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PERRY & Associates

Certified Public Accountants, A.C.

**PIERCE TOWNSHIP
CLERMONT COUNTY
Regular Audit
For the Years Ended December 31, 2015 and 2014**

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Pierce Township
950 Locust Corner Road
Cincinnati, Ohio 45245

We have reviewed the *Independent Auditor's Report* of Pierce Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pierce Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 12, 2016

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**PIERCE TOWNSHIP
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
2015 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2015.....	3
Statement of Activities – Cash Basis – For the Year Ended December 31, 2015	4
2015 Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2015	5
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2015	6
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – 2015	7
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Special Revenue Fund – 2015	8
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Police Special Revenue Fund – 2015.....	9
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire Special Revenue Fund – 2015	10
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Garbage & Waste Disposal District Special Revenue Fund – 2015.....	11
Notes to the Basic Financial Statements – 2015	12
2014 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2014.....	36
Statement of Activities – Cash Basis – For the Year Ended December 31, 2014	37

**PIERCE TOWNSHIP
CLERMONT COUNTY**

**TABLE OF CONTENTS
(CONTINUED)**

TITLE	PAGE
2014 Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2014	38
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2014	39
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – 2014	40
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Special Revenue Fund – 2014	41
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Police Special Revenue Fund – 2014	42
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire Special Revenue Fund – 2014	43
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – Garbage & Waste Disposal District Special Revenue Fund - 2014	44
Notes to the Basic Financial Statements – 2014	45
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	67



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INDEPENDENT AUDITOR'S REPORT

July 28, 2016

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Pierce Township**, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

...***"bringing more to the table"***...

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• Association of Certified Anti - Money Laundering Specialists •

Opinion

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, 2015 and 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road & Bridge, Police, Fire and Garbage & Waste Disposal District Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Pierce Township
Clermont County
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 11,042,644
Net Position:	
Restricted for:	
Capital Projects	75,000
Public Works	1,688,043
Health	76,681
Public Safety	6,254,183
Conservation and Recreation	46,941
Other Purposes	1,098,340
Unrestricted	1,803,456
<i>Total Net Position</i>	\$ 11,042,644

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2015*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Change in Net Position
		Charges for Services	Operating Grants, Contributions, and Interest	Total Governmental Activities
Governmental Activities:				
General Government	\$ 721,559	\$ 85,293	\$ -	\$ (636,266)
Public Safety	4,458,071	332,088	663,322	(3,462,661)
Public Works	1,638,176	114,016	448,442	(1,075,718)
Health	133,204	96,717	-	(36,487)
Human Services	30,955	-	-	(30,955)
Conservation and Recreation	75,134	-	-	(75,134)
Other	30,860	-	-	(30,860)
Capital Outlay	303,573	-	-	(303,573)
Debt Service:				
Principal Retirement	120,077	-	-	(120,077)
Interest and Fiscal Charges	20,421	-	-	(20,421)
<i>Total Governmental Activities</i>	<u>\$ 7,532,030</u>	<u>\$ 628,114</u>	<u>\$ 1,111,764</u>	<u>(5,792,152)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	281,940
Public Safety	3,755,954
Public Works	1,196,412
Interest	16,596
Grants and Entitlements not Restricted	96,319
Cable Franchise Fees	117,903
Payment in Lieu of Taxes	316,407
Proceeds of Loan	190,849
Miscellaneous	157,883
<i>Total General Receipts</i>	<u>6,130,263</u>
<i>Change in Net Position</i>	338,111
<i>Net Position at Beginning of Year</i>	<u>10,704,533</u>
<i>Net Position at End of Year</i>	<u>\$ 11,042,644</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, 2015

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$ 1,346,332	\$ 457,124	\$4,253,055	\$1,218,148	\$ 1,110,078	\$ 2,657,907	\$ 11,042,644
Fund Balances:							
Restricted	\$ -	\$ -	\$4,253,055	\$1,218,148	\$ 1,110,078	\$ 2,657,907	\$ 9,239,188
Committed	-	457,124	-	-	-	-	457,124
Assigned	17,924	-	-	-	-	-	17,924
Unassigned	1,328,408	-	-	-	-	-	1,328,408
<i>Total Fund Balances</i>	<u>\$ 1,346,332</u>	<u>\$ 457,124</u>	<u>\$4,253,055</u>	<u>\$1,218,148</u>	<u>\$ 1,110,078</u>	<u>\$ 2,657,907</u>	<u>\$ 11,042,644</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**
*Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2015*

