



**PIERCE TOWNSHIP
CLERMONT COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of Pierce Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 06, 2021

This page intentionally left blank.

**PIERCE TOWNSHIP
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
2019 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2019.....	3
Statement of Activities – Cash Basis – For the Year Ended December 31, 2019	4
2019 Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2019.....	5
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2019	7
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – 2019.....	9
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Special Revenue Fund – 2019	10
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Police Special Revenue Fund – 2019.....	11
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire Special Revenue Fund – 2019	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Garbage and Waste Disposal District Special Revenue Fund – 2019.....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Wal-Mart TIF Special Revenue Fund – 2019.....	14
Notes to the Basic Financial Statements – 2019	15
2018 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2018.....	40
Statement of Activities – Cash Basis – For the Year Ended December 31, 2018	41

**PIERCE TOWNSHIP
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
2018 Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2018	42
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2018	44
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – 2018	46
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Special Revenue Fund – 2018	47
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Police Special Revenue Fund – 2018.....	48
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire Special Revenue Fund – 2018	49
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Garbage and Waste Disposal District Special Revenue Fund - 2018.....	50
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Wal-Mart TIF Special Revenue Fund – 2019.....	51
Notes to the Basic Financial Statements – 2018	52
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	77
Schedule of Audit Findings	79
Schedule of Prior Audit Findings.....	81



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

February 10, 2021

Pierce Township
Clermont County
950 Locust Corner Road
Cincinnati, Ohio 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, 2019 and 2018 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 such 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



Auditor's Responsibility (Continued)

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

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, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparisons for the General, Road and Bridge, Police, Fire, Garbage and Waste Disposal District, and Wal-Mart TIF 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. 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 February 10, 2021, 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Pierce Township
Clermont County
Statement of Net Position - Cash Basis
December 31, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$12,445,917
Net Position:	
Restricted for:	
Unclaimed Monies	\$6,030
Capital Projects	368,973
Public Works	1,164,678
Health	175,687
Public Safety	7,001,369
Conservation and Recreation	13,294
Other Purposes	1,563,937
Unrestricted	2,151,949
<i>Total Net Position</i>	\$12,445,917

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**
*Statement of Activities - Cash Basis
For the Year Ended December 31, 2019*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Change in Net Position
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants	Total Governmental Activities
Governmental Activities:					
General Government	\$850,520	\$104,326	\$0	\$0	(\$746,194)
Public Safety	4,870,550	391,225	485,308	0	(3,994,017)
Public Works	1,817,785	142,623	466,526	0	(1,208,636)
Health	133,691	125,288	0	0	(8,403)
Conservation and Recreation	69,179	0	4,699	0	(64,480)
Capital Outlay	248,182	0	0	65,400	(182,782)
Debt Service:					
Principal Retirement	163,394	0	0	0	(163,394)
Interest and Fiscal Charges	15,637	0	0	0	(15,637)
<i>Total Governmental Activities</i>	<u>\$8,168,938</u>	<u>\$763,462</u>	<u>\$956,533</u>	<u>\$65,400</u>	<u>(6,383,543)</u>
General Receipts:					
Property Taxes Levied for:					
					295,568
					4,282,067
					1,222,582
					269,449
					96,055
					103,587
					311,053
					75,136
					<u>6,655,497</u>
					<i>Change in Net Position</i> 271,954
					<i>Net Position at Beginning of Year</i> 12,173,963
					<u><u>\$12,445,917</u></u>

See Accompanying Notes to the Basic Financial Statements

Pierce Township
Clermont County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	General Fund	Road and Bridge Fund	Police Fund
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,632,796	\$482,774	\$3,998,158
Restricted Equity in Pooled Cash and Cash Equivalents	6,030	0	0
Total Assets	\$1,638,826	\$482,774	\$3,998,158
Fund Balances:			
Nonspendable	\$6,030	\$0	\$0
Restricted	0	0	3,998,158
Committed	0	482,774	0
Assigned	324,005	0	0
Unassigned	1,308,791	0	0
Total Fund Balances	\$1,638,826	\$482,774	\$3,998,158

See Accompanying Notes to the Basic Financial Statements

Fire Fund	Garbage and Waste Disposal District Fund	Wal-mart TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$2,280,681	\$645,596	\$1,307,572	\$2,092,310	\$12,439,887
0	0	0	0	6,030
<u>\$2,280,681</u>	<u>\$645,596</u>	<u>\$1,307,572</u>	<u>\$2,092,310</u>	<u>\$12,445,917</u>
\$0	\$0	\$0	\$0	\$6,030
2,280,681	645,596	1,307,572	2,055,931	10,287,938
0	0	0	0	482,774
0	0	0	36,379	360,384
0	0	0	0	1,308,791
<u>\$2,280,681</u>	<u>\$645,596</u>	<u>\$1,307,572</u>	<u>\$2,092,310</u>	<u>\$12,445,917</u>

Pierce Township
Clermont County
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Road and Bridge Fund	Police Fund
Receipts:			
Property Taxes	\$295,568	\$566,099	\$1,845,797
Interest	269,449	0	0
Intergovernmental	96,055	77,797	228,777
Special Assessments	0	0	0
Charges for Services	0	0	0
Licenses, Permits, and Fees	121,334	0	0
Fines, Forfeitures, and Penalties	0	0	3,724
Payment in Lieu of Taxes	0	0	0
Gifts and Donations	0	0	0
Rent	86,579	0	0
Miscellaneous	15,611	20,875	21,933
<i>Total Receipts</i>	<u>884,596</u>	<u>664,771</u>	<u>2,100,231</u>
Disbursements:			
Current:			
General Government	511,994	33,738	86,663
Public Safety	0	0	2,156,923
Public Works	8,679	559,544	0
Health	56,828	0	0
Conservation and Recreation	53,252	0	0
Capital Outlay	27,496	47,000	52,000
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Disbursements</i>	<u>658,249</u>	<u>640,282</u>	<u>2,295,586</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>226,347</u>	<u>24,489</u>	<u>(195,355)</u>
Other Financing Sources (Uses):			
Transfers In	1,530	27,353	38,581
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,530</u>	<u>27,353</u>	<u>38,581</u>
<i>Net Changes in Fund Balances</i>	227,877	51,842	(156,774)
<i>Fund Balances at Beginning of Year</i>	1,410,949	430,932	4,154,932
<i>Fund Balances at End of Year</i>	<u>\$1,638,826</u>	<u>\$482,774</u>	<u>\$3,998,158</u>

