



Certified Public Accountants, A.C.

**PIERCE TOWNSHIP  
CLERMONT COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

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Marietta, OH 45750  
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# Dave Yost • Auditor of State

Township 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, 2016 through December 31, 2017. 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

September 5, 2018

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**PIERCE TOWNSHIP  
CLERMONT COUNTY**

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CLERMONT COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

June 29, 2018

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, 2017 and 2016, 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.

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**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, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, Police, Fire and Garbage and 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 June 29, 2018, 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, 2017*

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 11,926,424
<b>Net Position:</b>	
Restricted for:	
Capital Projects	230,187
Public Works	1,385,649
Health	94,539
Public Safety	7,136,288
Conservation and Recreation	29,221
Other Purposes	1,342,224
Permanent Fund Purpose:	
Unclaimed Monies	6,030
Unrestricted	1,702,286
<i>Total Net Position</i>	\$ 11,926,424

See Accompanying Notes to the Basic Financial Statements

**Pierce Township  
Clermont County**  
*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2017*

	Program Cash Receipts			Net (Disbursements) Receipts and Change in Net Position
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Total Governmental Activities
<b>Governmental Activities:</b>				
General Government	\$ 706,399	\$ 118,507	\$ -	\$ (587,892)
Public Safety	4,388,720	385,432	556,483	(3,446,805)
Public Works	1,876,826	136,794	423,023	(1,317,009)
Health	155,789	94,000	-	(61,789)
Conservation and Recreation	52,933	-	22,131	(30,802)
Capital Outlay	253,484	-	-	(253,484)
Debt Service:				
Principal Retirement	249,876	-	-	(249,876)
Interest and Fiscal Charges	28,992	-	-	(28,992)
<b>Total Governmental Activities</b>	<b>\$ 7,713,019</b>	<b>\$ 734,733</b>	<b>\$ 1,001,637</b>	<b>(5,976,649)</b>

**General Receipts:**

Property Taxes Levied for:	
General Purposes	259,530
Public Safety	4,101,719
Public Works	1,126,611
Interest	98,138
Grants and Entitlements not Restricted	96,219
Cable Franchise Fees	102,490
Payment in Lieu of Taxes	330,100
Miscellaneous	51,814
<b>Total General Receipts</b>	<b>6,166,621</b>
 <i>Change in Net Position</i>	 189,972
 <i>Net Position at Beginning of Year</i>	 11,736,452
 <i>Net Position at End of Year</i>	 <b>\$ 11,926,424</b>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township**  
**Clermont County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 1,300,655	\$ 407,661	\$4,316,875	\$ 1,979,921	\$ 854,182	\$ 3,067,130	\$ 11,926,424
<b>Fund Balances:</b>							
Nonspendable	\$ 6,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,030
Restricted	-	-	4,316,875	1,979,921	854,182	3,067,130	10,218,108
Committed	-	407,661	-	-	-	-	407,661
Assigned	1,294,625	-	-	-	-	-	1,294,625
<i>Total Fund Balances</i>	<u>\$ 1,300,655</u>	<u>\$ 407,661</u>	<u>\$4,316,875</u>	<u>\$ 1,979,921</u>	<u>\$ 854,182</u>	<u>\$ 3,067,130</u>	<u>\$ 11,926,424</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, 2017*

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts:</b>							
Property Taxes	\$ 259,530	\$ 494,942	\$ 1,762,268	\$ 2,339,451	\$ 631,669	\$ -	\$ 5,487,860
Interest	98,138	-	-	-	-	5,576	103,714
Intergovernmental	96,219	79,225	241,676	259,582	90,348	293,191	1,060,241
Special Assessments	-	-	-	-	-	136,794	136,794
Charges for Services	-	-	-	73,639	-	338,960	412,599
Licenses, Permits, and Fees	113,819	-	-	-	-	58,050	171,869
Fines, Forfeitures, and Penalties	-	-	6,120	-	-	2,663	8,783
Payment in Lieu of Taxes	-	-	-	-	-	330,100	330,100
Gifts and Donations	22,131	-	-	-	-	9,908	32,039
Rent	107,178	-	-	-	-	-	107,178
Miscellaneous	10,893	1,906	7,709	922	4,854	25,530	51,814
<b>Total Receipts</b>	<b>707,908</b>	<b>576,073</b>	<b>2,017,773</b>	<b>2,673,594</b>	<b>726,871</b>	<b>1,200,772</b>	<b>7,902,991</b>
<b>Disbursements:</b>							
Current:							
General Government	579,079	-	-	-	-	127,320	706,399
Public Safety	-	-	2,047,545	2,176,831	-	164,344	4,388,720
Public Works	28	551,093	-	-	852,289	473,416	1,876,826
Health	57,111	-	-	-	-	98,678	155,789
Conservation and Recreation	52,933	-	-	-	-	-	52,933
Capital Outlay	-	-	-	49,766	-	203,718	253,484
Debt Service:							
Principal Retirement	15,710	-	-	84,050	41,745	108,371	249,876
Interest and Fiscal Charges	2,290	-	-	19,583	1,709	5,410	28,992
<b>Total Disbursements</b>	<b>707,151</b>	<b>551,093</b>	<b>2,047,545</b>	<b>2,330,230</b>	<b>895,743</b>	<b>1,181,257</b>	<b>7,713,019</b>
<b>Net Changes in Fund Balances</b>	<b>757</b>	<b>24,980</b>	<b>(29,772)</b>	<b>343,364</b>	<b>(168,872)</b>	<b>19,515</b>	<b>189,972</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,299,898</b>	<b>382,681</b>	<b>4,346,647</b>	<b>1,636,557</b>	<b>1,023,054</b>	<b>3,047,615</b>	<b>11,736,452</b>
<b>Fund Balances at End of Year</b>	<b>\$ 1,300,655</b>	<b>\$ 407,661</b>	<b>\$ 4,316,875</b>	<b>\$ 1,979,921</b>	<b>\$ 854,182</b>	<b>\$ 3,067,130</b>	<b>\$ 11,926,424</b>