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:							
Property Taxes	\$ 281,940	\$ 525,254	\$ 1,929,018	\$ 1,826,936	\$ 671,158	\$ -	\$ 5,234,306
Interest	16,596	-	-	-	-	815	17,411
Intergovernmental	96,319	88,615	280,666	257,793	113,981	364,789	1,202,163
Special Assessments	-	-	-	-	-	114,016	114,016
Charges for Services	-	-	-	71,272	-	298,085	369,357
Licenses, Permits, and Fees	130,278	-	-	-	-	56,292	186,570
Fines, Forfeitures, and Penalties	171	-	182	-	-	2,974	3,327
Payment in Lieu of Taxes	-	-	-	-	-	316,407	316,407
Gifts and Donations	-	-	-	-	-	5,105	5,105
Rent	72,747	-	-	-	-	-	72,747
Miscellaneous	14,659	4,729	3,652	121,903	1,390	11,550	157,883
<i>Total Receipts</i>	<u>612,710</u>	<u>618,598</u>	<u>2,213,518</u>	<u>2,277,904</u>	<u>786,529</u>	<u>1,170,033</u>	<u>7,679,292</u>
Disbursements:							
Current:							
General Government	513,918	-	-	-	-	207,641	721,559
Public Safety	-	-	1,983,789	2,099,513	-	374,769	4,458,071
Public Works	7,912	589,785	-	-	743,614	296,865	1,638,176
Health	61,866	-	-	-	-	71,338	133,204
Human Services	30,955	-	-	-	-	-	30,955
Conservation and Recreation	-	-	-	-	-	75,134	75,134
Other	-	-	-	-	-	30,860	30,860
Capital Outlay	136,390	149,687	-	-	-	17,496	303,573
Debt Service:							
Principal Retirement	14,461	-	-	38,861	36,113	30,642	120,077
Interest and Fiscal Charges	3,539	-	-	10,905	3,355	2,622	20,421
<i>Total Disbursements</i>	<u>769,041</u>	<u>739,472</u>	<u>1,983,789</u>	<u>2,149,279</u>	<u>783,082</u>	<u>1,107,367</u>	<u>7,532,030</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(156,331)</u>	<u>(120,874)</u>	<u>229,729</u>	<u>128,625</u>	<u>3,447</u>	<u>62,666</u>	<u>147,262</u>
Other Financing Sources (Uses):							
Advances-In	50,000	-	-	-	-	50,000	100,000
Advances-Out	(50,000)	-	-	-	-	(50,000)	(100,000)
Proceeds of Loan	-	-	-	-	-	190,849	190,849
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,849</u>	<u>190,849</u>
<i>Net Changes in Fund Balances</i>	<u>(156,331)</u>	<u>(120,874)</u>	<u>229,729</u>	<u>128,625</u>	<u>3,447</u>	<u>253,515</u>	<u>338,111</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,502,663</u>	<u>577,998</u>	<u>4,023,326</u>	<u>1,089,523</u>	<u>1,106,631</u>	<u>2,404,392</u>	<u>10,704,533</u>
<i>Fund Balances at End of Year</i>	<u>\$ 1,346,332</u>	<u>\$ 457,124</u>	<u>\$ 4,253,055</u>	<u>\$ 1,218,148</u>	<u>\$ 1,110,078</u>	<u>\$ 2,657,907</u>	<u>\$ 11,042,644</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)
General Fund*

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final		
Receipts:				
Property Taxes	\$ 291,169	\$ 291,169	\$ 281,940	\$ (9,229)
Interest	19,668	17,204	17,900	696
Intergovernmental	105,836	92,573	96,319	3,746
Licenses, Permits, and Fees	143,149	125,210	130,278	5,068
Fines, Forfeitures, and Penalties	188	164	171	7
Rent	79,934	69,916	72,747	2,831
Miscellaneous	16,107	14,088	14,659	571
<i>Total Receipts</i>	<u>656,051</u>	<u>610,324</u>	<u>614,014</u>	<u>3,690</u>
Disbursements:				
Current:				
General Government	2,035,947	1,983,334	531,842	1,451,492
Public Works	8,000	8,000	7,912	88
Health	62,273	62,273	61,866	407
Human Services	59,600	59,600	30,955	28,645
Other	6,030	6,030	-	6,030
Capital Outlay	22,500	22,500	136,390	(113,890)
Debt Service:				
Principal Retirement	14,461	14,461	14,461	-
Interest and Fiscal Charges	3,539	3,539	3,539	-
<i>Total Disbursements</i>	<u>2,212,350</u>	<u>2,159,737</u>	<u>786,965</u>	<u>1,372,772</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,556,299)	(1,549,413)	(172,951)	1,376,462
Other Financing Sources (Uses):				
Advances In	54,940	48,054	50,000	1,946
Advances Out	-	-	(50,000)	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>54,940</u>	<u>48,054</u>	<u>-</u>	<u>(48,054)</u>
<i>Net Changes in Fund Balance</i>	(1,501,359)	(1,501,359)	(172,951)	1,328,408
<i>Fund Balance at Beginning of Year</i>	1,498,212	1,498,212	1,498,212	-
<i>Prior Year Encumbrances Appropriated</i>	3,147	3,147	3,147	0
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,328,408</u>	<u>\$ 1,328,408</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$ 545,919	\$ 545,919	\$ 525,254	\$ (20,665)
Intergovernmental	129,187	68,997	88,615	19,618
Miscellaneous	6,894	3,682	4,729	1,047
<i>Total Receipts</i>	<u>682,000</u>	<u>618,598</u>	<u>618,598</u>	<u>-</u>
Disbursements:				
Current:				
Public Works	1,048,496	985,094	617,950	367,144
Capital Outlay	211,502	211,502	149,687	61,815
<i>Total Disbursements</i>	<u>1,259,998</u>	<u>1,196,596</u>	<u>767,637</u>	<u>428,959</u>
<i>Net Changes in Fund Balance</i>	(577,998)	(577,998)	(149,039)	428,959
<i>Fund Balance at Beginning of Year</i>	558,496	558,496	558,496	-
<i>Prior Year Encumbrances Appropriated</i>	19,502	19,502	19,502	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,959</u>	<u>\$ 428,959</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, 2015*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$ 1,988,001	\$ 1,988,001	\$ 1,929,018	\$ (58,983)
Intergovernmental	275,684	222,438	280,666	58,228
Fines, Forfeitures, and Penalties	179	145	182	37
Miscellaneous	3,587	2,894	3,652	758
<i>Total Receipts</i>	2,267,451	2,213,478	2,213,518	40
Disbursements:				
Current:				
Public Safety	6,293,225	6,239,252	1,984,413	4,254,839
<i>Net Changes in Fund Balance</i>	(4,025,774)	(4,025,774)	229,105	4,254,879
<i>Fund Balance at Beginning of Year</i>	4,023,326	4,023,326	4,023,326	-
<i>Fund Balance at End of Year</i>	\$ (2,448)	\$ (2,448)	\$ 4,252,431	\$ 4,254,879