See Accompanying Notes to the Basic Financial Statements

Fire Fund	Garbage and Waste Disposal District Fund	Wal-mart TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$2,436,270	\$656,483	\$0	\$0	\$5,800,217
0	0	0	11,857	281,306
244,494	88,368	0	356,015	1,091,506
0	0	0	142,623	142,623
77,000	0	0	370,581	447,581
0	0	0	64,238	185,572
0	0	0	970	4,694
0	0	177,357	133,696	311,053
0	0	0	14,625	14,625
0	0	0	0	86,579
15,064	858	0	795	75,136
<u>2,772,828</u>	<u>745,709</u>	<u>177,357</u>	<u>1,095,400</u>	<u>8,440,892</u>
49,359	17,756	98,184	52,826	850,520
2,488,969	0	0	224,658	4,870,550
0	814,116	0	435,446	1,817,785
0	0	0	76,863	133,691
0	0	0	15,927	69,179
23,059	0	0	98,627	248,182
90,788	0	0	72,606	163,394
12,843	0	0	2,794	15,637
<u>2,665,018</u>	<u>831,872</u>	<u>98,184</u>	<u>979,747</u>	<u>8,168,938</u>
<u>107,810</u>	<u>(86,163)</u>	<u>79,173</u>	<u>115,653</u>	<u>271,954</u>
2,689	0	0	0	70,153
0	0	0	(70,153)	(70,153)
<u>2,689</u>	<u>0</u>	<u>0</u>	<u>(70,153)</u>	<u>0</u>
110,499	(86,163)	79,173	45,500	271,954
<u>2,170,182</u>	<u>731,759</u>	<u>1,228,399</u>	<u>2,046,810</u>	<u>12,173,963</u>
<u>\$2,280,681</u>	<u>\$645,596</u>	<u>\$1,307,572</u>	<u>\$2,092,310</u>	<u>\$12,445,917</u>

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$325,939	\$325,939	\$295,568	(\$30,371)
Interest	241,005	273,547	269,449	(4,098)
Intergovernmental	77,225	87,652	96,055	8,403
Licenses, Permits, and Fees	97,547	110,718	121,334	10,616
Rent	69,606	79,005	86,579	7,574
Miscellaneous	12,551	14,245	15,611	1,366
<i>Total Receipts</i>	<u>823,873</u>	<u>891,106</u>	<u>884,596</u>	<u>(6,510)</u>
Disbursements:				
Current:				
General Government	1,119,196	1,125,209	513,332	611,877
Public Works	10,307	10,307	8,679	1,628
Health	60,000	60,000	56,828	3,172
Conservation and Recreation	126,268	118,514	56,052	62,462
Capital Outlay	320,000	320,000	53,846	266,154
<i>Total Disbursements</i>	<u>1,635,771</u>	<u>1,634,030</u>	<u>688,737</u>	<u>945,293</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(811,898)	(742,924)	195,859	938,783
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>1,530</u>	<u>1,530</u>
<i>Net Change in Fund Balance</i>	(811,898)	(742,924)	197,389	940,313
<i>Fund Balance at Beginning of Year</i>	1,367,533	1,367,533	1,367,533	0
<i>Prior Year Encumbrances Appropriated</i>	<u>43,416</u>	<u>43,416</u>	<u>43,416</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$599,051</u>	<u>\$668,025</u>	<u>\$1,608,338</u>	<u>\$940,313</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, 2019*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$585,417	\$585,417	\$566,099	(\$19,318)
Intergovernmental	56,152	60,144	77,797	17,653
Miscellaneous	15,067	16,138	20,875	4,737
<i>Total Receipts</i>	<u>656,636</u>	<u>661,699</u>	<u>664,771</u>	<u>3,072</u>
Disbursements:				
Current:				
General Government	38,280	41,280	33,845	7,435
Public Works	847,926	844,736	586,332	258,404
Capital Outlay	70,000	70,000	60,000	10,000
<i>Total Disbursements</i>	<u>956,206</u>	<u>956,016</u>	<u>680,177</u>	<u>275,839</u>
<i>Excess of Receipts Under Disbursements</i>	(299,570)	(294,317)	(15,406)	278,911
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>27,353</u>	<u>27,353</u>
<i>Net Change in Fund Balance</i>	(299,570)	(294,317)	11,947	306,264
<i>Fund Balance at Beginning of Year</i>	428,043	428,043	428,043	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,889</u>	<u>2,889</u>	<u>2,889</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$131,362</u></u>	<u><u>\$136,615</u></u>	<u><u>\$442,879</u></u>	<u><u>\$306,264</u></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, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$2,003,722	\$2,003,722	\$1,845,797	(\$157,925)
Intergovernmental	9,818	86,390	228,777	142,387
Fines, Forfeitures, and Penalties	160	1,407	3,724	2,317
Miscellaneous	941	8,282	21,933	13,651
<i>Total Receipts</i>	<u>2,014,641</u>	<u>2,099,801</u>	<u>2,100,231</u>	<u>430</u>
Disbursements:				
Current:				
General Government	87,072	93,072	86,865	6,207
Public Safety	3,233,174	3,226,548	2,164,234	1,062,314
Capital Outlay	102,000	102,000	94,978	7,022
<i>Total Disbursements</i>	<u>3,422,246</u>	<u>3,421,620</u>	<u>2,346,077</u>	<u>1,075,543</u>
<i>Excess of Receipts Under Disbursements</i>	(1,407,605)	(1,321,819)	(245,846)	1,075,973
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>38,581</u>	<u>38,581</u>
<i>Net Change in Fund Balance</i>	(1,407,605)	(1,321,819)	(207,265)	1,114,554
<i>Fund Balance at Beginning of Year</i>	4,105,529	4,105,529	4,105,529	0
<i>Prior Year Encumbrances Appropriated</i>	<u>49,403</u>	<u>49,403</u>	<u>49,403</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,747,327</u>	<u>\$2,833,113</u>	<u>\$3,947,667</u>	<u>\$1,114,554</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, 2019*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$2,699,431	\$2,699,431	\$2,436,270	(\$263,161)
Intergovernmental	0	53,289	244,494	191,205
Charges for Services	0	16,782	77,000	60,218
Miscellaneous	0	3,271	15,064	11,793
<i>Total Receipts</i>	<u>2,699,431</u>	<u>2,772,773</u>	<u>2,772,828</u>	<u>55</u>
Disbursements:				
Current:				
General Government	47,596	52,596	49,409	3,187
Public Safety	3,342,724	3,233,467	2,510,805	722,662
Capital Outlay	100,000	203,632	126,690	76,942
<i>Total Disbursements</i>	<u>3,490,320</u>	<u>3,489,695</u>	<u>2,686,904</u>	<u>802,791</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(790,889)	(716,922)	85,924	802,846
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>2,689</u>	<u>2,689</u>
<i>Net Change in Fund Balance</i>	(790,889)	(716,922)	88,613	805,535
<i>Fund Balance at Beginning of Year</i>	2,157,643	2,157,643	2,157,643	0
<i>Prior Year Encumbrances Appropriated</i>	12,539	12,539	12,539	0
<i>Fund Balance at End of Year</i>	<u>\$1,379,293</u>	<u>\$1,453,260</u>	<u>\$2,258,795</u>	<u>\$805,535</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, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$720,480	\$720,480	\$656,483	(\$63,997)
Intergovernmental	0	24,986	88,368	63,382
Miscellaneous	0	243	858	615
<i>Total Receipts</i>	<u>720,480</u>	<u>745,709</u>	<u>745,709</u>	<u>0</u>
Disbursements:				
Current:				
General Government	19,700	24,250	17,780	6,470
Public Works	841,295	986,845	814,116	172,729
Capital Outlay	200,000	199,900	53,181	146,719
<i>Total Disbursements</i>	<u>1,060,995</u>	<u>1,210,995</u>	<u>885,077</u>	<u>325,918</u>
<i>Net Change in Fund Balance</i>	(340,515)	(465,286)	(139,368)	325,918
<i>Fund Balance at Beginning of Year</i>	<u>731,689</u>	<u>731,689</u>	<u>731,689</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$391,174</u>	<u>\$266,403</u>	<u>\$592,321</u>	<u>\$325,918</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)*