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, 2017*

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 266,086	\$ 266,086	\$ 259,530	\$ (6,556)
Interest	88,189	102,990	98,138	(4,852)
Intergovernmental	86,464	100,976	96,219	(4,757)
Licenses, Permits, and Fees	102,280	119,446	113,819	(5,627)
Fines, Forfeitures, and Penalties	19,887	23,225	22,131	(1,094)
Rent	96,313	112,477	107,178	(5,299)
Miscellaneous	9,789	11,432	10,893	(539)
<i>Total Receipts</i>	<u>669,008</u>	<u>736,632</u>	<u>707,908</u>	<u>(28,724)</u>
<b>Disbursements:</b>				
Current:				
General Government	1,860,614	1,758,604	585,587	1,173,017
Public Works	1,585	7,985	28	7,957
Health	-	57,111	57,111	-
Conservation and Recreation	48,315	86,815	52,935	33,880
Capital Outlay	5,000	5,000	-	5,000
Debt Service:				
Principal Retirement	15,710	15,710	15,710	-
Interest and Fiscal Charges	2,290	2,290	2,290	-
<i>Total Disbursements</i>	<u>1,933,514</u>	<u>1,933,515</u>	<u>713,661</u>	<u>1,219,854</u>
<i>Net Change in Fund Balance</i>	(1,264,506)	(1,196,883)	(5,753)	1,191,130
<i>Fund Balance at Beginning of Year</i>	1,299,898	1,299,898	1,299,898	-
<i>Fund Balance at End of Year</i>	<u>\$ 35,392</u>	<u>\$ 103,015</u>	<u>\$ 1,294,145</u>	<u>\$ 1,191,130</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, 2017*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 504,955	\$ 504,955	\$ 494,942	\$ (10,013)
Intergovernmental	73,333	65,354	79,225	13,871
Miscellaneous	1,623	1,446	1,906	460
<i>Total Receipts</i>	<u>579,911</u>	<u>571,755</u>	<u>576,073</u>	<u>4,318</u>
<b>Disbursements:</b>				
Current:				
Public Works	<u>956,230</u>	<u>956,230</u>	<u>570,078</u>	<u>386,152</u>
<i>Net Change in Fund Balance</i>	(376,319)	(384,475)	5,995	390,470
<i>Fund Balance at Beginning of Year</i>	<u>382,681</u>	<u>382,681</u>	<u>382,681</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 6,362</u>	<u>\$ (1,794)</u>	<u>\$ 388,676</u>	<u>\$ 390,470</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, 2017*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 1,807,862	\$ 1,807,862	\$ 1,762,268	\$ (45,594)
Intergovernmental	226,424	182,882	241,676	58,794
Fines, Forfeitures, and Penalties	5,734	4,631	6,120	1,489
Miscellaneous	7,223	5,834	7,709	1,875
<i>Total Receipts</i>	<u>2,047,243</u>	<u>2,001,209</u>	<u>2,017,773</u>	<u>16,564</u>
<b>Disbursements:</b>				
Current:				
Public Safety	6,222,060	6,187,053	2,075,710	4,111,343
Capital Outlay	-	35,007	35,007	-
<i>Total Disbursements</i>	<u>6,222,060</u>	<u>6,222,060</u>	<u>2,110,717</u>	<u>4,111,343</u>
<i>Net Change in Fund Balance</i>	(4,174,817)	(4,220,851)	(92,944)	4,127,907
<i>Fund Balance at Beginning of Year</i>	<u>4,346,647</u>	<u>4,346,647</u>	<u>4,346,647</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 171,830</u>	<u>\$ 125,796</u>	<u>\$ 4,253,703</u>	<u>\$ 4,127,907</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, 2017*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Property Taxes	\$ 2,325,766	\$ 2,325,766	\$ 2,339,451	\$ 13,685
Intergovernmental	287,515	253,748	259,582	5,834
Charges for Services	81,563	71,984	73,639	1,655
Miscellaneous	917	809	922	113
<i>Total Receipts</i>	<u>2,695,761</u>	<u>2,652,307</u>	<u>2,673,594</u>	<u>21,287</u>
<b>Disbursements:</b>				
Current:				
Public Safety	4,162,680	4,031,496	2,251,551	1,779,945
Capital Outlay	-	131,184	130,950	234
<i>Total Disbursements</i>	<u>4,162,680</u>	<u>4,162,680</u>	<u>2,382,501</u>	<u>1,780,179</u>
<i>Net Change in Fund Balance</i>	(1,466,919)	(1,510,373)	291,093	1,801,466
<i>Fund Balance at Beginning of Year</i>	<u>1,636,557</u>	<u>1,636,557</u>	<u>1,636,557</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 169,638</u>	<u>\$ 126,184</u>	<u>\$ 1,927,650</u>	<u>\$ 1,801,466</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, 2017*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 644,944	\$ 644,944	\$ 631,669	\$ (13,275)
Intergovernmental	86,929	72,705	90,348	17,643
Miscellaneous	4,670	3,906	4,854	948
<i>Total Receipts</i>	<u>736,543</u>	<u>721,555</u>	<u>726,871</u>	<u>5,316</u>
<b>Disbursements:</b>				
Current:				
Public Works	<u>1,750,500</u>	<u>1,750,500</u>	<u>957,961</u>	<u>792,539</u>
<i>Net Change in Fund Balance</i>	(1,013,957)	(1,028,945)	(231,090)	797,855
<i>Fund Balance at Beginning of Year</i>	<u>1,023,054</u>	<u>1,023,054</u>	<u>1,023,054</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ 9,097</u>	<u>\$ (5,891)</u>	<u>\$ 791,964</u>	<u>\$ 797,855</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, 2017*

