u>(1,066,392)</u>
<i>Total Receipts</i>	<u>8,430,433</u>	<u>9,717,057</u>	<u>(1,286,624)</u>
Cash Disbursements:			
General Government	939,635	917,134	(22,501)
Public Safety	3,975,709	3,843,750	(131,959)
Public Works	1,529,235	1,602,221	72,986
Health	138,759	158,949	20,190
Human Services	72,166	81,947	9,781
Capital Outlay	255,420	121,209	(134,211)
Debt Service:			
Principal Retirement	69,137	700,496	631,359
Payment to Refunded Bond Escrow Agent	6,597,268	0	(6,597,268)
Interest and Fiscal Charges	27,586	291,640	264,054
<i>Total Cash Disbursements</i>	<u>13,604,915</u>	<u>7,717,346</u>	<u>(5,887,569)</u>
<i>Change in Net Assets</i>	<u>(5,174,482)</u>	<u>1,999,711</u>	<u>(7,174,193)</u>
<i>Net Assets at Beginning of Year</i>	<u>12,291,352</u>	<u>10,291,641</u>	<u>1,999,711</u>
<i>Net Assets at End of Year</i>	<u>\$7,116,870</u>	<u>\$12,291,352</u>	<u>(\$5,174,482)</u>

During 2010, Net Assets decreased \$5,174,482, due mainly to the defeasance of \$6,040,000 in Tax Increment Financing Revenue Bonds. The Township had accumulated resources for the

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited*

defeasance of this debt, and upon that defeasance, Net Assets Restricted for Debt Service also decreased. In addition, several other items related to receipts and disbursements caused changes in Net Assets. Property Taxes increased \$802,648, while Payment in Lieu of Taxes decreased \$2,005,178. In 2010, the Township determined that enough resources had accumulated to defease the 2003 Tax Increment Financing Revenue Bonds, and in return, discontinued collections on the TIF. The discontinuance of the TIF caused a corresponding increase in Property Taxes, as well as in Grants and Entitlements not Restricted, for increases in homestead and rollback reimbursements related to those Property Taxes.

Government-wide disbursements increased \$5,887,569. Public Safety increased \$131,959, due to the Township's creation of three new positions related to Ambulance and Emergency Medical Services. Capital Outlay increased \$134,211 due to the purchase of property, which was paid for with loan proceeds. Principal Retirement and Interest and Fiscal Charges decreased, while the Township reported Payment to Refunded Bond Escrow Agent for the defeasance of debt.

The Township's Funds

Information about the Township's major funds starts on page 10. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$8,280,433 and total disbursements of \$7,007,647.

The net change in fund balance for the General, Road and Bridge, Police, Fire, and Garbage and Waste Disposal District Funds were (\$87,561), \$130,263, \$829,381, \$369,485 and \$256,664, respectively. The decrease in the General Fund was due to increases in Property Taxes and the Proceeds of Loan, offset by increases in Capital Outlay disbursements. The increases in the other major funds was mainly due to increases in Property Taxes.

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 estimate by \$110,758, which was due mainly to increases in Property Taxes and Intergovernmental Receipts. Actual receipts increased \$22,432 from the final budget.

Final appropriations of \$2,085,899 increased from original appropriations of \$1,975,141, by \$110,758. Actual disbursements decreased \$1,080,701 from final appropriations. The disbursements reflect a decrease since the township incorporated the carryover amount in the General Fund plus the anticipated receipts into the 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, 2010
Unaudited*

Debt Administration

At December 31, 2010 the Township had \$250,641 in general obligation bonds and loans outstanding, of which \$46,396 is due within one year. Table 3 summarizes the bonds outstanding:

Table 3
Outstanding Debt, at Year-End

	2010	2009
TIF Bonds	\$0	\$6,040,000
Fire Bonds	106,457	139,331
Locust Lake Property Loan	144,184	0
Total	\$250,641	\$6,179,331

The Township's overall legal debt margin was \$41,280,666 and an unvoted debt margin of \$216,790.