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, 2015*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$ 1,880,590	\$ 1,880,590	\$ 1,826,936	\$ (53,654)
Intergovernmental	165,754	227,122	257,793	30,671
Charges for Services	45,826	62,792	71,272	8,480
Miscellaneous	78,380	107,400	121,903	14,503
<i>Total Receipts</i>	<u>2,170,550</u>	<u>2,277,904</u>	<u>2,277,904</u>	<u>-</u>
Disbursements:				
Current:				
Public Safety	<u>3,260,073</u>	<u>3,367,427</u>	<u>2,149,903</u>	<u>1,217,524</u>
<i>Net Changes in Fund Balance</i>	(1,089,523)	(1,089,523)	128,001	1,217,524
<i>Fund Balance at Beginning of Year</i>	1,084,523	1,084,523	1,084,523	-
<i>Prior Year Encumbrances Appropriated</i>	5,000	5,000	5,000	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,217,524</u>	<u>\$ 1,217,524</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, 2015*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$ 697,213	\$ 697,213	\$ 671,158	\$ (26,055)
Intergovernmental	102,471	88,241	113,981	25,740
Miscellaneous	1,250	1,076	1,390	314
<i>Total Receipts</i>	<u>800,934</u>	<u>786,530</u>	<u>786,529</u>	<u>(1)</u>
Disbursements:				
Current:				
Public Works	<u>1,907,565</u>	<u>1,893,161</u>	<u>783,082</u>	<u>1,110,079</u>
<i>Net Changes in Fund Balance</i>	(1,106,631)	(1,106,631)	3,447	1,110,078
<i>Fund Balance at Beginning of Year</i>	1,102,967	1,102,967	1,102,967	-
<i>Prior Year Encumbrances Appropriated</i>	3,664	3,664	3,664	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,110,078</u>	<u>\$ 1,110,078</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, 2015*

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 are 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, police protection, fire and emergency medical services protection, and cemetery maintenance. Also, the Township contracts with Village of New Richmond for additional 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 had 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 11 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, 2015*

Note 2 - Summary of Significant Accounting Policies

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

Fund Financial Statements

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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 in effect at the time final appropriations were passed by the Township Trustees.

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 appropriations 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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 2015, the Township invested in STAROhio.

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, 2015.

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 2015 were \$16,596, which includes \$14,477 assigned from other Township funds.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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 Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes 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 position is 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.

Restricted: 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.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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. Assigned amounts represent intended uses established by the Township Trustees. The Township Trustees have authorized the financial officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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 disbursements 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 disbursements 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 and unrecorded cash, which are treated as cash disbursements (budgetary basis) rather than restricted or committed 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.

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Net Change in Fund Balance

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund
Modified Cash Basis	(\$156,331)	(\$120,874)	\$229,729	\$128,625	\$3,447
Unrecorded Cash - Fiscal Year 2014	1,304	0	0	0	0
Adjustment for Encumbrances	(17,924)	(28,165)	(624)	(624)	0
Budget Basis	<u>(\$172,951)</u>	<u>(\$149,039)</u>	<u>\$229,105</u>	<u>\$128,001</u>	<u>\$3,447</u>

Note 4 - Deposits and Investments

State statutes classify monies held by the Township into three categories: active deposits, inactive deposits, and interim deposits.

Active deposits are public deposits 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;

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. The State Treasurer's investment pool (STAR Ohio);
7. Unrecorded cash represents amounts received, but not included as revenue, on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$9,774,189 of the Township's bank balance of \$10,029,197 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2015, the Township had the following investments:

	Fair Value	Investment Maturities (in Years) Less than 1
STAROhio	\$117,282	\$117,282

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.

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 2015 for real and public utility property taxes represents collections of 2014 taxes.

2014 real property taxes were levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016 operations.

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. 2015 public utility property taxes became a lien on December 31, 2014, were levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2015 was \$23.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2015 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$302,965,220
Commercial/Industrial	40,735,650
Public Utility Personal	31,869,670
Total Assessed Value	<u>\$375,570,540</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 - Risk Management

Property and Liability

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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 York. 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, 2014 (latest information available), OTARMA retained \$350,000 for casualty claims and \$250,000 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 position at December 31, 2014 and 2013.

	2014	2013
Assets	<u>\$35,970,263</u>	<u>\$34,954,286</u>
Liabilities	<u>(8,912,432)</u>	<u>(8,486,363)</u>
Net Position	<u>\$27,057,831</u>	<u>\$26,467,923</u>

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.3 and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 and \$7.5 million of unpaid claims to be billed to approximately 957 member governments in the future as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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

<u>Contributions To OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$0	\$94,832

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 Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for claims servicing (Note 11). Premiums are paid by the Township to the Benefits Pool. Jefferson Health Plan 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 Jefferson Health Plan, which covers individual claims in excess of \$500,000 per employee per year for medical claims.