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**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 Fiscal 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.

**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.

**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.

**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 distinguish usually between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township, however, has no activities which are reported as business-type.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Government-Wide Financial Statements (Continued)

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.

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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. However, all of 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 not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Governmental Funds (Continued)

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources 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, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 (contra revenue), respectively.

During 2017, the Township invested in STAR Ohio and STAR Ohio Plus.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The Township also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity, and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

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 2017 were \$98,138, which includes \$86,803 assigned from other Township funds.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net 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 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 are 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. It also includes the long-term amount of interfund loans.

**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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Fund Balance (Continued)

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints 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.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when 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 as follows:

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 3 - Budgetary Basis of Accounting (Continued)**

Net Change in Fund Balance

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund
Cash Basis	\$ 757	\$ 24,980	\$ (29,772)	\$ 343,364	\$ (168,872)
Encumbrances	(6,510)	(18,985)	(63,172)	(52,271)	(62,218)
Budget Basis	<u>\$ (5,753)</u>	<u>\$ 5,995</u>	<u>\$ (92,944)</u>	<u>\$ 291,093</u>	<u>\$ (231,090)</u>

**Note 4 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage 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;



**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 4 - Deposits and Investments (Continued)**

5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; 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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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, \$10,562,605 of the Township's bank balance of \$10,812,605 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township's financial institution was approved for a reduced collateral rate of 102 percent through the Ohio Pooled Collateral System.

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 the township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 4 - Deposits and Investments (Continued)**

Investments

As of December 31, 2017, the Township had the following investments:

	Net Asset Value per Share	Maturity
STAR Ohio	\$ 119,174	Less than one year
STAR Ohio Plus	1,016,422	Less than one year
Total Investments	\$ 1,135,596	

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 – STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio 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.

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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 personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 5 - Property Taxes (Continued)**

The full tax rate for all Township operations for the year ended December 31, 2017 was \$23.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2017 property tax receipts were based are as follows:

Real Property		
Residential/Agricultural	\$	343,862,390
Commercial/Industrial		40,917,000
Public Utility Personal		23,586,570
Total Assessed Value	\$	<u>408,365,960</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**

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

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, 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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 6 - Risk Management (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$ 40,010,732
Liabilities	8,675,465
Net Position	\$ 31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$36,000. The Township joined OTARMA in 2017.

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.

<b>2017 Contributions to OTARMA</b>	
\$	81,378

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 \$150,000 per individual. Plan participants also participate in a shared risk internal pool for individual claims between \$150,000 and \$1,500,000. The Township also has a stop loss insurance policy through Jefferson Health Plan, which covers individual claims in excess of \$1,500,000 per employee per year for medical claims.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 7 - Defined Benefit Pension Plan**

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than firefighters, 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.

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, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 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  
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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

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
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
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 \$285,468 for year 2017.

**Pierce Township  
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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Police and Fire Pension Fund (OP&F)

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://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 OP&F may retire and receive a lifetime monthly pension. OP&F 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 after 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 (see OP&F CAFR referenced above for additional information, including requirement for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F 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, surviving beneficiaries, and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Police and Fire Pension Fund (OP&F) (Continued)

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

	Firefighters
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	24.00 %
Employee	12.25 %
 <b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	0.50
Total Employer	24.00 %
 Employee	 12.25 %

The Township’s police officers do not contribute to OP&F; they contribute to the OPERS Law Enforcement pension.

Employer contribution rates are expressed as a percentage of covered payroll. The Township’s contractually required contribution to OP&F was \$225,214 for 2017.

Social Security

Several of the Township’s employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

**Note 8 - Post-Employment Benefits**

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.



**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 8 - Post-Employment Benefits (Continued)**

Ohio Public Employees Retirement System (Continued)

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance. (The latest information available.)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and local employers contributed at a rate of 14.0 percent of earnable salary 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. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Township's contributions allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 were \$18,802, \$35,778, and \$51,819, 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, 2017*

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**Note 8 - Post-Employment Benefits (Continued)**

Ohio Police and Fire Pension Fund

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

OP&F provides access to postretirement 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 Government Accounting Standards Board (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. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 24 percent of covered payroll for fire employer units. The Ohio Revised Code states that the employer contribution may not exceed 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 administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of 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 OP&F Board of Trustees is also 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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 8 - Post-Employment Benefits (Continued)**

Ohio Police and Fire Pension Fund (Continued)

The Township's contributions to OP&F, which were allocated to fund post-employment health care benefits for firefighters for the years ended December 31, 2017, 2016 and 2015 were, \$4,792, \$4,589, and \$30,499, respectively. The full amount has been contributed for all three years.