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, Ohio
Statement of Net Assets - Cash Basis
Dec-10

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$7,116,870	\$7,116,870
<i>Total Assets</i>	\$7,116,870	\$7,116,870
Net Assets		
Restricted for:		
Debt Service	\$98,314	\$98,314
Capital Projects	380	380
Public Safety	3,120,574	3,120,574
Public Works	2,135,708	2,135,708
Other Purposes	511,214	511,214
Unrestricted	1,250,680	1,250,680
<i>Total Net Assets</i>	\$7,116,870	\$7,116,870

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	939,635	129,265	\$907,578		\$97,208
Public Safety	3,975,709	282,783	42,876	20,000	(3,630,050)
Public Works	1,529,235	108,089	575,578		(845,568)
Health	138,759	74,720			(64,039)
Human Services	72,166				(72,166)
Capital Outlay	255,420				(255,420)
Debt Service:					
Principal Retirement	69,137				(69,137)
Payment to Refunded Bond Escrow Agent	6,597,268				(6,597,268)
Interest and Fiscal Charges	27,586				(27,586)
<i>Total Governmental Activities</i>	13,604,915	594,857	1,526,032	20,000	(11,464,026)
General Receipts:					
Property Taxes Levied for:					
					313,541
					37,957
					3,833,560
					1,343,937
					290,254
					277,962
					19,163
					158
					150,000
					23,012
					6,289,544
					(5,174,482)
					12,291,352
					\$7,116,870

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2010

	General	Road & Bridge	Police Fund	Fire Fund	Garbage & Waste Disposal District Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$1,250,680	\$539,485	\$2,158,492	\$599,258	\$1,063,929	\$1,505,026	\$7,116,870
<i>Total Assets</i>	<u>\$1,250,680</u>	<u>\$539,485</u>	<u>\$2,158,492</u>	<u>\$599,258</u>	<u>\$1,063,929</u>	<u>\$1,505,026</u>	<u>\$7,116,870</u>
Fund Balances							
Reserved for Encumbrances	\$3,542	\$5,240	\$0	\$0	\$103,870	\$63,345	\$175,997
Unreserved, Undesignated, Reported in:							0
General Fund	\$1,247,138						1,247,138
Special Revenue Funds		534,245	2,158,492	599,258	960,059	1,343,487	5,595,541
Debt Service Funds						97,814	97,814
Capital Projects Funds						380	380
<i>Total Fund Balances</i>	<u>\$1,250,680</u>	<u>\$539,485</u>	<u>\$2,158,492</u>	<u>\$599,258</u>	<u>\$1,063,929</u>	<u>\$1,505,026</u>	<u>\$7,116,870</u>

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General	Road & Bridge	Police Fund	Fire Fund
Receipts				
Property and Other Local Taxes	\$313,541	\$588,804	\$1,999,549	\$1,834,011
Interest	\$17,583	\$0	\$0	\$0
Intergovernmental	\$277,755	\$147,614	\$487,815	\$335,641
Special Assessments	0	0	0	0
Charges for Services	0	0	0	64,787
Licenses, Permits, & Fees	71,066	0	2,339	0
Fines, Forfeitures, & Penalties	4,483	0	0	0
Payment in Lieu of Taxes	0	0	0	0
Gifts & Donations	158	0	0	0
Rent	53,716	0	0	0
Miscellaneous	4,597	150	7,839	718
<i>Total Receipts</i>	<u>742,899</u>	<u>736,568</u>	<u>2,497,542</u>	<u>2,235,157</u>
Disbursements				
Current:				
General Government	669,623	0	0	0
Public Safety	0	0	1,668,161	1,815,906
Public Works	8,821	502,914	0	0
Health	59,168	0	0	0
Human Services	72,166	0	0	0
Capital Outlay	149,765	103,391	0	0
Debt Service:				
Principal Retirement	5,939	0	0	30,346
Interest and Fiscal Charges	3,061	0	0	19,420
<i>Total Disbursements</i>	<u>968,543</u>	<u>606,305</u>	<u>1,668,161</u>	<u>1,865,672</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(225,644)</u>	<u>130,263</u>	<u>829,381</u>	<u>369,485</u>
Other Financing Sources (Uses)				
Advances In	20,000	0	0	0
Advances Out	(23,804)	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Proceeds of Loan	150,000	0	0	0
Transfers In	0	0	0	0
Transfers Out	(8,113)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>138,083</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(87,561)</u>	<u>130,263</u>	<u>829,381</u>	<u>369,485</u>
<i>Fund Balances Beginning of Year</i>	<u>1,338,241</u>	<u>409,222</u>	<u>1,329,111</u>	<u>229,773</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,250,680</u></u>	<u><u>\$539,485</u></u>	<u><u>\$2,158,492</u></u>	<u><u>\$599,258</u></u>