Note 7 - Defined Benefit Pension Plan

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$298,632 for year 2015.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - Township full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Pierce Township
Clermont County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
 2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$251,485 for 2015.

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.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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>, 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 administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, State and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 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. For 2015, the portion of employer contributions allocated to health care for members in both the traditional and combined plans was 2.0 percent.

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, 2015, 2014, and 2013 were \$51,819, \$41,473, and \$44,519, respectively. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OPF. OPF 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.

OPF provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

eligible dependent child of such person. The health care coverage provided by OPF 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, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OPF's website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.0 percent of covered payroll for fire employers. Active members do not make contributions to the OPEB Plan.

OPF 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 OPF 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 2015, the employer contributions allocated to health care was 0.5 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 OPF 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 OPF, which were allocated to fund post-employment health care benefits for firefighters, were \$30,499 for the year ended December 31, 2015, \$27,529 for the year ended December 31, 2014, and \$23,443 for the year ended December 31, 2013. The full amount has been contributed for all three years.

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 9 - Debt

The changes in the Township's long-term obligations during 2015 were as follows:

Types / Issues	Balance 12/31/14	Issued	Retired	Balance 12/31/15	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
Locust Lake Loan - 4.15%	\$91,977	\$0	\$14,461	\$77,516	\$15,073
Ambulance Acquisition Loan - 2.30%	0	190,849	0	190,849	0
Total - General Long-Term Obligations	91,977	190,849	14,461	268,365	15,073
<u>Other Long-Term Obligations</u>					
Fire Truck Lease - 4.65%	215,038	0	38,861	176,177	40,832
Backhoe Lease - 2.758%	40,286	0	13,065	27,221	13,425
International 7400A Trucks Lease - 2.35%	190,982	0	46,096	144,886	47,179
Plow Lease - 2.35%	0	30,400	7,594	22,806	7,436
Total - Other Long-Term Obligations	446,306	30,400	105,616	371,090	108,872
Total - All General Long-Term Obligations	\$538,283	\$221,249	\$120,077	\$639,455	\$123,945

During 2010, the Township entered into 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.

During 2015, the Township entered in to a loan agreement with Park National Bank for a \$190,849 loan to purchase an ambulance. The loan was issued at a 2.30 percent interest rate, with final maturity on February 14, 2021. The loan will be paid from the Ambulance and Emergency Medical Services Fund.

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

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Year Ending December 31,	Locust Lake Loan		Ambulance Loan	
	Principal	Interest	Principal	Interest
2016	\$15,073	\$2,928	\$0	\$0
2017	15,710	2,290	38,170	4,402
2018	16,375	1,625	38,170	3,511
2019	17,068	932	38,170	2,634
2020	13,290	227	38,170	1,755
2021	0	0	38,169	880
Total	\$77,516	\$8,002	\$190,849	\$13,182

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, 2015 were an overall debt margin of \$39,166,542 and an unvoted debt margin of \$206,564.

Note 10 - Leases

In prior years, the Township entered into a capital lease purchase agreement for a new fire truck, a new backhoe, and two new International 7400A Trucks. In 2015, the Township entered into a capital lease purchase agreement for a plow. Total lease payments for 2015 included \$105,616 for principal and \$16,882 for interest.

Year Ending December 31,	Fire Truck Lease		Backhoe Lease		International Trucks Lease		Plow Lease	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$40,832	\$8,934	\$13,425	\$751	\$47,179	\$3,405	\$7,436	\$536
2017	42,903	6,864	13,796	380	48,288	2,296	7,610	361
2018	45,078	4,688	0	0	49,419	1,166	7,760	212
2019	47,364	2,402	0	0	0	0	0	0
Total	\$176,177	\$22,888	\$27,221	\$1,131	\$144,886	\$6,867	\$22,806	\$1,109

Note 11 - 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

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. Jefferson Health Plan serves as the fiscal agent for the Benefits Pool.

The Benefits Pool contracts with the Jefferson Health Plan, formerly known as 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 and 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, Jefferson Health Plan, 2023 Sunset Boulevard, Stuebenville, Ohio 43952.

Note 12 - 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 of 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 not involved in any legal proceedings.

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 13 - 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 Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Restricted for:</u>							
Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$75,000	\$75,000
Public Works	0	0	0	0	1,110,078	577,965	1,688,043
Health	0	0	0	0	0	76,681	76,681
Public Safety	0	0	4,253,055	1,218,148	0	782,980	6,254,183
Conservation and Recreation						46,941	46,941
Other Purposes	0	0	0	0	0	1,098,340	1,098,340
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>4,253,055</u>	<u>1,218,148</u>	<u>1,110,078</u>	<u>2,657,907</u>	<u>9,239,188</u>
<u>Committed to:</u>							
Public Works	0	457,124	0	0	0	0	457,124
<u>Assigned to:</u>							
Purchases on Order	17,924	0	0	0	0	0	17,924
<u>Unassigned:</u>							
	1,328,408	0	0	0	0	0	1,328,408
Total Fund Balances	<u>\$1,346,332</u>	<u>\$457,124</u>	<u>\$4,253,055</u>	<u>\$1,218,148</u>	<u>\$1,110,078</u>	<u>\$2,657,907</u>	<u>\$11,042,644</u>

**Pierce Township
Clermont County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2015*

Note 14 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$17,924
Road and Bridge Fund	28,165
Police Fund	624
Fire Fund	624
Total	<u><u>\$47,337</u></u>