**Note 9 - Debt**

The changes in the Township's long-term obligations during 2017 were as follows:

Types / Issues	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
Locust Lake Loan - 4.15%	\$ 62,443	\$ -	\$ 15,710	\$ 46,733	\$ 16,375
Ambulance Acquisition Loan - 2.30%	190,849	-	38,170	152,679	38,170
Total - General Long-Term Obligations	253,292	-	53,880	199,412	54,545
<u>Other Long-Term Obligations</u>					
Fire Truck Lease - 4.65%	135,345	-	42,903	92,442	45,078
Backhoe Lease - 2.758%	13,796	-	13,796	-	-
International 7400A Trucks Lease - 2.35%	97,707	-	48,288	49,419	49,419
Plow Lease - 2.35%	15,370	-	7,610	7,760	7,760
Rescue Pumper Lease - 2.73%	465,880	-	41,147	424,733	42,270
Lifepak Lease - 0.00%	-	126,756	42,252	84,504	42,252
Total - Other Long-Term Obligations	728,098	126,756	195,996	658,858	186,779
Total - All General Long-Term Obligations	<u>\$ 981,390</u>	<u>\$ 126,756</u>	<u>\$ 249,876</u>	<u>\$ 858,270</u>	<u>\$ 241,324</u>

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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

**Note 9 – Debt (Continued)**

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

Year Ending December 31,	Locust Lake Loan		Ambulance Loan	
	Principal	Interest	Principal	Interest
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	-	-	38,169	880
Total	<u>\$ 46,733</u>	<u>\$ 2,784</u>	<u>\$ 152,679</u>	<u>\$ 8,780</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2017 were an overall debt margin of \$42,679,014 and an unvoted debt margin of \$224,601.

**Note 10 – Leases**

In 2017, the Township entered into a capital lease purchase agreement for Lifepak defibrillators. In prior years, the Township entered into capital lease purchase agreements for various pieces of equipment and vehicles. Total lease payments for 2017 included \$195,996 for principal and \$22,620 for interest. Future lease payments are as follows:

Year Ending December 31,	Fire Truck Lease		International Trucks Lease		Plow Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 45,078	\$ 4,688	\$ 49,419	\$ 1,166	\$ 7,760	\$ 212
2019	47,364	2,402	-	-	-	-
Total	<u>\$ 92,442</u>	<u>\$ 7,090</u>	<u>\$ 49,419</u>	<u>\$ 1,166</u>	<u>\$ 7,760</u>	<u>\$ 212</u>

Year Ending December 31,	Pumper Lease		Lifepak Lease	
	Principal	Interest	Principal	Interest
2018	\$ 42,270	\$ 11,595	\$ 42,252	\$ -
2019	43,424	10,441	42,252	-
2020	44,610	9,256	-	-
2021	45,827	8,038	-	-
2022	47,079	6,787	-	-
2023-2026	201,523	13,939	-	-
Total	<u>\$ 424,733</u>	<u>\$ 60,056</u>	<u>\$ 84,504</u>	<u>\$ -</u>

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017*

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**Note 11 - Shared Risk Pools**

Ohio Township Association Risk Management Authority

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool. For more information on OTARMA, see Note 6.

Center for Local Government Benefits Pool

The Township is a member of the Center for Local Government 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 \$150,000 per individual. Benefits Pool participants also participate in a shared risk internal pool for individual claims between \$150,000 and \$1,500,000, and all claims within this range are paid from the shared internal risk pool. For all individual claims exceeding \$1,500,000, 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, Steubenville, 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, 2017*

**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>Nonspendable:</u>							
Unclaimed Monies	\$ 6,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,030
<u>Restricted for:</u>							
Capital Improvements	-	-	-	-	-	230,187	230,187
Public Works	-	-	-	-	854,182	531,467	1,385,649
Health	-	-	-	-	-	94,539	94,539
Public Safety	-	-	4,316,875	1,979,921	-	839,492	7,136,288
Conservation and Recreation	-	-	-	-	-	29,221	29,221
Other Purposes	-	-	-	-	-	1,342,224	1,342,224
<u>Total Restricted</u>	-	-	4,316,875	1,979,921	854,182	3,067,130	10,218,108
<u>Committed to:</u>							
Public Works	-	407,661	-	-	-	-	407,661
<u>Assigned to:</u>							
Purchases on Order	6,510	-	-	-	-	-	6,510
Subsequent Appropriations	1,288,115	-	-	-	-	-	1,288,115
<u>Total Assigned</u>	1,294,625	-	-	-	-	-	1,294,625
<u>Unassigned:</u>							
<u>Total Fund Balances</u>	<u>\$ 1,300,655</u>	<u>\$ 407,661</u>	<u>\$ 4,316,875</u>	<u>\$ 1,979,921</u>	<u>\$ 854,182</u>	<u>\$ 3,067,130</u>	<u>\$ 11,926,424</u>

**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	\$ 6,510
Road and Bridge Fund	18,985
Police Fund	63,172
Fire Fund	52,271
Garbage and Waste Disposal District Fund	62,218
Nonmajor Governmental Funds	160,396
<u>Total</u>	<u>\$ 363,552</u>

**Pierce Township**  
**Clermont County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 11,736,452
<b>Net Position:</b>	
Restricted for:	
Capital Projects	\$ 151,991
Public Works	1,666,970
Health	76,540
Public Safety	6,911,511
Conservation and Recreation	29,221
Other Purposes	1,217,640
Permanent Fund Purpose:	
Unclaimed Monies	6,030
Unrestricted	1,676,549
<i>Total Net Position</i>	\$ 11,736,452