See accompanying notes to the basic financial statements

Garbage & Waste Disposal District Fund	Other Governmental Funds	Total Governmental Funds
\$755,133	\$37,957	\$5,528,995
\$0	\$1,580	\$19,163
\$195,990	\$379,179	\$1,823,994
0	108,089	108,089
0	247,519	312,306
0	41,200	114,605
0	1,658	6,141
0	290,254	290,254
0	0	158
0	0	53,716
0	9,708	23,012
<u>951,123</u>	<u>1,117,144</u>	<u>8,280,433</u>
0	270,012	939,635
0	491,642	3,975,709
694,459	323,041	1,529,235
0	79,591	138,759
0	0	72,166
0	2,264	255,420
0	0	0
0	32,852	69,137
0	5,105	27,586
<u>694,459</u>	<u>1,204,507</u>	<u>7,007,647</u>
<u>256,664</u>	<u>(87,363)</u>	<u>1,272,786</u>
0	23,804	43,804
0	(20,000)	(43,804)
0	(6,597,268)	(6,597,268)
0	0	150,000
0	8,113	8,113
0	0	(8,113)
<u>0</u>	<u>(6,585,351)</u>	<u>(6,447,268)</u>
256,664	(6,672,714)	(5,174,482)
807,265	8,177,740	12,291,352
<u>\$1,063,929</u>	<u>\$1,505,026</u>	<u>\$7,116,870</u>

Pierce Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	288,159	313,541	313,541	\$0
Interest	13,401	16,682	17,583	901
Intergovernmental	212,055	263,967	277,755	13,788
Licenses, Permits, and Fees	54,164	67,423	71,066	3,643
Fines, Forfeitures, and Penalties	3,417	4,253	4,483	230
Gifts and Donations	120	150	158	8
Rent	40,940	50,962	53,716	2,754
Miscellaneous	9,405	3,489	4,597	1,108
<i>Total Receipts</i>	<u>621,661</u>	<u>720,467</u>	<u>742,899</u>	<u>22,432</u>
Disbursements				
Current:				
General Government	1,781,964	1,717,829	673,165	1,044,664
Public Works	10,000	10,000	8,821	1,179
Health	59,177	59,177	59,168	9
Human Services	94,000	94,000	72,166	21,834
Capital Outlay	30,000	171,780	158,765	13,015
<i>Total Disbursements</i>	<u>1,975,141</u>	<u>2,052,786</u>	<u>972,085</u>	<u>1,080,701</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,353,480)</u>	<u>(1,332,319)</u>	<u>(229,186)</u>	<u>1,103,133</u>
Other Financing Sources (Uses)				
Advances-In	15,243	18,975	20,000	1,025
Advances-Out	0	(25,000)	(23,804)	1,196
Proceeds of Loan	0	8,220	150,000	141,780
Transfers-Out	0	(8,113)	(8,113)	0
<i>Total Other Financing Sources (Uses)</i>	<u>15,243</u>	<u>(5,918)</u>	<u>138,083</u>	<u>144,001</u>
<i>Net Change in Fund Balance</i>	<u>(1,338,237)</u>	<u>(1,338,237)</u>	<u>(91,103)</u>	<u>1,247,134</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	1,331,166	1,331,166	1,331,166	0
Prior Year Encumbrances Appropriated	<u>7,075</u>	<u>7,075</u>	<u>7,075</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$4</u>	<u>\$4</u>	<u>\$1,247,138</u>	<u>\$1,247,134</u>

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$530,783	\$588,804	\$588,804	\$0
Intergovernmental	123,204	147,614	\$147,614	0
Miscellaneous	125	150	150	0
<i>Total Receipts</i>	654,112	736,568	736,568	0
Disbursements				
Current:				
Public Works	882,035	964,491	502,914	461,577
Capital Outlay	175,000	175,000	108,631	66,369
<i>Total Disbursements</i>	1,057,035	1,139,491	611,545	527,946
<i>Excess of Receipts Over (Under) Disbursements</i>	(402,923)	(402,923)	125,023	527,946
<i>Net Change in Fund Balance</i>	(402,923)	(402,923)	125,023	527,946
<i>Unencumbered Fund Balance Beginning of Year</i>	409,222	409,222	409,222	0
<i>Unencumbered Fund Balance End of Year</i>	\$6,299	\$6,299	\$534,245	\$527,946