Pierce Township
Clermont County
Statement of Net Position - Cash Basis
December 31, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 10,704,533
Net Position:	
Restricted for:	
Debt Service	\$ 30,860
Public Safety	5,805,935
Public Works	1,654,812
Other Purposes	1,132,265
Unrestricted	2,080,661
<i>Total Net Position</i>	\$ 10,704,533

See Accompanying Notes to the Basic Financial Statements

Pierce Township
Clermont County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

	Program Cash Receipts			Net (Disbursements) Receipts and Change in Net Position
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Total Governmental Activities
Governmental Activities:				
General Government	\$ 763,760	\$ 80,403	\$ -	\$ (683,357)
Public Safety	4,057,378	313,079	610,055	(3,134,244)
Public Works	1,737,352	73,955	477,650	(1,185,747)
Health	119,508	88,621	-	(30,887)
Human Services	40,908	-	-	(40,908)
Other	69	-	-	(69)
Capital Outlay	545,055	-	-	(545,055)
Debt Service:				
Principal Retirement	113,676	-	-	(113,676)
Interest and Fiscal Charges	18,850	-	-	(18,850)
<i>Total Governmental Activities</i>	<u>\$ 7,396,556</u>	<u>\$ 556,058</u>	<u>\$ 1,087,705</u>	<u>(5,752,793)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	284,550
Public Safety	3,775,627
Public Works	1,210,487
Interest	15,111
Grants and Entitlements not Restricted	156,650
Cable Franchise Fees	68,138
Payment in Lieu of Taxes	286,879
Miscellaneous	234,033
<i>Total General Receipts</i>	<u>6,031,475</u>
<i>Change in Net Position</i>	278,682
<i>Net Position at Beginning of Year</i>	<u>10,425,851</u>
<i>Net Position at End of Year</i>	<u>\$ 10,704,533</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, 2014

	General	Road and Bridge	Police	Fire	Garbage and Waste Disposal District	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$ 1,502,663	\$ 577,998	\$ 4,023,326	\$ 1,089,523	\$ 1,106,631	\$ 2,404,392	\$ 10,704,533
Fund Balances:							
Restricted	\$ -	\$ -	\$ 4,023,326	\$ 1,089,523	\$ 1,106,631	\$ 2,404,392	\$ 8,623,872
Committed	-	577,998	-	-	-	-	577,998
Assigned	3,147	-	-	-	-	-	3,147
Unassigned	1,499,516	-	-	-	-	-	1,499,516
<i>Total Fund Balances</i>	<u>\$ 1,502,663</u>	<u>\$ 577,998</u>	<u>\$ 4,023,326</u>	<u>\$ 1,089,523</u>	<u>\$ 1,106,631</u>	<u>\$ 2,404,392</u>	<u>\$ 10,704,533</u>

See Accompanying Notes to the Basic Financial Statements

Pierce Township
Clermont County
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2014

	General	Road and Bridge	Police	Fire	Garbage and Waste Disposal District	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:							
Property Taxes	\$ 284,550	\$ 531,589	\$ 1,941,711	\$ 1,833,916	\$ 678,898	\$ -	\$ 5,270,664
Interest	15,111	-	-	-	-	793	15,904
Intergovernmental	156,650	104,886	318,703	277,759	131,244	249,070	1,238,312
Special Assessments	-	-	-	-	-	73,955	73,955
Charges for Services	-	-	-	70,036	-	278,542	348,578
Licenses, Permits, and Fees	81,305	-	-	-	-	50,171	131,476
Fines, Forfeitures, and Penalties	2,419	-	199	-	-	2,752	5,370
Payment in Lieu of Taxes	-	-	-	-	-	286,879	286,879
Gifts and Donations	-	-	-	-	-	5,250	5,250
Rent	64,817	-	-	-	-	-	64,817
Miscellaneous	105,721	60,463	27,986	5,487	999	33,377	234,033
<i>Total Receipts</i>	<u>710,573</u>	<u>696,938</u>	<u>2,288,599</u>	<u>2,187,198</u>	<u>811,141</u>	<u>980,789</u>	<u>7,675,238</u>
Disbursements:							
Current:							
General Government	534,595	-	-	-	-	229,165	763,760
Public Safety	-	-	1,792,705	2,086,603	-	178,070	4,057,378
Public Works	7,673	489,155	-	-	803,705	436,819	1,737,352
Health	61,083	-	-	-	-	58,425	119,508
Human Services	40,908	-	-	-	-	-	40,908
Other	-	-	-	-	-	69	69
Capital Outlay	208,600	269,356	-	-	-	67,099	545,055
Debt Service:							
Principal Retirement	13,874	-	-	36,986	37,765	25,051	113,676
Interest and Fiscal Charges	4,126	-	-	12,780	1,703	241	18,850
<i>Total Disbursements</i>	<u>870,859</u>	<u>758,511</u>	<u>1,792,705</u>	<u>2,136,369</u>	<u>843,173</u>	<u>994,939</u>	<u>7,396,556</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(160,286)</u>	<u>(61,573)</u>	<u>495,894</u>	<u>50,829</u>	<u>(32,032)</u>	<u>(14,150)</u>	<u>278,682</u>
Other Financing Sources (Uses):							
Transfers-In	6,030	-	-	-	-	-	6,030
Transfers-Out	(139)	(139)	(90)	(5,650)	-	(12)	(6,030)
Total Other Financing Sources (Uses)	<u>5,891</u>	<u>(139)</u>	<u>(90)</u>	<u>(5,650)</u>	<u>-</u>	<u>(12)</u>	<u>-</u>
<i>Net Changes in Fund Balances</i>	<u>(154,395)</u>	<u>(61,712)</u>	<u>495,804</u>	<u>45,179</u>	<u>(32,032)</u>	<u>(14,162)</u>	<u>278,682</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,657,058</u>	<u>639,710</u>	<u>3,527,522</u>	<u>1,044,344</u>	<u>1,138,663</u>	<u>2,418,554</u>	<u>10,425,851</u>
<i>Fund Balances at End of Year</i>	<u>\$1,502,663</u>	<u>\$ 577,998</u>	<u>\$ 4,023,326</u>	<u>\$ 1,089,523</u>	<u>\$ 1,106,631</u>	<u>\$ 2,404,392</u>	<u>\$ 10,704,533</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)
General Fund*