See Accompanying Notes to the Basic Financial Statements

**Pierce Township**  
**Clermont County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Change in Net Position
		Charges for Services	Operating Grants, Contributions, and Interest	Total Governmental Activities
<b>Governmental Activities:</b>				
General Government	\$ 695,786	\$ 91,823	\$ -	\$ (603,963)
Public Safety	4,333,212	377,214	505,792	(3,450,206)
Public Works	1,718,748	134,959	417,705	(1,166,084)
Health	124,244	81,021	-	(43,223)
Conservation and Recreation	31,888	-	16,821	(15,067)
Capital Outlay	34,041	-	-	(34,041)
Debt Service:				
Principal Retirement	123,945	-	-	(123,945)
Interest and Fiscal Charges	16,554	-	-	(16,554)
<i>Total Governmental Activities</i>	<u>\$ 7,078,418</u>	<u>\$ 685,017</u>	<u>\$ 940,318</u>	<u>(5,453,083)</u>

**General Receipts:**

Property Taxes Levied for:	
General Purposes	263,310
Public Safety	4,139,584
Public Works	1,130,387
Interest	44,654
Grants and Entitlements not Restricted	86,283
Cable Franchise Fees	107,245
Payment in Lieu of Taxes	325,188
Miscellaneous	50,240
<i>Total General Receipts</i>	<u>6,146,891</u>
<i>Change in Net Position</i>	693,808
<i>Net Position at Beginning of Year</i>	<u>11,042,644</u>
<i>Net Position at End of Year</i>	<u>\$ 11,736,452</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, 2016*

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 1,299,898	\$ 382,681	\$ 4,346,647	\$ 1,636,557	\$ 1,023,054	\$ 3,047,615	\$ 11,736,452
<b>Fund Balances:</b>							
Nonspendable	\$ 6,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,030
Restricted	-	-	4,346,647	1,636,557	1,023,054	3,047,615	10,053,873
Committed	-	382,681	-	-	-	-	382,681
Assigned	1,196,882	-	-	-	-	-	1,196,882
Unassigned	96,986	-	-	-	-	-	96,986
<i>Total Fund Balances</i>	<u>\$ 1,299,898</u>	<u>\$ 382,681</u>	<u>\$ 4,346,647</u>	<u>\$ 1,636,557</u>	<u>\$ 1,023,054</u>	<u>\$ 3,047,615</u>	<u>\$ 11,736,452</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, 2016