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,843,830	\$1,999,549	\$1,999,549	\$0
Intergovernmental	337,749	2,339	\$2,339	0
Licenses, Permits, and Fees	1,615	487,796	487,815	19
Miscellaneous	4,559	7,839	7,839	0
<i>Total Receipts</i>	<i>2,187,753</i>	<i>2,497,523</i>	<i>2,497,542</i>	<i>19</i>
Disbursements				
Current:				
Public Safety	3,516,864	3,826,634	1,668,161	2,158,473
<i>Total Disbursements</i>	<i>3,516,864</i>	<i>3,826,634</i>	<i>1,668,161</i>	<i>2,158,473</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(1,329,111)</i>	<i>(1,329,111)</i>	<i>829,381</i>	<i>2,158,492</i>
<i>Net Change in Fund Balance</i>	<i>(1,329,111)</i>	<i>(1,329,111)</i>	<i>829,381</i>	<i>2,158,492</i>
<i>Unencumbered Fund Balance Beginning of Year</i>	<i>1,329,111</i>	<i>1,329,111</i>	<i>1,329,111</i>	<i>0</i>
Prior Year Encumbrances Appropriated				<i>0</i>
<i>Unencumbered Fund Balance End of Year</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,158,492</i>	<i>\$2,158,492</i>

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,670,484	\$1,834,011	\$1,834,011	\$0
Intergovernmental	208,853	335,641	\$335,641	0
Charges for Services	40,314	64,787	64,787	0
Miscellaneous	447	718	718	0
<i>Total Receipts</i>	<u>1,920,098</u>	<u>2,235,157</u>	<u>2,235,157</u>	<u>0</u>
Disbursements				
Current:				
Public Safety	2,149,871	2,464,930	1,865,672	599,258
<i>Total Disbursements</i>	<u>2,149,871</u>	<u>2,464,930</u>	<u>1,865,672</u>	<u>599,258</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(229,773)</u>	<u>(229,773)</u>	<u>369,485</u>	<u>599,258</u>
<i>Net Change in Fund Balance</i>	(229,773)	(229,773)	369,485	599,258
<i>Unencumbered Fund Balance Beginning of Year</i>	229,773	229,773	229,773	0
Prior Year Encumbrances Appropriated	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$599,258</u>	<u>\$599,258</u>

See accompanying notes to the basic financial statements

Pierce Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Garbage and Waste Disposal District Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$681,934	\$755,133	\$755,133	\$0
Intergovernmental	134,191	195,990	\$195,990	0
<i>Total Receipts</i>	816,125	951,123	951,123	0
Disbursements				
Current:				
Public Works	1,623,390	1,722,388	798,329	924,059
<i>Total Disbursements</i>	1,623,390	1,722,388	798,329	924,059
<i>Excess of Receipts Over (Under) Disbursements</i>	(807,265)	(771,265)	152,794	924,059
<i>Net Change in Fund Balance</i>	(807,265)	(771,265)	152,794	924,059
<i>Unencumbered Fund Balance Beginning of Year</i>	807,265	807,265	807,265	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$36,000	\$960,059	\$924,059

See accompanying notes to the basic financial statements

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010*

Note 1 – Reporting Entity

Pierce Township, Clermont County, Ohio (the Township), is a body politic and corporate established in 1853 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 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 two public entity risk pools, the Ohio Township Association Risk Management Authority and the Center for Local Government Benefits Pool. Notes 6 and 12 to the financial statements provide additional information for these entities.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, 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. Generally accepted accounting principles (GAAP) 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, 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, 2010*
(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, rather than reporting by fund type. 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.

Road and Bridge Fund: This fund is used to record disbursements related to roads, including 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 services.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Garbage and Waste Disposal District Fund: This fund accounts for charges for garbage and waste collection, as well as and payments to a private trash removal service.

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 resolution, 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 resolution 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 certificate of estimated resources that were in effect at the time final appropriations were passed by the Township Trustees.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations resolution 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 resolution 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 Trustees during the year, including all supplemental appropriations.

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 2010, the Township invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2010.

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 2010 were \$17,583, which includes \$14,149 assigned from other Township funds.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

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 post-retirement 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 cemetery programs and the Wal-Mart TIF. 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.

Fund Balance Reserves

The Township reserves any portion of fund balance 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, 2010
(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, Police, Fire and Garbage and Waste Disposal District 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).