For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$ 291,169	\$ 291,169	\$ 284,550	\$ (6,619)
Interest	16,975	15,111	15,529	418
Intergovernmental	171,237	152,432	156,650	4,218
Licenses, Permits, and Fees	88,876	79,115	81,305	2,190
Fines, Forfeitures, and Penalties	2,644	2,354	2,419	65
Rent	70,853	63,071	64,817	1,746
Miscellaneous	115,565	102,874	105,721	2,847
<i>Total Receipts</i>	<u>757,319</u>	<u>706,126</u>	<u>710,991</u>	<u>4,865</u>
Disbursements:				
Current:				
General Government	2,235,707	2,184,513	534,595	1,649,918
Public Works	8,805	8,805	7,673	1,132
Health	69,379	69,379	61,083	8,296
Human Services	42,265	42,265	40,908	1,357
Capital Outlay	36,500	36,500	229,747	(193,247)
<i>Total Disbursements</i>	<u>2,392,656</u>	<u>2,341,462</u>	<u>874,006</u>	<u>1,467,456</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,635,337)	(1,635,336)	(163,015)	1,472,321
Other Financing Sources (Uses):				
Transfers In	-	-	6,030	6,030
Transfers Out	-	-	(139)	(139)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>5,891</u>	<u>5,891</u>
<i>Net Changes in Fund Balance</i>	(1,635,337)	(1,635,336)	(157,124)	1,478,212
<i>Fund Balance at Beginning of Year</i>	1,639,736	1,639,736	1,639,736	-
<i>Prior Year Encumbrances Appropriated</i>	15,600	15,600	15,600	-
<i>Fund Balance at End of Year</i>	<u>\$ 19,999</u>	<u>\$ 20,000</u>	<u>\$ 1,498,212</u>	<u>\$ 1,478,212</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2014*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$ 545,919	\$ 545,919	\$ 531,589	\$ (14,330)
Intergovernmental	47,696	95,796	104,886	9,090
Miscellaneous	27,495	55,223	60,463	5,240
<i>Total Receipts</i>	<u>621,110</u>	<u>696,938</u>	<u>696,938</u>	<u>-</u>
Disbursements:				
Current:				
Public Works	1,150,438	1,226,265	497,155	729,110
Capital Outlay	92,702	92,702	280,858	(188,156)
<i>Total Disbursements</i>	<u>1,243,140</u>	<u>1,318,967</u>	<u>778,013</u>	<u>540,954</u>
<i>Excess of Receipts Under Disbursements</i>	(622,030)	(622,029)	(81,075)	540,954
Other Financing Sources:				
Transfers Out	-	-	(139)	(139)
<i>Net Changes in Fund Balance</i>	(622,030)	(622,029)	(81,214)	540,815
<i>Fund Balance at Beginning of Year</i>	588,408	588,408	588,408	-
<i>Prior Year Encumbrances Appropriated</i>	51,302	51,302	51,302	-
<i>Fund Balance at End of Year</i>	<u>\$ 17,680</u>	<u>\$ 17,681</u>	<u>\$ 558,496</u>	<u>\$ 540,815</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, 2014*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$ 1,998,001	\$ 1,998,001	\$ 1,941,711	\$ (56,290)
Intergovernmental	222,787	266,987	318,703	51,716
Fines, Forfeitures, and Penalties	139	167	199	32
Miscellaneous	19,563	23,445	27,986	4,541
<i>Total Receipts</i>	<u>2,240,490</u>	<u>2,288,600</u>	<u>2,288,599</u>	<u>(1)</u>
Disbursements:				
Current:				
Public Safety	<u>5,770,460</u>	<u>5,818,570</u>	<u>1,792,705</u>	<u>4,025,865</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(3,529,970)</u>	<u>(3,529,970)</u>	<u>495,894</u>	<u>4,025,864</u>
Other Financing Sources:				
Transfers Out	<u>-</u>	<u>-</u>	<u>(90)</u>	<u>(90)</u>
<i>Net Changes in Fund Balance</i>	<u>(3,529,970)</u>	<u>(3,529,970)</u>	<u>495,804</u>	<u>4,025,774</u>
<i>Fund Balance at Beginning of Year</i>	<u>3,529,970</u>	<u>3,529,970</u>	<u>3,529,970</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,025,774</u>	<u>\$ 4,025,774</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, 2014*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$ 1,880,590	\$ 1,880,590	\$ 1,833,916	\$ (46,674)
Intergovernmental	166,261	241,063	277,759	36,696
Charges for Services	41,922	60,783	70,036	9,253
Miscellaneous	3,284	4,762	5,487	725
<i>Total Receipts</i>	<u>2,092,057</u>	<u>2,187,198</u>	<u>2,187,198</u>	<u>-</u>
Disbursements:				
Current:				
Public Safety	3,136,401	3,231,542	2,141,369	1,090,173
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,044,344)	(1,044,344)	45,829	(1,090,173)
Other Financing Sources (Uses):				
Transfers Out	-	-	(5,650)	(5,650)
<i>Net Changes in Fund Balance</i>	(1,044,344)	(1,044,344)	40,179	1,084,523
<i>Fund Balance at Beginning of Year</i>	1,042,068	1,042,068	1,042,068	-
<i>Prior Year Encumbrances Appropriated</i>	2,276	2,276	2,276	-
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,523</u>	<u>\$ 1,084,523</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, 2014*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property Taxes	\$ 697,213	\$ 697,213	\$ 678,898	\$ (18,315)
Intergovernmental	96,363	113,067	131,244	18,177
Miscellaneous	733	861	999	138
<i>Total Receipts</i>	<u>794,309</u>	<u>811,141</u>	<u>811,141</u>	<u>-</u>
Disbursements:				
Current:				
Public Works	<u>1,932,972</u>	<u>1,949,804</u>	<u>846,837</u>	<u>1,102,967</u>
<i>Net Changes in Fund Balance</i>	(1,138,663)	(1,138,663)	(35,696)	1,102,967
<i>Fund Balance at Beginning of Year</i>	<u>1,138,663</u>	<u>1,138,663</u>	<u>1,138,663</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,102,967</u>	<u>\$ 1,102,967</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, 2014*