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts:</b>							
Property Taxes	\$ 263,310	\$ 496,405	\$ 1,785,930	\$ 2,353,654	\$ 633,982	\$ -	\$ 5,533,281
Interest	44,654	-	-	-	-	2,288	46,942
Intergovernmental	86,283	74,417	240,738	254,094	94,941	255,775	1,006,248
Special Assessments	-	-	-	-	-	134,959	134,959
Charges for Services	-	-	-	72,266	-	327,602	399,868
Licenses, Permits, and Fees	124,047	-	-	-	-	51,946	175,993
Fines, Forfeitures, and Penalties	-	-	3,792	-	-	2,629	6,421
Payment in Lieu of Taxes	-	-	-	-	-	325,188	325,188
Gifts and Donations	12,565	-	-	-	-	5,500	18,065
Rent	75,021	-	-	-	-	-	75,021
Miscellaneous	24,804	5,419	14,374	3,342	1,160	1,141	50,240
<i>Total Receipts</i>	<u>630,684</u>	<u>576,241</u>	<u>2,044,834</u>	<u>2,683,356</u>	<u>730,083</u>	<u>1,107,028</u>	<u>7,772,226</u>
<b>Disbursements:</b>							
Current:							
General Government	566,889	-	-	-	-	128,897	695,786
Public Safety	-	-	1,951,242	2,215,181	-	166,789	4,333,212
Public Works	6,334	650,684	-	-	777,639	284,091	1,718,748
Health	58,458	-	-	-	-	65,786	124,244
Conservation and Recreation	9,912	-	-	-	-	21,976	31,888
Capital Outlay	17,524	-	-	-	-	16,517	34,041
Debt Service:							
Principal Retirement	15,073	-	-	40,832	37,015	31,025	123,945
Interest and Fiscal Charges	2,928	-	-	8,934	2,453	2,239	16,554
<i>Total Disbursements</i>	<u>677,118</u>	<u>650,684</u>	<u>1,951,242</u>	<u>2,264,947</u>	<u>817,107</u>	<u>717,320</u>	<u>7,078,418</u>
<i>Net Changes in Fund Balances</i>	(46,434)	(74,443)	93,592	418,409	(87,024)	389,708	693,808
<i>Fund Balances at Beginning of Year</i>	1,346,332	457,124	4,253,055	1,218,148	1,110,078	2,657,907	11,042,644
<i>Fund Balances at End of Year</i>	<u>\$1,299,898</u>	<u>\$ 382,681</u>	<u>\$ 4,346,647</u>	<u>\$ 1,636,557</u>	<u>\$ 1,023,054</u>	<u>\$ 3,047,615</u>	<u>\$ 11,736,452</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, 2016*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Property Taxes	\$ 287,500	\$ 287,500	\$ 263,310	\$ (24,190)
Interest	21,615	17,903	44,654	26,751
Intergovernmental	94,466	78,243	86,283	8,040
Licenses, Permits, and Fees	135,810	112,487	124,047	11,560
Gifts and Donations	13,757	11,394	12,565	1,171
Rent	83,712	69,335	75,021	5,686
Miscellaneous	27,156	22,492	24,804	2,312
<i>Total Receipts</i>	<u>664,016</u>	<u>599,354</u>	<u>630,684</u>	<u>31,330</u>
<b>Disbursements:</b>				
Current:				
General Government	1,868,718	1,857,829	566,889	1,290,940
Public Works	8,000	8,000	6,334	1,666
Health	65,000	-	58,458	(58,458)
Human Services	40,600	600	-	600
Conservation and Recreation	-	14,803	9,912	4,891
Capital Outlay	3,999	26,999	17,524	9,475
Debt Service:				
Principal Retirement	15,073	15,073	15,073	-
Interest and Fiscal Charges	2,928	2,928	2,928	-
<i>Total Disbursements</i>	<u>2,004,318</u>	<u>1,926,232</u>	<u>677,118</u>	<u>1,249,114</u>
<i>Net Change in Fund Balance</i>	(1,340,302)	(1,326,878)	(46,434)	1,280,444
<i>Fund Balance at Beginning of Year</i>	1,328,408	1,328,408	1,328,408	-
<i>Prior Year Encumbrances Appropriated</i>	17,924	17,924	17,924	-
<i>Fund Balance at End of Year</i>	<u>\$ 6,030</u>	<u>\$ 19,454</u>	<u>\$ 1,299,898</u>	<u>\$ 1,280,444</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, 2016*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 536,806	\$ 536,806	\$ 496,405	\$ (40,401)
Intergovernmental	76,240	36,758	74,417	37,659
Miscellaneous	5,552	2,677	5,419	2,742
<i>Total Receipts</i>	<u>618,598</u>	<u>576,241</u>	<u>576,241</u>	<u>-</u>
<b>Disbursements:</b>				
Current:				
Public Works	<u>1,075,722</u>	<u>1,033,365</u>	<u>650,684</u>	<u>382,681</u>
<i>Net Change in Fund Balance</i>	(457,124)	(457,124)	(74,443)	382,681
<i>Fund Balance at Beginning of Year</i>	428,959	428,959	428,959	-
<i>Prior Year Encumbrances Appropriated</i>	<u>28,165</u>	<u>28,165</u>	<u>28,165</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 382,681</u>	<u>\$ 382,681</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, 2016*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 1,966,754	\$ 1,966,754	\$ 1,785,930	\$ (180,824)
Intergovernmental	229,450	72,148	240,738	168,590
Fines, Forfeitures, and Penalties	3,614	1,136	3,792	2,656
Miscellaneous	13,700	4,308	14,374	10,066
<i>Total Receipts</i>	2,213,518	2,044,346	2,044,834	488
<b>Disbursements:</b>				
Current:				
Public Safety	6,469,011	6,299,839	1,951,242	4,348,597
<i>Net Change in Fund Balance</i>	(4,255,493)	(4,255,493)	93,592	4,349,085
<i>Fund Balance at Beginning of Year</i>	4,252,431	4,252,431	4,252,431	-
<i>Prior Year Encumbrances Appropriated</i>	624	624	624	-
<i>Fund Balance at End of Year</i>	\$ (2,438)	\$ (2,438)	\$ 4,346,647	\$ 4,349,085

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, 2016*

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Property Taxes	\$ 1,865,048	\$ 1,865,047	\$ 2,353,654	\$ 488,607
Intergovernmental	318,179	630,652	254,094	(376,558)
Charges for Services	90,492	179,362	72,266	(107,096)
Miscellaneous	4,185	8,295	3,342	(4,953)
<i>Total Receipts</i>	<u>2,277,904</u>	<u>2,683,356</u>	<u>2,683,356</u>	<u>-</u>
<b>Disbursements:</b>				
Current:				
Public Safety	<u>3,979,928</u>	<u>3,901,504</u>	<u>2,264,947</u>	<u>1,636,557</u>
<i>Net Change in Fund Balance</i>	(1,702,024)	(1,218,148)	418,409	1,636,557
<i>Fund Balance at Beginning of Year</i>	1,217,524	1,217,524	1,217,524	-
<i>Prior Year Encumbrances Appropriated</i>	624	624	624	-
<i>Fund Balance at End of Year</i>	<u>\$ (483,876)</u>	<u>\$ -</u>	<u>\$ 1,636,557</u>	<u>\$ 1,636,557</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, 2016*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$ 685,919	\$ 685,919	\$ 633,982	\$ (51,937)
Intergovernmental	99,397	43,631	94,941	51,310
Miscellaneous	1,214	533	1,160	627
<i>Total Receipts</i>	<u>786,530</u>	<u>730,083</u>	<u>730,083</u>	<u>-</u>
<b>Disbursements:</b>				
Current:				
Public Works	<u>1,896,608</u>	<u>1,840,161</u>	<u>817,107</u>	<u>1,023,054</u>
<i>Net Change in Fund Balance</i>	(1,110,078)	(1,110,078)	(87,024)	1,023,054
<i>Fund Balance at Beginning of Year</i>	<u>1,110,078</u>	<u>1,110,078</u>	<u>1,110,078</u>	<u>-</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,054</u>	<u>\$ 1,023,054</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, 2016*

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**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 Fiscal 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.

**Public Entity Risk Pool**

The Township participates in one public entity risk pools, the Center for Local Government Benefits Pool. Notes 6 and 11 to the financial statements provide additional information for this entity.