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, Fire Fund and Garbage and Waste Disposal District Fund.

Net Change in Fund Balance

	<u>General</u>	<u>Road and Bridge</u>	<u>Police</u>	<u>Fire</u>	<u>Garbage and Waste Disposal District</u>
Cash Basis	(\$87,561)	\$130,263	\$829,381	\$369,485	\$256,664
Adjustment for Encumbrances	(3,542)	(5,240)	0	0	(103,870)
Budget Basis	<u>(\$91,103)</u>	<u>\$125,023</u>	<u>\$829,381</u>	<u>\$369,485</u>	<u>\$152,794</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, 2010
(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 obligations or securities 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 30 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) of this section 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, 2010*
(Continued)

Note 4 – Deposits and Investments (continued)

Investments

As of December 31, 2010, the Township had the following investments:

	Fair Value	Investment Maturities (in Years) Less than 1
STAROhio	\$1,115,343	\$1,115,343

Interest Rate Risk – 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 – 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.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property used in business located in the Township. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 5 – Property Taxes (continued)

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2010, was \$21.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$283,040,370
Commercial/Industrial	44,167,100
Public Utility Personal	66,421,780
General Business Personal	534,040
Total Assessed Value	<u><u>\$394,163,290</u></u>

Note 6 – Risk Management

Property and Liability

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 6 – Risk Management (continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2009 and 2008 (the latest information available).

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$71,727.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 6 – Risk Management (continued)

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

<u>2009</u>	<u>2008</u>
\$83,404	\$74,507

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

Medical

The Township provides a limited medical, surgical, prescription drug, and life insurance program for its employees through a public entity shared risk pool. The Center for Local Government Benefits Pool (Benefits Pool) contracts with Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) for claims servicing (Note 12). Premiums are paid by the Township to the Benefits Pool. OME-RESA contracts with United Healthcare to service the claims of Benefits Pool members. The Benefits Pool covers claims up to \$75,000 per individual. Plan participants also participate in a shared risk internal pool for individual claims between \$75,000 and \$500,000. The Township also has a stop loss insurance policy through OME-RESA which covers individual claims in excess of \$500,000 per employee per year for medical claims.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 7 – Defined Benefit Pension Plan

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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The Township's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 7 – Defined Benefit Pension Plan (continued)

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$191,687, \$172,398, and \$153,543, respectively; The full amount has been contributed for 2010, 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$9,168 made by the Township and \$6,548 made by plan members.

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The Township's police personnel contribute to OPERS. The Township's contributions to OP&F for firefighters pension were \$124,390 for the year ended December 31, 2010, \$117,963 for the year ended December 31, 2009, and \$97,460 for the year ended December 31, 2008, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Note 8 – Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 8 – Post-Employment Benefits (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 mandate, 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, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 8 – Post-Employment Benefits (continued)

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$89,732, \$101,793, and \$123,092, respectively. The full amount has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code 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. Active members do not make contributions to the OPEB Plan.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 8 – Post-Employment Benefits (continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$48,674 for the year ended December 31, 2010, \$46,159 for the year ended December 31, 2009, and \$38,137 for the year ended December 31, 2008. The full amount has been contributed for 2010, 2009 and 2008.

Note 9 – Debt

The changes in the Township's long-term obligations during 2010 were as follows:

Types / Issues	Balance 12/31/09	Issued	Retired	Balance 12/31/10	Due Within One Year
<u>Governmental Activities:</u>					
TIF Revenue Bonds 2.0 - 4.4%	\$6,040,000	\$0	\$6,040,000	\$0	\$0
Fire Equipment Bond - 3.89%	139,331	0	32,874	106,457	34,143
Locust Lake Loan - 4.15%	0	150,000	5,816	144,184	12,253
Total - General Long-Term Obligations	<u>\$6,179,331</u>	<u>\$150,000</u>	<u>\$6,078,690</u>	<u>\$250,641</u>	<u>\$46,396</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 9 – Debt (continued)

The Township issued \$9,685,000 in Tax Increment Financing 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 Revenue 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 are 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.

During 2010, the Township defeased the remaining \$6,040,000 in Tax Increment Financing Revenue Bonds, by placing \$6,597,268 in an irrevocable trust with an escrow agent for future principal and interest payments on the bonds.

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 on October 15, 2013, and will be repaid from Other Governmental Funds.

During 2010, the Township entered in to a loan agreement with PNC Bank for a \$150,000 loan to purchase property. The loan was issued at a 4.15 percent interest rate, with final maturity on September 30, 2010. The loan will be paid from the General Fund.

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

Year Ending December 31,	Fire Bonds	
	Principal	Interest
2011	\$34,143	\$3,814
2012	35,484	2,473
2013	36,852	1,079
<u>Total</u>	<u>\$106,479</u>	<u>\$7,366</u>

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, 2010, were an overall debt margin of \$41,280,666 and an unvoted debt margin of \$216,790.

**Pierce Township
Clermont County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010*
(Continued)

Note 10 – Leases

In 2008, the Township entered into a capital lease purchase agreement for a new fire truck. Total lease payments for 2010 included \$30,346 for principal and \$19,420 for interest.

Year Ending December 31,	Principal	Interest	Total
2011	\$31,885	\$17,881	\$49,766
2012	33,502	16,264	49,766
2013	35,201	14,565	49,766
2014	36,986	12,780	49,766
2015	38,861	10,905	49,766
2016-2019	176,177	22,888	199,065
Total	\$352,612	\$95,283	\$447,895

Note 11 – Interfund Activity

		<u>Transfers-Out</u>
		<u>General Fund</u>
Transfers-In	Other Governmental Funds	\$8,113

The transfer from the General Fund to the Other Governmental Funds was for operating monies in the COPS Grant Fund.

		<u>Advances-Out</u>		
		Other		
		<u>General Fund</u>	<u>Governmental</u>	<u>Total</u>
Advances-In	General Fund	\$0	\$20,000	\$20,000
	Other Governmental Funds	23,804	0	23,804
	Total	\$23,804	\$20,000	\$43,804

The balances represent loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 12 – Shared Risk Pool

Ohio Township Association Risk Management Authority

The Township is a member of the Ohio Township Association Risk Management Authority, a risk-sharing pool. For more information on OTARMA, see note 6.

Center for Local Governments Benefits Pool

The Township is a member of the Center for Local Governments Benefits Pool (Benefits Pool), a public entity shared risk pool. The Benefits Pool's primary purpose and objective is establishing and carrying out a cost effective cooperative health program for its member organizations. Each member is entitled to appoint one Director on the Board of Directors. Members include the following governmental entities: Pierce Township, Clermont County, Symmes Township, Hamilton County, Fairfield Township, Butler County, Anderson Township, Hamilton County, Amberley Village, Village of Fairfax, Village of Glendale, City of Indian Hill, City of Mt. Healthy, City of Milford, City of North College Hill, City of Belbrook, City of Silverton and the City of Deer Park. OME-RESA serves as the fiscal agent for the Benefits Pool.

The Benefits Pool contracts with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a risk sharing, claims servicing and insurance purchasing pool, comprised of 75 members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Benefits Pool's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Benefits Pool offers medical, dental and prescription drug coverage to the members, with the opportunity to choose from several different benefit plans. The Benefits Pool is responsible for claims up to \$75,000 per individual. Benefits Pool participants also participate in a shared risk internal pool for individual claims between \$75,000 and \$500,000, and all claims within this range are paid from the shared internal risk pool. For all individual claims exceeding \$500,000, stop loss coverage is purchased. All Benefits Pool participants also pay a monthly administrative fee for fiscal services and third party administrative services.

In the event that the Township would withdraw from the Benefits Pool, the Township would be required to give a 180 day notice prior to the end of their three year contract, be responsible for any current payments due as well as the Township's share of any reserve deficit of the Benefits Pool. To obtain information for the Benefits Pool, write to the fiscal agent, OME-RESA, 2023 Sunset Boulevard, Stuebenville, Ohio 43952.

Note 13 – 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(Continued)*

Note 14 – Subsequent Events

There has been an appeal filed by Duke Energy for a 40% reduction on their personal property for 2009 tax period. Pierce Township has also been informed that Duke Energy has filed for 2010 tax relief. Both appeals are pending a final determination. However, if the reductions are made, it could result in significant loss of personal property taxes from the Township.

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Dave Yost • Auditor of State

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

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 year ended December 31, 2010 and 2011, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 31, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township adopted Governmental Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund type Definitions* during 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

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 did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 31, 2012.

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

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

Dave Yost
Auditor of State

December 31,, 2012



Dave Yost • 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 31, 2013**