Wal-mart TIF Special Revenue Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final		
Receipts:				
Payment in Lieu of Taxes	\$180,498	\$177,357	\$177,357	\$0
Disbursements:				
Current:				
General Government	590,000	590,000	101,659	488,341
<i>Net Change in Fund Balance</i>	(409,502)	(412,643)	75,698	488,341
<i>Fund Balance at Beginning of Year</i>	1,228,399	1,228,399	1,228,399	0
<i>Fund Balance at End of Year</i>	<u>\$818,897</u>	<u>\$815,756</u>	<u>\$1,304,097</u>	<u>\$488,341</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, 2019*

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 Pools

The Township participates in two public entity shared risk pools, the Ohio Township Association Risk Management Authority and the Center for Local Government Benefits Pool. Notes 7 and 12 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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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.

The Statement of Net Position presents the cash and investment balance, 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. All of the funds of the Township are 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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

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

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

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

Wal-mart TIF Fund: This fund accounts for and reports proceeds from payments in lieu of taxes and payments to the school district.

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.

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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. 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 2019, the Township invested in STAR Ohio, a Money Market Mutual Fund, Commercial Paper, Negotiable Certificates of Deposit, a Federal Farm Credit Bank Bond, a Federal Home Loan Mortgage Corporation Note and a Federal National Mortgage Association Bond. The Township's Money Market Mutual Fund and Commercial Paper investments are recorded at the amount reported by US Bank on December 31, 2019. The Negotiable Certificates of Deposit, Federal Farm Credit Bank Bond, Federal Home Loan Mortgage Corporation Note and Federal National Mortgage Association Bond investments are reported at cost.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2019 were \$269,449, which includes \$232,115 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Township are reported as restricted.

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.

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 8 and 9, the employer contributions include portions for pension benefits and for other post-employment benefits (OPEB).

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease 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.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Road and Bridge fund only receives inside millage for property tax revenue; therefore, the fund balance is committed.

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. The Township Trustees assigned a portion of the nonmajor governmental fund balance for park improvements by resolution. The fiscal officer assigned fund balance to cover a gap between estimated resources and appropriations in the 2020 appropriated budget.

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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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, Garbage and Waste Disposal District, and Wal-mart TIF 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, 2019*

Net Change in Fund Balance

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund	Wal-mart TIF Fund
Cash Basis	\$227,877	\$51,842	(\$156,774)	\$110,499	(\$86,163)	\$79,173
Encumbrances	(30,488)	(39,895)	(50,491)	(21,886)	(53,205)	(3,475)
Budget Basis	<u>\$197,389</u>	<u>\$11,947</u>	<u>(\$207,265)</u>	<u>\$88,613</u>	<u>(\$139,368)</u>	<u>\$75,698</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;

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed one hundred seventy 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.

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 a bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2019, \$1,103,856 of the Township's total bank balance of \$6,404,568 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Township's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral rate of 50 percent resulting in the uninsured and uncollateralized balance.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be 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 105 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 50 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2019, the Township had the following investments:

	Measurement	
	<u>Value</u>	<u>Maturity</u>
STAR Ohio	\$3,615,637	Less than one year
First American Money Market Mutual Fund	164,204	Less than one year
Commercial Paper	394,171	Less than one year
Negotiable Certificates of Deposit	1,098,450	Less than four years
Federal Farm Credit Bank Bond	124,900	Less than two years
Federal Home Loan Mortgage Corporation Note	500,000	Less than five years
Federal National Mortgage Association Bond	283,786	Less than five years
Total Investments	<u>\$6,181,148</u>	

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

Credit Risk – STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market mutual fund carries a rating of AAAM by Standard and Poor's. The Township's investment policy limits investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

or collateral securities that are in possession of an outside party. The Commercial Paper, Negotiable Certificates of Deposit, Federal Farm Credit Bank Bond, Federal Home Loan Mortgage Corporation note, and Federal National Mortgage Association Bond are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2019:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage Corporation Note	8.09 %

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 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2019, was \$23.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2019 property tax receipts were based are as follows:

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Real Property	
Residential/Agricultural	\$351,022,170
Commercial/Industrial	42,202,760
Public Utility Personal	24,946,460
Total Assessed Value	<u>\$418,171,390</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 – Interfund Transfers

Transfers

During 2019, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u> Nonmajor Governmental
Major Funds:	
General Fund	\$1,530
Road and Bridge Fund	27,353
Police District Fund	38,581
Fire District Fund	2,689
Total all Funds	<u>\$70,153</u>

The above mentioned Transfers From/To were from the reimbursable grant funds to the funds that paid the expenses initially.