**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.

**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 distinguish usually between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are finance in whole or in part by fees charged to external parties for goods or services. The Township, however, has no activities which are reported as business-type.



**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Government-Wide Financial Statements (Continued)

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.

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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. However, all of 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 not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Governmental Funds (Continued)

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources 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, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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 (contra revenue), respectively.

During 2016, the Township invested in STAR Ohio and STAR Ohio Plus.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

The Township also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity, and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

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 2016 were \$44,654, which includes \$39,542 assigned from other Township funds.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net 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 are 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. It also includes the long-term amount of interfund loans.

**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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Fund Balance (Continued)

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints 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.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when 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. There were no differences between the budgetary basis and the cash basis of accounting.

**Note 4 - Deposits and Investments**

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

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

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 4 - Deposits and Investments (Continued)**

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage 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, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; 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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

**Note 4 - Deposits and Investments (Continued)**

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 clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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, \$10,400,422 of the Township's bank balance of \$10,650,422 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, 2016, the Township had the following investments:

	Net Asset Value per Share	Maturity
STAR Ohio	\$ 117,910	Less than one year
STAR Ohio Plus	1,008,939	Less than one year
Total Investments	\$ 1,126,849	

**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** – STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio 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, 2016*

**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 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017 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. 2016 public utility property taxes became a lien on December 31, 2015, were levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016 was \$23.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2016 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$ 304,959,880
Commercial/Industrial	40,558,370
Public Utility Personal	<u>22,417,950</u>
Total Assessed Value	<u><u>\$ 367,936,200</u></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**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the Township contracted with several companies for various types of insurance coverage as follows:

Type of Coverage	Coverage	Deductible
Travelers Insurance Company		
Blanket Property and Contents, Replacement	\$ 750,000	\$ -
Inland Marine	350,220	250
Automobile Liability	1,000,000	-
Employment Practice Liability	3,000,000	1,000
Umbrella Excess Liability	4,000,000	-

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.



**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 6 - Risk Management (Continued)**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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, other than firefighters, 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.

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, including requirements for reduced and unreduced benefits):

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

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

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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
 <b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
 Total Employer	 <u>14.0 %</u>	 <u>18.1 %</u>	 <u>18.1 %</u>
 Employee	 <u>10.0 %</u>	 <u>12.0 %</u>	 <u>13.0 %</u>

\* 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 \$253,536 for year 2016.

Plan Description - Ohio Police and Fire Pension Fund (OP&F)

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Police and Fire Pension Fund (OP&F) (Continued)

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F 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 after 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 OP&F 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:

	<u>Firefighters</u>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	24.00 %
Employee	12.25 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	0.50
Total Employer	24.00 %
 Employee	 12.25 %

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 7 - Defined Benefit Pension Plan (Continued)**

Plan Description - Ohio Police and Fire Pension Fund (OP&F) (Continued)

The Township's police officers do not contribute to OP&F; they contribute to the OPERS Law Enforcement pension.

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OP&F was \$215,671 for 2016.

Social Security

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 - Post-Employment Benefits**

Ohio Public Employees Retirement System

Plan Description - The 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 8 - Post-Employment Benefits (Continued)**

**Ohio Public Employees Retirement System (Continued)**

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary 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. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township's contributions allocated to fund post-employment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 were \$35,778, \$51,819, and \$41,473, respectively. The full amount has been contributed for all three years.

**Ohio Police and Fire Pension Fund**

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

OP&F provides access to postretirement 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 Government Accounting Standards Board (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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 8 - Post-Employment Benefits (Continued)**

Ohio Police and Fire Pension Fund (Continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 24 percent of covered payroll for fire employer units. The Ohio Revised Code states that the employer contribution may not exceed 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 administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of 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 OP&F Board of Trustees is also 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 \$4,589 for the year ended December 31, 2016, \$30,499 for the year ended December 31, 2015, and \$27,529 for the year ended December 31, 2014. 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, 2016*

**Note 9 – Debt**

The changes in the Township's long-term obligations during 2016 were as follows:

Types / Issues	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
Locust Lake Loan - 4.15%	\$ 77,516	\$ -	\$ 15,073	\$ 62,443	\$ 15,710
Ambulance Acquisition Loan - 2.30%	190,849	-	-	190,849	38,170
<b>Total - General Long-Term Obligations</b>	<b>268,365</b>	<b>-</b>	<b>15,073</b>	<b>253,292</b>	<b>53,880</b>
<u>Other Long-Term Obligations</u>					
Fire Truck Lease - 4.65%	176,177	-	40,832	135,345	42,903
Backhoe Lease - 2.758%	27,221	-	13,425	13,796	13,796
International 7400A Trucks Lease - 2.35%	144,886	-	47,179	97,707	48,288
Plow Lease - 2.35%	22,806	-	7,436	15,370	7,610
Rescue Pumper Lease - 2.73%	-	465,880	-	465,880	41,147
<b>Total - Other Long-Term Obligations</b>	<b>371,090</b>	<b>465,880</b>	<b>108,872</b>	<b>728,098</b>	<b>153,744</b>
<b>Total - All General Long-Term Obligations</b>	<b>\$ 639,455</b>	<b>\$ 465,880</b>	<b>\$ 123,945</b>	<b>\$ 981,390</b>	<b>\$ 207,624</b>

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:

Year Ending December 31,	Locust Lake Loan		Ambulance Loan	
	Principal	Interest	Principal	Interest
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	-	-	38,169	880
<b>Total</b>	<b>\$ 62,443</b>	<b>\$ 5,074</b>	<b>\$ 190,849</b>	<b>\$ 13,182</b>



**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

**Note 9 – Debt (Continued)**

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, 2016 were an overall debt margin of \$38,380,009 and an unvoted debt margin of \$202,365.