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 are 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, police protection, fire and emergency medical services protection, and cemetery maintenance. Also, the Township contracts with Union Township for additional 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 had 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 11 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, 2014*

Note 2 - Summary of Significant Accounting Policies

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

Fund Financial Statements

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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.

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 to a particular purpose. Committed resources in the other governmental funds are for emergency medical services.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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 in effect at the time final appropriations were passed by the Township Trustees.

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 appropriations 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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 2014, 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, 2014.

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 2014 were \$15,111, which includes \$12,894 assigned from other Township funds.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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 Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes 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 position is 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.

Restricted: 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.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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. Assigned amounts represent intended uses established by the Township Trustees. The Township Trustees have authorized the financial officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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 disbursements 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 disbursements 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 restricted or committed 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.

Pierce Township
Clermont County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Net Change in Fund Balance

	General	Road and Bridge	Police	Fire	Garbage and Waste Disposal District
Modified Cash Basis	(\$154,395)	(\$61,712)	\$495,804	\$45,179	(\$32,032)
Unrecorded Cash - Fiscal Year 2013	1,722	0	0	0	0
Unrecorded Interest - Fiscal Year 2014	(1,304)	0	0	0	0
Adjustment for Encumbrances	(3,147)	(19,502)	0	(5,000)	(3,664)
Budget Basis	<u>(\$157,124)</u>	<u>(\$81,214)</u>	<u>\$495,804</u>	<u>\$40,179</u>	<u>(\$35,696)</u>

Note 4 - Deposits and Investments

State statutes classify monies held by the Township into three categories: active deposits, inactive deposits, and interim deposits.

Active deposits are public deposits 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;

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. The State Treasurer's investment pool (STAR Ohio);
7. Unrecorded cash represents amounts received, but not included as revenue, on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$8,931,255 of the Township's bank balance of \$9,725,494 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2014, the Township had the following investments:

	Fair Value	Investment Maturities (in Years) Less than 1
STAROhio	\$117,158	\$117,158

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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes were levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015 operations.

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. 2014 public utility property taxes became a lien on December 31, 2013, were levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2014 was \$21.70 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2014 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$304,675,840
Commercial/Industrial	40,373,040
Public Utility Personal	55,474,170
Total Assessed Value	<u>\$400,523,050</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 - Risk Management

Property and Liability

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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 York. 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, 2013 (latest information available), OTARMA retained \$350,000 for casualty claims and \$250,000 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 position at December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Assets	\$34,954,286	\$34,954,286
Liabilities	<u>(8,486,363)</u>	<u>(8,486,363)</u>
Net Position	<u>\$26,467,923</u>	<u>\$26,467,923</u>

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$7.9 and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.5 and \$7.5 million of unpaid claims to be billed to approximately 948 member governments in the future as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$189,664.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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>2014</u>	<u>2013</u>
\$94,832	\$90,515

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 Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for claims servicing (Note 11). Premiums are paid by the Township to the Benefits Pool. Jefferson Health Plan 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 Jefferson Health Plan, which covers individual claims in excess of \$500,000 per employee per year for medical claims.

Note 7 - Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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>, 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 14.0 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 10.0 percent of covered payroll for members in State and local divisions and 12.0 percent for law enforcement and public safety employer units. For the year ended December 31, 2014, members in State and local divisions contributed 10.0 percent of covered payroll, while public safety and law enforcement members contributed 12.0 and 13.0 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 2014, member and employer contribution rates were consistent across all three plans.

The Township's 2014 contribution rate was 14.0 percent, except for those plan members in law enforcement and public safety, for whom the Township's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2014, the portion of employer contribution allocated to health care was 2.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2015, the portion of employer contributions allocated to health care will remain at 2.0 percent. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 was \$300,207, \$309,032, and \$207,247, respectively. The full amount has been contributed for all three years.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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 pension 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. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent and 24.0 percent respectively for police officers and 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. For January 1, 2014 through December 31, 2014, the portion of employer contributions used to fund pension benefits was 19.0 percent of covered payroll for police officers and 23.5 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 \$204,294 for the year ended December 31, 2014, \$173,975 for the year ended December 31, 2013, and \$128,568 for the year ended December 31, 2012, respectively. The full amount has been contributed for all three years.

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.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional 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, 2014*

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>, 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 administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, State and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 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. For 2014, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 2.0 percent. Effective January 1, 2015, the portion of employer contributions allocated to healthcare will remain at 2.0 percent for both plans, as recommended by the OPERS actuary.

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, 2014, 2013, and 2012 were \$41,473, \$44,519, and \$107,647, respectively. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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 statutory survivor benefit 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. That report is also available on OP&F's website at www.op-f.org.

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 the 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. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent or covered payroll for police employer units and 24 percent of covered payroll for fire employer units. 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, 2014*

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. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2014 thru December 31, 2014. 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 \$27,529 for the year ended December 31, 2014, \$23,443 for the year ended December 31, 2013, and \$50,309 for the year ended December 31, 2012. The full amount has been contributed for all three years.

Note 9 - Debt

The changes in the Township's long-term obligations during 2014 were as follows:

Types / Issues	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
Locust Lake Loan - 4.15%	\$105,851	\$0	\$13,874	\$91,977	\$14,461
<u>Other Long-Term Obligations</u>					
Fire Truck Lease- 4.65%	252,024	0	36,986	215,038	38,861
Backhoe Lease- 2.758%	53,000	0	12,714	40,286	13,065
International 7400A Trucks Lease- 2.35%	0	241,084	50,102	190,982	46,096
Total - Other Long-Term Obligations	305,024	241,084	99,802	446,306	98,022
Total - All General Long-Term Obligations	<u>\$410,875</u>	<u>\$241,084</u>	<u>\$113,676</u>	<u>\$538,283</u>	<u>\$112,483</u>

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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

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

Year Ending December 31,	Locust Lake Loan	
	Principal	Interest
2015	\$14,461	\$3,539
2016	15,073	2,928
2017	15,710	2,290
2018	16,375	1,625
2019	17,068	932
2020	13,290	227
Total	\$91,977	\$11,541

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, 2014 were an overall debt margin of \$41,962,943 and an unvoted debt margin of \$220,288.

Note 10 - Leases

In 2008, the Township entered into a capital lease purchase agreement for a new fire truck, and in 2013, the Township entered into a capital lease purchase agreement for a new backhoe. In 2014, the Township entered into a capital lease purchase agreement for two new International 7400A Trucks. Total lease payments for 2014 included \$99,802 for principal and \$14,723 for interest.

Year Ending December 31,	Fire Truck Lease		Backhoe Lease		International Trucks Lease		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$38,861	\$10,905	\$13,065	\$1,111	\$46,096	\$4,488	\$114,526
2016	40,832	8,934	13,425	751	47,179	3,405	114,526
2017	42,903	6,864	13,796	380	48,288	2,296	114,527
2018	45,078	4,688	0	0	49,419	1,166	100,351
2019	47,364	2,402	0	0	0	0	49,766
Total	\$215,038	\$33,793	\$40,286	\$2,242	\$190,982	\$11,355	\$493,696

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

Note 11 - 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. Jefferson Health Plan serves as the fiscal agent for the Benefits Pool.

The Benefits Pool contracts with the Jefferson Health Plan, formerly known as 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 and 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, Jefferson Health Plan, 2023 Sunset Boulevard, Stuebenville, Ohio 43952.

Note 12 - 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 of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

Litigation

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

Note 13 - 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 Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Restricted for:</u>							
Public Works	\$0	\$0	\$0	\$0	\$1,106,631	\$515,724	\$1,622,355
Debt Payments	0	0	0	0	0	30,860	30,860
Health	0	0	0	0	0	67,691	67,691
Street Lighting	0	0	0	0	0	32,457	32,457
Public Safety	0	0	4,023,326	1,089,523	0	693,086	5,805,935
Other Purposes	0	0	0	0	0	1,064,574	1,064,574
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>4,023,326</u>	<u>1,089,523</u>	<u>1,106,631</u>	<u>2,404,392</u>	<u>8,623,872</u>
<u>Committed to:</u>							
Public Works	0	577,998	0	0	0	0	577,998
<u>Assigned to:</u>							
Purchases on Order	3,147	0	0	0	0	0	3,147
<u>Unassigned</u>							
	1,499,516	0	0	0	0	0	1,499,516
Total Fund Balances	<u><u>\$1,502,663</u></u>	<u><u>\$577,998</u></u>	<u><u>\$4,023,326</u></u>	<u><u>\$1,089,523</u></u>	<u><u>\$1,106,631</u></u>	<u><u>\$2,404,392</u></u>	<u><u>\$10,704,533</u></u>

Note 14 – Significant Commitments

Contractual Commitments

Pierce Township has entered into the following contracts as of December 31, 2014:

Contractor	Purpose	Amount Remaining
Evans Landscaping, Inc.	Hike Bike Extension	\$296,332

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2014*

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$3,147
Road and Bridge Fund	19,502
Fire District Fund	5,000
Garbage and Waste Disposal District Fund	3,664
Nonmajor Governmental Funds	155,966
Total	<u>\$187,279</u>



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

July 28, 2016

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Pierce Township**, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 28, 2016, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

... "bringing more to the table"

Tax—Accounting — Audit — Review — Compilation — Agreed Upon Procedure — Consultation — Bookkeeping — Payroll
Litigation Support — Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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
OCTOBER 25, 2016