Note 7 - 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Risk Pool Membership

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

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

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 12). 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.

Note 8 - Defined Benefit Pension Plan

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees, other than full-time 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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 traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

	State and Local	Law Enforcement
2019 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee **	10.0 %	*
 2019 Actual Contribution Rates		
Employer:		
Pension ***	14.0 %	18.1 %
Post-employment Health Care Benefits ***	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

- * 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.
- ** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- *** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2019, the Township's contractually required contribution was \$335,091 for the traditional plan, \$0 for the combined plan and \$4,349 for the member-directed plan.

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 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

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 requirements 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 participating in the DROP program have separate eligibility requirements related to COLA.

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 3 percent or the percent increase, if any, in the Consumer Price Index over the 13 month period ending on September 30th 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 3 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>
2019 Statutory Maximum Contribution Rates	
Employer	24.00 %
Employee	12.25 %
 2019 Actual Contribution Rates	
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 \$292,830 for 2019.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Social Security

Some 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, 2019.

Note 9 - Post-employment Benefits

Plan Description - Ohio Public Employees Retirement System (OPERS)

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 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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 75. 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund post-employment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for 2019.

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 health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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, 2019*

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 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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2019, 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.

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 contractually required contribution to OP&F was \$6,230 for 2019.

Note 10 - Debt

The changes in the Township’s long-term obligations during 2019 were as follows:

Types / Issues	Balance 12/31/18	Issued	Retired	Balance 12/31/19	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
<u>From Direct Placement:</u>					
Ambulance Acquisition Loan - 2.30%	\$114,509	\$0	\$38,170	\$76,339	\$38,170
<u>Other Long-Term Obligations</u>					
Fire Truck Lease - 4.65%	47,364	0	47,364	0	0
Rescue Pumper Lease - 2.73%	382,463	0	43,424	339,039	44,610
Lifepak Lease - 0.00%	34,436	0	34,436	0	0
Total - Other Long-Term Obligations	464,263	0	125,224	339,039	44,610
Total - All General Long-Term Obligations	\$578,772	\$0	\$163,394	\$415,378	\$82,780

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

During 2015, the Township entered in to a direct placement 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.

During 2019, the Township entered into a loan agreement with the Ohio Public Works Commission (OPWC) for \$305,490. However, the project had not started as of December 31, 2019; therefore, no disbursements have been made from the loan and there is no amortization schedule available.

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

Year Ending December 31,	Direct Placement Ambulance Loan	
	Principal	Interest
2020	\$38,170	\$1,755
2021	38,169	880
Total	<u>\$76,339</u>	<u>\$2,635</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, 2019, were an overall debt margin of \$43,831,657 and an unvoted debt margin of \$229,994.

Note 11 - Leases

In prior years, the Township entered into capital lease purchase agreements for various pieces of equipment and vehicles. Total lease payments for 2019 included \$125,224 for principal and \$12,843 for interest.

Year Ending December 31,	Pumper Lease	
	Principal	Interest
2020	\$44,610	\$9,256
2021	45,827	8,038
2022	47,079	6,787
2023	48,364	5,502
2024	49,684	4,181
2025-2026	103,475	4,256
Total	<u>\$339,039</u>	<u>\$38,020</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Note 12 - 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 7.

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 13 - Contingent Liabilities

Federal and State Grants

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Litigation

The Township is not involved in any legal proceedings.

Note 14 - Fund Balances

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

Fund Balances	General Fund	Road and Bridge Fund	Police Fund	Fire Fund
<u>Nonspendable:</u>				
Unclaimed Monies	\$6,030	\$0	\$0	\$0
<u>Restricted for:</u>				
Public Safety	0	0	3,998,158	2,280,681
<u>Committed to:</u>				
Public Works	0	482,774	0	0
<u>Assigned to:</u>				
Future Appropriations	293,517	0	0	0
Purchases on Order	30,488	0	0	0
<i>Total Assigned</i>	<u>324,005</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Unassigned:</u>	<u>1,308,791</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u><u>\$1,638,826</u></u>	<u><u>\$482,774</u></u>	<u><u>\$3,998,158</u></u>	<u><u>\$2,280,681</u></u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

Fund Balances	Garbage and Waste Disposal District Fund	Wal-mart TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Unclaimed Moniees	\$0	\$0	\$0	\$6,030
<u>Restricted for:</u>				
Capital Improvements	0	0	368,973	368,973
Public Works	645,596	0	519,082	1,164,678
Health	0	0	175,687	175,687
Public Safety	0	0	722,530	7,001,369
Conservation and Recreation	0	0	13,294	13,294
Other Purposes	0	1,307,572	256,365	1,563,937
<i>Total Restricted</i>	<u>645,596</u>	<u>1,307,572</u>	<u>2,055,931</u>	<u>10,287,938</u>
<u>Committed to:</u>				
Public Works	0	0	0	482,774
<u>Assigned to:</u>				
Future Appropriations	0	0	0	293,517
Purchases on Order	0	0	0	30,488
Park Improvements	0	0	36,379	36,379
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>36,379</u>	<u>360,384</u>
<u>Unassigned:</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,308,791</u>
Total Fund Balances	<u><u>\$645,596</u></u>	<u><u>\$1,307,572</u></u>	<u><u>\$2,092,310</u></u>	<u><u>\$12,445,917</u></u>

Note 15 – 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 year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2019*

General Fund	\$30,488
Road and Bridge Fund	39,895
Police Fund	50,491
Fire Fund	21,886
Garbage and Waste Disposal District Fund	53,205
Wal-mart TIF Fund	3,475
Nonmajor Governmental Funds	26,744
Total	<u><u>\$226,184</u></u>

Note 16 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

Note 17 – Accountability and Compliance

Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the Gasoline Tax, Road and Bridge, Garbage and Waste Disposal District, Fire District, Permissive Motor Vehicle License Tax, and Permanent Improvement Hike Bike Path Funds for the year ended December 31, 2019.