**Note 10 – Leases**

In 2016, the Township entered into a capital lease purchase agreement for a rescue pumper. In prior years, the Township entered into capital lease purchase agreements for various pieces of equipment. Total lease payments for 2016 included \$108,872 for principal and \$13,626 for interest.

Year Ending December 31,	Fire Truck Lease		Backhoe Lease		International Trucks Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 42,903	\$ 6,864	\$ 13,796	\$ 380	\$ 48,288	\$ 2,296
2018	45,078	4,688	-	-	49,419	1,166
2019	47,364	2,402	-	-	-	-
Total	<u>\$ 135,345</u>	<u>\$ 13,954</u>	<u>\$ 13,796</u>	<u>\$ 380</u>	<u>\$ 97,707</u>	<u>\$ 3,462</u>

Year Ending December 31,	Plow Lease		Pumper Lease	
	Principal	Interest	Principal	Interest
2017	\$ 7,610	\$ 361	\$ 41,147	\$ 12,719
2018	7,760	212	42,270	11,595
2019	-	-	43,424	10,441
2020	-	-	44,610	9,256
2021	-	-	45,827	8,038
2022-2026	-	-	248,602	20,726
Total	<u>\$ 15,370</u>	<u>\$ 573</u>	<u>\$ 465,880</u>	<u>\$ 72,775</u>

**Note 11 - Shared Risk Pool**

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.

**Pierce Township  
Clermont County**  
*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

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**Note 11 - Shared Risk Pool (Continued)**

Center for Local Governments Benefits Pool (Continued)

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, 2016*

**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>Nonspendable:</u>							
Unclaimed Monies	\$ 6,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,030
<u>Restricted for:</u>							
Capital Improvements	-	-	-	-	-	151,991	151,991
Public Works	-	-	-	-	1,023,054	643,916	1,666,970
Health	-	-	-	-	-	76,540	76,540
Public Safety	-	-	4,346,647	1,636,557	-	928,307	6,911,511
Conservation and Recreation	-	-	-	-	-	29,221	29,221
Other Purposes	-	-	-	-	-	1,217,640	1,217,640
<u>Total Restricted</u>	<u>-</u>	<u>-</u>	<u>4,346,647</u>	<u>1,636,557</u>	<u>1,023,054</u>	<u>3,047,615</u>	<u>10,053,873</u>
<u>Committed to:</u>							
Public Works	-	382,681	-	-	-	-	382,681
<u>Assigned to:</u>							
Subsequent Appropriations	1,196,882	-	-	-	-	-	1,196,882
<u>Unassigned:</u>	<u>96,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,986</u>
<u>Total Fund Balances</u>	<u>\$ 1,299,898</u>	<u>\$ 382,681</u>	<u>\$ 4,346,647</u>	<u>\$ 1,636,557</u>	<u>\$ 1,023,054</u>	<u>\$ 3,047,615</u>	<u>\$ 11,736,452</u>

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

June 29, 2018

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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 29, 2018, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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**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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2017-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 29, 2018.

**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

**PIERCE TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Material Weakness**

**Posting Receipts, Disbursements and Classification of Fund Balances**

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2017 and 2016, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- One police training receipt was posted to Rent in the General Fund instead of Intergovernmental in the Police District/Training Fund in 2016;
- During the OTAS to UAN conversion, the interest amount for the General Fund was instead posted to the Motor Vehicle License Tax Fund in 2016;
- One gasoline tax receipt in both years was posted to the Motor Vehicle License Tax Fund instead of the Gasoline Tax Fund in 2017 and 2016;
- The memo receipt for the fees associated with the first half property tax disbursement was posted entirely to the General Fund when it should have been allocated between the Road and Bridge, Police, Fire, and Garbage and Waste Disposal District Funds in 2017;
- One debt payment was posted entirely to Public Safety instead of to Principal Retirement in the Fire and Rescue, Ambulance, and Emergency Medical Services Fund in 2017;
- County health disbursements were posted to General Government instead of to Health in the General Fund in 2016;
- The Road and Bridge Fund balance was classified as Restricted when it should have been classified as Committed in 2017 and 2016;
- The General Fund balance was classified as partly Unassigned and partly Assigned when a portion should have been classified as Nonspendable and the remainder Assigned in 2017;
- The General Fund balance was classified as Unassigned when a portion should have been classified as Nonspendable and Assigned in 2016; and
- On the Government-Wide Statement of Activities, the amounts for the Property Taxes Levied for Public Safety and Public Works were reversed on the Hinkle Filing as compared to the amounts in the accounting system in 2017.

Due to the adjustments to the Fund Financial Statements noted above, the Government-Wide Financial Statements and Budget and Actual Statements have been adjusted accordingly.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – We did not receive a response from officials to this finding.

PIERCE TOWNSHIP  
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-002

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 42% of the expenditures tested for 2017 and for 30% of the expenditures tested for 2016.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.



PIERCE TOWNSHIP  
CLERMONT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-002 (Continued)

**Noncompliance (Continued)**

**Ohio Revised Code Section 5705.41(D) (Continued)**

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.

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# 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  
SEPTEMBER 18, 2018