Pierce Township
Clermont County
Statement of Net Position - Cash Basis
December 31, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$12,173,963
Net Position:	
Restricted for:	
Unclaimed Monies	6,030
Capital Projects	305,448
Public Works	1,243,303
Health	129,374
Public Safety	7,127,769
Conservation and Recreation	29,221
Other Purposes	1,465,307
Unrestricted	1,867,511
<i>Total Net Position</i>	<i>\$12,173,963</i>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2018*

	Program Cash Receipts			Net (Disbursements) Receipts and Change in Net Position
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Total Governmental Activities
Governmental Activities:				
General Government	\$797,607	\$109,028	\$0	(\$688,579)
Public Safety	4,585,316	384,843	510,957	(3,689,516)
Public Works	1,794,316	135,220	459,121	(1,199,975)
Health	121,583	112,981	0	(8,602)
Conservation and Recreation	80,426	0	17,503	(62,923)
Capital Outlay	226,283	0	0	(226,283)
Debt Service:				
Principal Retirement	263,867	0	0	(263,867)
Interest and Fiscal Charges	21,473	0	0	(21,473)
<i>Total Governmental Activities</i>	<u>\$7,890,871</u>	<u>\$742,072</u>	<u>\$987,581</u>	<u>(6,161,218)</u>
 General Receipts:				
Property Taxes Levied for:				
General Purposes				289,801
Public Safety				4,102,293
Public Works				1,173,615
Interest				195,534
Grants and Entitlements not Restricted				92,884
Cable Franchise Fees				104,783
Payment in Lieu of Taxes				316,096
Gifts and Donations not Restricted				1,167
Miscellaneous				132,584
<i>Total General Receipts</i>				<u>6,408,757</u>
<i>Change in Net Position</i>				247,539
<i>Net Position at Beginning of Year</i>				<u>11,926,424</u>
<i>Net Position at End of Year</i>				<u>\$12,173,963</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, 2018

	General Fund	Road and Bridge Fund	Police Fund
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,404,919	\$430,932	\$4,154,932
Restricted Equity in Pooled Cash and Cash Equivalents	6,030	0	0
Total Assets	\$1,410,949	\$430,932	\$4,154,932
Fund Balances:			
Nonspendable	\$6,030	\$0	\$0
Restricted	0	0	4,154,932
Committed	0	430,932	0
Assigned	758,480	0	0
Unassigned	646,439	0	0
Total Fund Balances	\$1,410,949	\$430,932	\$4,154,932

See Accompanying Notes to the Basic Financial Statements

Fire Fund	Garbage and Waste Disposal District Fund	Wal-mart TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$2,170,182	\$731,759	\$1,228,399	\$2,046,810	\$12,167,933
0	0	0	0	6,030
<u>\$2,170,182</u>	<u>\$731,759</u>	<u>\$1,228,399</u>	<u>\$2,046,810</u>	<u>\$12,173,963</u>
\$0	\$0	\$0	\$0	\$6,030
2,170,182	731,759	1,228,399	2,015,150	10,300,422
0	0	0	0	430,932
0	0	0	31,660	790,140
0	0	0	0	646,439
<u>\$2,170,182</u>	<u>\$731,759</u>	<u>\$1,228,399</u>	<u>\$2,046,810</u>	<u>\$12,173,963</u>

Pierce Township
Clermont County
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund
Receipts:				
Property Taxes	\$289,801	\$542,495	\$1,763,750	\$2,338,543
Interest	195,534	0	0	0
Intergovernmental	92,884	100,832	236,115	254,108
Special Assessments	0	0	0	0
Charges for Services	0	0	0	75,627
Licenses, Permits, and Fees	134,318	0	0	0
Fines, Forfeitures, and Penalties	0	0	2,334	0
Payment in Lieu of Taxes	0	0	0	0
Gifts and Donations	1,167	0	0	0
Rent	79,493	0	0	0
Miscellaneous	30,677	13,310	12,441	31,153
<i>Total Receipts</i>	<u>823,874</u>	<u>656,637</u>	<u>2,014,640</u>	<u>2,699,431</u>
Disbursements:				
Current:				
General Government	493,157	35,966	82,512	46,746
Public Safety	0	0	2,052,039	2,321,154
Public Works	8,693	596,366	0	0
Health	56,524	0	0	0
Conservation and Recreation	72,219	0	0	0
Capital Outlay	13,815	1,034	42,032	37,639
Debt Service:				
Principal Retirement	46,733	0	0	87,348
Interest and Fiscal Charges	141	0	0	16,283
<i>Total Disbursements</i>	<u>691,282</u>	<u>633,366</u>	<u>2,176,583</u>	<u>2,509,170</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>132,592</u>	<u>23,271</u>	<u>(161,943)</u>	<u>190,261</u>
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	(22,298)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(22,298)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Changes in Fund Balances</i>	110,294	23,271	(161,943)	190,261
<i>Fund Balances at Beginning of Year</i>	1,300,655	407,661	4,316,875	1,979,921
<i>Fund Balances at End of Year</i>	<u>\$1,410,949</u>	<u>\$430,932</u>	<u>\$4,154,932</u>	<u>\$2,170,182</u>

See Accompanying Notes to the Basic Financial Statements

Garbage and Waste Disposal District Fund	Wal-mart TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$631,120	\$0	\$0	\$5,565,709
0	0	9,013	204,547
88,676	0	261,555	1,034,170
0	0	135,220	135,220
0	0	358,842	434,469
0	0	60,896	195,214
0	0	125	2,459
0	180,498	135,598	316,096
0	0	37,282	38,449
0	0	0	79,493
683	0	44,320	132,584
<u>720,479</u>	<u>180,498</u>	<u>1,042,851</u>	<u>8,138,410</u>
19,844	87,935	31,447	797,607
0	0	212,123	4,585,316
793,782	0	395,475	1,794,316
0	0	65,059	121,583
0	0	8,207	80,426
0	0	131,763	226,283
28,590	0	101,196	263,867
686	0	4,363	21,473
<u>842,902</u>	<u>87,935</u>	<u>949,633</u>	<u>7,890,871</u>
<u>(122,423)</u>	<u>92,563</u>	<u>93,218</u>	<u>247,539</u>
0	0	22,298	22,298
0	0	0	(22,298)
<u>0</u>	<u>0</u>	<u>22,298</u>	<u>0</u>
(122,423)	92,563	115,516	247,539
854,182	1,135,836	1,931,294	11,926,424
<u>\$731,759</u>	<u>\$1,228,399</u>	<u>\$2,046,810</u>	<u>\$12,173,963</u>

**Pierce Township
Clermont County**

*Statement of Receipts, Disbursements, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$271,372	\$271,372	\$289,801	\$18,429
Interest	176,424	168,260	195,534	27,274
Intergovernmental	83,806	79,929	92,884	12,955
Licenses, Permits, and Fees	121,190	115,582	134,318	18,736
Gifts and Donations	1,053	1,004	1,167	163
Rent	71,724	68,405	79,493	11,088
Miscellaneous	27,679	26,398	30,677	4,279
<i>Total Receipts</i>	<u>753,248</u>	<u>730,950</u>	<u>823,874</u>	<u>92,924</u>
Disbursements:				
Current:				
General Government	1,741,046	1,711,607	495,423	1,216,184
Public Works	31,500	31,500	9,000	22,500
Health	60,000	60,000	56,524	3,476
Conservation and Recreation	123,252	133,761	99,247	34,514
Capital Outlay	51,515	42,715	27,630	15,085
Debt Service:				
Principal Retirement	46,733	46,733	46,733	0
Interest and Fiscal Charges	141	141	141	0
<i>Total Disbursements</i>	<u>2,054,187</u>	<u>2,026,457</u>	<u>734,698</u>	<u>1,291,759</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,300,939)</u>	<u>(1,295,507)</u>	<u>89,176</u>	<u>1,384,683</u>
Other Financing Uses:				
Transfers Out	0	(22,298)	(22,298)	0
Other Financing Uses	0	(177)	0	177
<i>Total Other Financing Uses</i>	<u>0</u>	<u>(22,475)</u>	<u>(22,298)</u>	<u>177</u>
<i>Net Change in Fund Balance</i>	(1,300,939)	(1,317,982)	66,878	1,384,860
<i>Fund Balance at Beginning of Year</i>	1,294,145	1,294,145	1,294,145	0
<i>Prior Year Encumbrances Appropriated</i>	6,510	6,510	6,510	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$284)</u>	<u>(\$17,327)</u>	<u>\$1,367,533</u>	<u>\$1,384,860</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, 2018*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$514,139	\$514,139	\$542,495	\$28,356
Intergovernmental	50,898	50,898	100,832	49,934
Miscellaneous	6,719	6,719	13,310	6,591
<i>Total Receipts</i>	<u>571,756</u>	<u>571,756</u>	<u>656,637</u>	<u>84,881</u>
Disbursements:				
Current:				
General Government	43,431	44,431	36,218	8,213
Public Works	882,879	880,003	599,003	281,000
Capital Outlay	50,000	50,000	1,034	48,966
<i>Total Disbursements</i>	<u>976,310</u>	<u>974,434</u>	<u>636,255</u>	<u>338,179</u>
<i>Net Change in Fund Balance</i>	(404,554)	(402,678)	20,382	423,060
<i>Fund Balance at Beginning of Year</i>	388,676	388,676	388,676	0
<i>Prior Year Encumbrances Appropriated</i>	18,985	18,985	18,985	0
<i>Fund Balance at End of Year</i>	<u>\$3,107</u>	<u>\$4,983</u>	<u>\$428,043</u>	<u>\$423,060</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$1,845,107	\$1,845,107	\$1,763,750	(\$81,357)
Intergovernmental	148,694	148,694	236,115	87,421
Fines, Forfeitures, and Penalties	1,470	1,470	2,334	864
Miscellaneous	7,835	7,835	12,441	4,606
<i>Total Receipts</i>	<u>2,003,106</u>	<u>2,003,106</u>	<u>2,014,640</u>	<u>11,534</u>
Disbursements:				
Current:				
General Government	86,360	89,660	82,904	6,756
Public Safety	2,724,214	2,678,468	2,065,629	612,839
Capital Outlay	35,007	77,453	77,453	0
<i>Total Disbursements</i>	<u>2,845,581</u>	<u>2,845,581</u>	<u>2,225,986</u>	<u>619,595</u>
<i>Net Change in Fund Balance</i>	(842,475)	(842,475)	(211,346)	631,129
<i>Fund Balance at Beginning of Year</i>	4,253,703	4,253,703	4,253,703	0
<i>Prior Year Encumbrances Appropriated</i>	63,172	63,172	63,172	0
<i>Fund Balance at End of Year</i>	<u>\$3,474,400</u>	<u>\$3,474,400</u>	<u>\$4,105,529</u>	<u>\$631,129</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, 2018

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$2,415,049	\$2,415,049	\$2,338,543	(\$76,506)
Intergovernmental	167,058	167,058	254,108	87,050
Charges for Services	49,719	49,719	75,627	25,908
Miscellaneous	20,481	20,481	31,153	10,672
<i>Total Receipts</i>	<u>2,652,307</u>	<u>2,652,307</u>	<u>2,699,431</u>	<u>47,124</u>
Disbursements:				
Current:				
General Government	52,094	52,094	46,843	5,251
Public Safety	4,458,314	4,354,449	2,333,596	2,020,853
Capital Outlay	102,319	178,865	141,270	37,595
<i>Total Disbursements</i>	<u>4,612,727</u>	<u>4,585,408</u>	<u>2,521,709</u>	<u>2,063,699</u>
<i>Net Changes in Fund Balance</i>	(1,960,420)	(1,933,101)	177,722	2,110,823
<i>Fund Balance at Beginning of Year</i>	1,927,650	1,927,650	1,927,650	0
<i>Prior Year Encumbrances Appropriated</i>	52,271	52,271	52,271	0
<i>Fund Balance at End of Year</i>	<u>\$19,501</u>	<u>\$46,820</u>	<u>\$2,157,643</u>	<u>\$2,110,823</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, 2018*

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$656,640	\$656,640	\$631,120	(\$25,520)
Intergovernmental	64,419	64,419	88,676	24,257
Miscellaneous	496	496	683	187
<i>Total Receipts</i>	<u>721,555</u>	<u>721,555</u>	<u>720,479</u>	<u>(1,076)</u>
Disbursements:				
Current:				
General Government	12,600	27,600	19,869	7,731
Public Works	1,552,821	1,537,821	823,103	714,718
<i>Total Disbursements</i>	<u>1,565,421</u>	<u>1,565,421</u>	<u>842,972</u>	<u>722,449</u>
<i>Net Changes in Fund Balance</i>	(843,866)	(843,866)	(122,493)	721,373
<i>Fund Balance at Beginning of Year</i>	791,964	791,964	791,964	0
<i>Prior Year Encumbrances Appropriated</i>	62,218	62,218	62,218	0
<i>Fund Balance at End of Year</i>	<u>\$10,316</u>	<u>\$10,316</u>	<u>\$731,689</u>	<u>\$721,373</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)*

Wal-mart TIF Special Revenue Fund

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Payment in Lieu of Taxes	\$188,719	\$188,719	\$180,498	(\$8,221)
Disbursements:				
Current:				
General Government	<u>1,307,527</u>	<u>1,307,527</u>	<u>87,935</u>	<u>1,219,592</u>
<i>Net Change in Fund Balance</i>	(1,118,808)	(1,118,808)	92,563	1,211,371
<i>Fund Balance at Beginning of Year</i>	<u>1,135,836</u>	<u>1,135,836</u>	<u>1,135,836</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$17,028</u></u>	<u><u>\$17,028</u></u>	<u><u>\$1,228,399</u></u>	<u><u>\$1,211,371</u></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, 2018*

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 Pools

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 7 and 12 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-

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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.

The Statement of Net Position presents the cash and investment balance, 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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

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

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

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

Wal-mart TIF Fund: This fund accounts for and reports proceeds from payments in lieu of taxes and payments to the school district.

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.

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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. 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 2018, the Township invested in STAROhio, a Money Market Mutual Fund, Commercial Paper, a United States Treasury Note, Negotiable Certificates of Deposit, a Federal Farm Credit Bank Bond, and a Federal Home Loan Mortgage Corporation Note.

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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2018 were \$195,534, which includes \$172,032 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Township are reported as restricted.

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.

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 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits (OPEB).

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. Since recording a capital asset when entering into a

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease 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.

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. The Road and Bridge fund only receives inside millage for property tax revenue; therefore, the fund balance is committed.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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. The Township Trustees assigned a portion of the nonmajor governmental fund balance for park improvements by resolution.

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, Garbage and Waste Disposal District, and Wal-mart TIF 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:

Net Change in Fund Balance

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund
Cash Basis	\$110,294	\$23,271	(\$161,943)	\$190,261	(\$122,423)
Encumbrances	(43,416)	(2,889)	(49,403)	(12,539)	(70)
Budget Basis	<u>\$66,878</u>	<u>\$20,382</u>	<u>(\$211,346)</u>	<u>\$177,722</u>	<u>(\$122,493)</u>

There are no differences between the budgetary basis and the cash basis for the Wal-mart TIF Fund.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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;

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed one hundred seventy 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. Except as noted above, 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

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, 2018*

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2018, the Township had the following investments:

	Measurement	
	Value	Maturity
STAROhio	\$1,186,167	Less than one year
First American Money Market Mutual Fund	10,239	Less than one year
Commercial Paper	1,615,896	Less than one year
United States Treasury Note	127,837	Less than one year
Negotiable Certificates of Deposit	498,063	Less than five years
Federal Farm Credit Bank Bond	125,000	Less than four years
Federal Home Loan Mortgage Corporation Note	125,937	Less than five years
Total Investments	<u>\$3,689,139</u>	

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

Credit Risk - STAROhio carries a rating of AAAM by Standard and Poor's. The money market mutual fund carries a rating of AAAM by Standard and Poor's. The Township's investment policy limits investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Federal Farm Credit Bank Bond and Federal Home Loan Mortgage Corporation note are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2018:

Investment Issuer	Percentage of Investments
STAROhio	32.15 %
ING Funding LLC Commercial Paper	6.69
MUFG Bank Commercial Paper	6.68
Dexia Credit Commercial Paper	7.58
JP Morgan Commercial Paper	7.97
Toyota Motor Credit Commercial Paper	7.58
BNP Paribas Commercial Paper	7.29
Total	<u>75.94 %</u>

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 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2018, was \$23.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2018 property tax receipts were based are as follows:

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Real Property	
Residential/Agricultural	\$346,298,370
Commercial/Industrial	41,281,450
Public Utility Personal	<u>24,832,670</u>
Total Assessed Value	<u><u>\$412,412,490</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 – Interfund Transfers

Transfers

During 2018, the following transfers were made:

<u>Transfer to</u>	<u>Transfer from</u>
	General
Other Nonmajor Governmental Funds	\$22,298

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 - 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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Risk Pool Membership

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

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

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 12). 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.

Note 8 - 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). Township police officers contribute to the OPERS Law Enforcement pension plan. OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

	State and Local	Law Enforcement
2018 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee ***	10.0 %	**
 2018 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

- ** 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.
- *** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- **** This employer health care rate is for the traditional and combined plans. The employer contribution for the member directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$325,083 for calendar year 2018.

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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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 OPF's CAFR referenced above for additional information, including requirements 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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, 2018*

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

2018 Statutory Maximum Contribution Rates	<u>Firefighters</u>
Employer	24.00 %
Employee	12.25 %
2018 Actual Contribution Rates	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>
Total Employer	<u><u>24.00 %</u></u>
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 \$252,435 for calendar year 2018.

Social Security

Some 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, 2018.

Note 9 - 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, 2018*

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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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 75. 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 2018, 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. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$0 for calendar year 2018.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF 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 OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required 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.

OPF maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits One for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, 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).

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

The OPF 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.

Beginning January 1, 2019, OPF is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Township's contractually required contribution to OPF was \$5,371 for calendar year 2018.

Note 10 - Debt

The changes in the Township's long-term obligations during 2018 were as follows:

Types / Issues	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Due Within One Year
<u>Governmental Activities:</u>					
<u>General Long-Term Obligations</u>					
Locust Lake Loan - 4.15%	\$46,733	\$0	\$46,733	\$0	\$0
Ambulance Acquisition Loan - 2.30%	152,679	0	38,170	114,509	38,170
Total - General Long-Term Obligations	199,412	0	84,903	114,509	38,170
<u>Other Long-Term Obligations</u>					
Fire Truck Lease - 4.65%	92,442	0	45,078	47,364	47,364
International 7400A Trucks Lease - 2.35%	49,419	0	49,419	0	0
Plow Lease - 2.35%	7,760	0	7,760	0	0
Rescue Pumper Lease - 2.73%	424,733	0	42,270	382,463	43,424
Lifepak Lease - 0.00%	68,873	0	34,437	34,436	34,436
Total - Other Long-Term Obligations	643,227	0	178,964	464,263	125,224
Total - All General Long-Term Obligations	\$842,639	\$0	\$263,867	\$578,772	\$163,394

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 was paid off ahead of schedule in 2018 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, 2018*

The prior audit outstanding balance for the Lifepak Lease at 12/31/2017 was \$84,504. Due to the implementation of GASB 87, the outstanding balance at 1/1/2018 is \$68,873. This is a reflection of the lease contract being separated by the equipment lease and service contract portions. The following is a summary of the Township's future annual debt service requirements:

Year Ending December 31,	Ambulance Loan	
	Principal	Interest
2019	\$38,170	\$2,634
2020	38,170	1,755
2021	38,169	880
Total	\$114,509	\$5,269

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, 2018, were an overall debt margin of \$43,188,802 and an unvoted debt margin of \$226,827.

Note 11 - Leases

In prior years, the Township entered into capital lease purchase agreements for various pieces of equipment and vehicles. Total lease payments for 2018 included \$178,964 for principal and \$17,661 for interest.

Year Ending December 31,	Fire Truck Lease		Pumper Lease		Lifepak Lease
	Principal	Interest	Principal	Interest	Principal
2019	\$47,364	\$2,402	\$43,424	\$10,441	\$34,436
2020	0	0	44,610	9,256	0
2021	0	0	45,827	8,038	0
2022	0	0	47,079	6,787	0
2023	0	0	48,364	5,502	0
2024-2026	0	0	153,159	8,437	0
Total	\$47,364	\$2,402	\$382,463	\$48,461	\$34,436

Note 12 - 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 7.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

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 13 - Contingent Liabilities

Federal and State Grants

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding 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, 2018*

Note 14 - Fund Balances

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

Fund Balances	General Fund	Road and Bridge Fund	Police Fund	Fire Fund
<u>Nonspendable:</u>				
Unclaimed Moniees	\$6,030	\$0	\$0	\$0
<u>Restricted for:</u>				
Public Safety	0	0	4,154,932	2,170,182
<u>Committed to:</u>				
Public Works	0	430,932	0	0
<u>Assigned to:</u>				
Future Appropriations	715,064	0	0	0
Purchases on Order	43,416	0	0	0
<i>Total Assigned</i>	<u>758,480</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Unassigned:</u>	<u>646,439</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$1,410,949</u>	<u>\$430,932</u>	<u>\$4,154,932</u>	<u>\$2,170,182</u>

Fund Balances	Garbage and Waste Disposal District Fund	Wal-mart TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Unclaimed Moniees	\$0	\$0	\$0	\$6,030
<u>Restricted for:</u>				
Capital Improvements	0	0	305,448	305,448
Public Works	731,759	0	511,544	1,243,303
Health	0	0	129,374	129,374
Public Safety	0	0	802,655	7,127,769
Conservation and Recreation	0	0	29,221	29,221
Other Purposes	0	1,228,399	236,908	1,465,307
<i>Total Restricted</i>	<u>731,759</u>	<u>1,228,399</u>	<u>2,015,150</u>	<u>10,300,422</u>
<u>Committed to:</u>				
Public Works	0	0	0	430,932
<u>Assigned to:</u>				
Future Appropriations	0	0	0	715,064
Purchases on Order	0	0	0	43,416
Park Improvements	0	0	31,660	31,660
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>31,660</u>	<u>790,140</u>
<u>Unassigned:</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>646,439</u>
Total Fund Balances	<u>\$731,759</u>	<u>\$1,228,399</u>	<u>\$2,046,810</u>	<u>\$12,173,963</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2018*

Note 15 – 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	\$43,416
Road and Bridge Fund	2,889
Police Fund	49,403
Fire Fund	12,539
Garbage and Waste Disposal District Fund	70
Nonmajor Governmental Funds	61,468
Total	<u><u>\$169,785</u></u>

Note 16 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

Note 17 – Accountability and Compliance

Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the Fire Foundation & Donation and Public Works Commission Project Funds for the year ended December 31, 2018.

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

February 10, 2021

Pierce Township
Clermont County
950 Locust Corner Road
Cincinnati, Ohio 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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Pierce Township**, Clermont County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 10, 2021, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Internal Control Over Financial Reporting (Continued)

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

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 financial statements. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-001 and 2019-002.

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 report 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, 2019 AND 2018

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

FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2019, total appropriations exceeded total estimated resources during the year in the Gasoline Tax, Road and Bridge, Garbage and Waste Disposal District, Fire District, Permissive Motor Vehicle License Tax, and Permanent Improvement Hike Bike Path Funds.

During 2018, total appropriations exceeded total estimated resources during the year in the Fire Foundation & Donation and Public Works Commission Project Funds.

Township officials should be monitoring the budgetary activity in order to make informed decisions regarding Township finances.

We recommend the Township monitor the budgetary activity to make sure the Township is complying with applicable Ohio Revised Code sections.

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

FINDING NUMBER 2019-002

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.

**PIERCE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002 (Continued)

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 32% of the expenditures tested for 2019 and for 24% of the expenditures tested for 2018.

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.

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.

**PIERCE TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Statement Errors	Corrected	N/A
2017-002	ORC 5705.41(D)	Not Corrected	Repeated as Finding 2019-002

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PIERCE TOWNSHIP

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/18/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov