



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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**PIERCE TOWNSHIP
CLERMONT COUNTY**

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PIERCE TOWNSHIP
CLERMONT COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pierce Township
Clermont County
950 Locust Corner Rd.
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road & Bridge, Police, and Fire funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 19, 2010

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited*

The discussion and analysis of Pierce Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- General receipts accounted for \$7,355,936, or 75.7 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions and interest accounted for \$2,361,121 or 24.3 percent of total receipts of \$9,717,057.
- The Township had \$7,717,346 in disbursements; only \$2,361,121 of these disbursements were offset by program specific charges for services, grants, contributions and interest.

Using the Basic Financial Statements

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

Report Components

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

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

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

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited*

Basis of Accounting

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

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

Reporting the Township as a Whole

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

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2009, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the Township's general receipts.

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

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited*

Governmental Funds

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008.

Table 1 Net Assets			
	2009	2008	Change
Assets:			
Current Assets	\$12,291,352	\$10,291,641	\$1,999,711
Net Assets:			
Restricted for:			
Debt Service	\$6,697,573	\$5,272,061	\$1,425,512
Capital Projects	367	359	8
Public Safety	2,008,250	1,614,992	393,258
Public Works	1,729,278	1,553,972	175,306
Other Purposes	517,643	475,466	42,177
Unrestricted	1,338,241	1,374,791	(36,550)
<i>Total Net Assets</i>	\$12,291,352	\$10,291,641	\$1,999,711

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited*

Table 2 shows the change in net assets for 2009 compared to 2008.

Table 2
Change in Net Assets

	2009	2008	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$573,861	\$535,928	\$37,933
Operating Grants, Contributions and Interest	1,787,260	1,949,256	(161,996)
<i>Total Program Cash Receipts</i>	<u>2,361,121</u>	<u>2,485,184</u>	<u>(124,063)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	274,600	266,743	7,857
Debt Service	37,957	37,957	0
Public Safety	3,275,103	3,368,450	(93,347)
Public Works	1,138,687	1,146,203	(7,516)
Payment in Lieu of Taxes	2,295,432	2,275,454	19,978
Grants and Entitlements not Restricted	173,034	242,292	(69,258)
Interest	67,522	205,326	(137,804)
Gifts and Donations	354	31,867	(31,513)
Miscellaneous	93,247	122,721	(29,474)
<i>Total General Receipts</i>	<u>7,355,936</u>	<u>7,697,013</u>	<u>(341,077)</u>
<i>Total Receipts</i>	<u>9,717,057</u>	<u>10,182,197</u>	<u>(465,140)</u>
Cash Disbursements:			
General Government	917,134	716,028	201,106
Public Safety	3,843,750	4,011,602	(167,852)
Public Works	1,602,221	1,407,436	194,785
Health	158,949	143,947	15,002
Human Services	81,947	72,523	9,424
Capital Outlay	121,209	254,008	(132,799)
Debt Service:			
Principal Retirement	700,496	684,004	16,492
Interest and Fiscal Charges	291,640	335,275	(43,635)
<i>Total Cash Disbursements</i>	<u>7,717,346</u>	<u>7,624,823</u>	<u>92,523</u>
<i>Increase in Net Assets</i>	1,999,711	2,557,374	(557,663)
<i>Net Assets at Beginning of Year</i>	<u>10,291,641</u>	<u>7,734,267</u>	<u>2,557,374</u>
<i>Net Assets at End of Year</i>	<u>\$12,291,352</u>	<u>\$10,291,641</u>	<u>\$1,999,711</u>

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited*

During 2009, net assets increased \$1,999,711 due to the stability of revenues and the consistency of expenditures over 2008. Operating Grants, Contributions and Interest decreased \$161,996, due to grant funds being reduced or expired according to the terms of each grant. Interest income decreased \$137, 804, due to continued decreases in the interest rates on investments. General Government disbursements increased \$201,106 due to an expanded employee position for a land use facilitator, the purchase of playground equipment and new furnaces and gas line connection. The decrease in Public Safety disbursements resulted primarily from not replacing a police officer. Public Works disbursements increased \$194,785 due to a road paving program and curb and gutter repairs. Capital outlay disbursements decreased due to a decreases in projects in the Road and Bridge Fund during 2009.

The Township's Funds

Information about the Township's major funds starts on page 10. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$9,717,057 and total disbursements of \$7,717,346.

The net change in fund balance for the General, Road and Bridge, Police, Fire, and Special Assessment Note Retirement Funds were (\$36,550), \$20,683, \$519,272, (\$22,534), and \$1,425,486, respectively. The decrease in the General Fund was due to a combination of factors, including a decrease in interest income of approximately \$115,000, a decrease of approximately \$50,000 in miscellaneous receipts and expending more in additional personnel and in health and human services expenditures. The Police Fund receipts decreased from 2008 due to home value reassessments. The increase in the fund balance for the Special Assessment Note Retirement resulted from increased tax receipts because of additional new homes in the tax increment financing district, and the subsequent increase in real estate taxes. The minor changes in the Road and Bridge and Fire Funds were mainly due to slight fluctuations in revenues and expenditures.

General Fund Budgeting Highlights

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

For the General Fund, the final budget basis receipts estimate increased from the original budget basis estimate by \$13,288. Actual receipts decreased \$1,466 from the final budget.

Final appropriations of \$2,447,986 increased from original appropriations of \$2,426,140 by \$21,846. Actual disbursements decreased by \$1,548,428 from final appropriations. The disbursements reflect a decrease since the township incorporated the carryover amount in the General Fund plus the anticipated receipts into the appropriations. The Township's budgeting systems are designed to tightly control total budgets but provide flexibility for management.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited*

Debt Administration

At December 31, 2009 the Township had \$6,179,331 in general obligation bonds outstanding, of which \$692,852 is due within one year. Table 3 summarizes the bonds outstanding:

Table 3
Outstanding Debt, at Year-End

	<u>2009</u>	<u>2008</u>
TIF Bonds	\$6,040,000	\$6,680,000
Fire Bonds	139,331	170,946
Total	<u>\$6,179,331</u>	<u>\$6,850,946</u>

The Township's overall legal debt margin was \$39,878,986 and an unvoted debt margin of \$211,944.

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

Contacting the Township's Financial Management

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

Pierce Township
Clermont County
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$12,291,352
Net Assets:	
Restricted for:	
Debt Service	\$6,697,573
Capital Projects	367
Public Safety	2,008,250
Public Works	1,729,278
Other Purposes	517,643
Unrestricted	1,338,241
<i>Total Net Assets</i>	<u>\$12,291,352</u>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2009*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants Contributions and Interest	Total Governmental Activities
Governmental Activities:				
General Government	\$917,134	\$105,991	\$0	(\$811,143)
Public Safety	3,843,750	309,373	897,452	(2,636,925)
Public Works	1,602,221	110,700	575,045	(916,476)
Health	158,949	47,797	0	(111,152)
Human Services	81,947	0	0	(81,947)
Capital Outlay	121,209	0	0	(121,209)
Debt Service:				
Principal Retirement	700,496	0	314,763	(385,733)
Interest and Fiscal Charges	291,640	0	0	(291,640)
<i>Total Governmental Activities</i>	<u>\$7,717,346</u>	<u>\$573,861</u>	<u>\$1,787,260</u>	<u>(5,356,225)</u>
		General Receipts:		
		Property Taxes Levied for:		
			General Purposes	274,600
			Debt Service	37,957
			Public Safety	3,275,103
			Public Works	1,138,687
			Payment in Lieu of Taxes	2,295,432
			Grants and Entitlements not Restricted	173,034
			Interest	67,522
			Gifts and Donations	354
			Miscellaneous	93,247
			<i>Total General Receipts</i>	<u>7,355,936</u>
			<i>Change in Net Assets</i>	1,999,711
			<i>Net Assets at Beginning of Year</i>	<u>10,291,641</u>
			<i>Net Assets at End of Year</i>	<u><u>\$12,291,352</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, 2009

	General	Road and Bridge	Police	Fire	Special Assessment Note Retirement	TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:								
Equity in Pooled Cash and Cash Equivalents	\$1,338,241	\$409,222	\$1,329,111	\$229,773	\$5,597,739	\$1,099,834	\$2,287,432	\$12,291,352
Fund Balances:								
Reserved for Encumbrances	\$7,076	\$6,300	\$0	\$0	\$0	\$0	\$74,424	\$87,800
Unreserved, Undesignated, Reported in:								
General Fund	1,331,165	0	0	0	0	0	0	1,331,165
Special Revenue Funds	0	402,922	1,329,111	229,773	0	0	2,212,641	4,174,447
Debt Service Funds	0	0	0	0	5,597,739	1,099,834	0	6,697,573
Capital Projects Funds	0	0	0	0	0	0	367	367
Total Fund Balances	\$1,338,241	\$409,222	\$1,329,111	\$229,773	\$5,597,739	\$1,099,834	\$2,287,432	\$12,291,352

See Accompanying Notes to the Basic Financial Statements

Pierce Township
Clermont County
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2009

	General	Road and Bridge	Police	Fire	Special Assessment Note Retirement
Receipts:					
Property Taxes	\$274,600	\$500,750	\$1,718,069	\$1,557,034	\$0
Interest	65,794	0	0	0	1,694
Intergovernmental	173,429	151,747	446,943	294,417	314,763
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	64,195	0
Licenses, Permits, and Fees	68,766	0	10,235	0	0
Fines, Forfeitures, and Penalties	6,034	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	2,050,052
Gifts and Donations	354	0	0	0	0
Rent	31,191	0	0	0	0
Miscellaneous	11,326	1,615	12,508	4,452	0
<i>Total Receipts</i>	<u>631,494</u>	<u>654,112</u>	<u>2,187,755</u>	<u>1,920,098</u>	<u>2,366,509</u>
Disbursements:					
Current:					
General Government	704,351	0	0	0	32,610
Public Safety	0	0	1,668,483	1,892,866	0
Public Works	8,327	559,444	0	0	0
Health	59,022	0	0	0	0
Human Services	81,947	0	0	0	0
Capital Outlay	38,835	73,985	0	0	4,000
Debt Service:					
Principal Retirement	0	0	0	28,881	640,000
Interest and Fiscal Charges	0	0	0	20,885	264,413
<i>Total Disbursements</i>	<u>892,482</u>	<u>633,429</u>	<u>1,668,483</u>	<u>1,942,632</u>	<u>941,023</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(260,988)</u>	<u>20,683</u>	<u>519,272</u>	<u>(22,534)</u>	<u>1,425,486</u>
Other Financing Sources (Uses):					
Advances-In	229,852	0	0	0	0
Advances-Out	(5,414)	0	0	0	0
Total Other Financing Sources (Uses)	<u>224,438</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(36,550)</u>	<u>20,683</u>	<u>519,272</u>	<u>(22,534)</u>	<u>1,425,486</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,374,791</u>	<u>388,539</u>	<u>809,839</u>	<u>252,307</u>	<u>4,172,253</u>
<i>Fund Balances at End of Year</i>	<u>\$1,338,241</u>	<u>\$409,222</u>	<u>\$1,329,111</u>	<u>\$229,773</u>	<u>\$5,597,739</u>

See Accompanying Notes to the Basic Financial Statements

TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$0	\$675,894	\$4,726,347
0	2,277	69,765
26	566,406	1,947,731
0	110,700	110,700
0	228,096	292,291
0	47,797	126,798
0	6,847	12,881
0	245,380	2,295,432
0	10,320	10,674
0	0	31,191
0	63,346	93,247
26	1,957,063	9,717,057
0	180,173	917,134
0	282,401	3,843,750
0	1,034,450	1,602,221
0	99,927	158,949
0	0	81,947
0	4,389	121,209
0	31,615	700,496
0	6,342	291,640
0	1,639,297	7,717,346
26	317,766	1,999,711
0	5,414	235,266
0	(229,852)	(235,266)
0	(224,438)	0
26	93,328	1,999,711
1,099,808	2,194,104	10,291,641
<u>\$1,099,834</u>	<u>\$2,287,432</u>	<u>\$12,291,352</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, 2009*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$274,600	\$274,600	\$274,600	\$0
Interest	63,615	66,065	65,794	(271)
Intergovernmental	167,684	174,143	173,429	(714)
Licenses, Permits, and Fees	66,489	69,048	68,766	(282)
Fines, Forfeitures, and Penalties	5,834	6,058	6,034	(24)
Gifts and Donations	342	354	354	0
Rent	30,158	31,320	31,191	(129)
Miscellaneous	10,950	11,372	11,326	(46)
<i>Total Receipts</i>	<u>619,672</u>	<u>632,960</u>	<u>631,494</u>	<u>(1,466)</u>
Disbursements:				
Current:				
General Government	2,215,971	2,237,817	711,427	1,526,390
Public Works	10,000	10,000	8,327	1,673
Health	59,169	59,169	59,022	147
Human Services	91,000	91,000	81,947	9,053
Capital Outlay	50,000	50,000	38,835	11,165
<i>Total Disbursements</i>	<u>2,426,140</u>	<u>2,447,986</u>	<u>899,558</u>	<u>1,548,428</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,806,468)	(1,815,026)	(268,064)	1,546,962
Other Financing Sources (Uses):				
Advances-In	222,239	230,797	229,852	(945)
Advances-Out	(30,000)	(30,000)	(5,414)	24,586
<i>Total Other Financing Sources (Uses)</i>	<u>192,239</u>	<u>200,797</u>	<u>224,438</u>	<u>23,641</u>
<i>Net Change in Fund Balance</i>	(1,614,229)	(1,614,229)	(43,626)	1,570,603
<i>Fund Balance at Beginning of Year</i>	1,315,588	1,315,588	1,315,588	0
<i>Prior Year Encumbrances Appropriated</i>	59,203	59,203	59,203	0
<i>Fund Balance at End of Year</i>	<u>(\$239,438)</u>	<u>(\$239,438)</u>	<u>\$1,331,165</u>	<u>\$1,570,603</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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$500,750	\$500,750	\$500,750	\$0
Intergovernmental	129,869	151,747	151,747	0
Miscellaneous	1,382	1,615	1,615	0
<i>Total Receipts</i>	<u>632,001</u>	<u>654,112</u>	<u>654,112</u>	<u>0</u>
Disbursements:				
Current:				
Public Works	870,540	892,651	565,744	326,907
Capital Outlay	150,000	150,000	73,985	76,015
<i>Total Disbursements</i>	<u>1,020,540</u>	<u>1,042,651</u>	<u>639,729</u>	<u>402,922</u>
<i>Net Change in Fund Balance</i>	(388,539)	(388,539)	14,383	402,922
<i>Fund Balance at Beginning of Year</i>	324,429	324,429	324,429	0
<i>Prior Year Encumbrances Appropriated</i>	<u>64,110</u>	<u>64,110</u>	<u>64,110</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$402,922</u>	<u>\$402,922</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, 2009*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$1,718,069	\$1,718,069	\$1,718,069	\$0
Intergovernmental	483,526	446,900	446,943	43
Licenses, Permits, and Fees	11,072	10,235	10,235	0
Miscellaneous	13,532	12,508	12,508	0
<i>Total Receipts</i>	2,226,199	2,187,712	2,187,755	43
Disbursements:				
Current:				
Public Safety	3,036,038	2,997,551	1,668,483	1,329,068
<i>Net Change in Fund Balance</i>	(809,839)	(809,839)	519,272	1,329,111
<i>Fund Balance at Beginning of Year</i>	808,894	808,894	808,894	0
<i>Prior Year Encumbrances Appropriated</i>	945	945	945	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$1,329,111	\$1,329,111

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, 2009*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$1,557,034	\$1,557,034	\$1,557,034	\$0
Intergovernmental	334,595	294,417	294,417	0
Charges for Services	72,956	64,195	64,195	0
Miscellaneous	5,060	4,452	4,452	0
<i>Total Receipts</i>	<u>1,969,645</u>	<u>1,920,098</u>	<u>1,920,098</u>	<u>0</u>
Disbursements:				
Current:				
Public Safety	<u>2,221,952</u>	<u>2,172,405</u>	<u>1,942,632</u>	<u>229,773</u>
<i>Net Change in Fund Balance</i>	(252,307)	(252,307)	(22,534)	229,773
<i>Fund Balance at Beginning of Year</i>	248,032	248,032	248,032	0
<i>Prior Year Encumbrances Appropriated</i>	<u>4,275</u>	<u>4,275</u>	<u>4,275</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$229,773</u>	<u>\$229,773</u>

See Accompanying Notes to the Basic Financial Statements

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**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009*

Note 1 – Reporting Entity

Pierce Township, Clermont County, Ohio (the Township), is a body politic and corporate established in 1853 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Financial Officer.

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

Primary Government

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

Component Units

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

Public Entity Risk Pool

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all classified as governmental.

Governmental Funds

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

General Fund: This fund is the general operating fund and accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Special Assessment Note Retirement Fund: This fund is used to retire all debt associated with financing the cost of constructing and installing certain additional public improvements by the issuance and sale of bonds with the bonds secured by a trust agreement. The bonds were issued for a 30 year period.

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Financial Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources that were 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 appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township Trustees during the year, including all supplemental appropriations.

Cash and Investments

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

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

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

During 2009, the Township invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2009.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 were \$65,794, which includes \$58,975 assigned from other Township funds.

Interfund Receivables/Payables

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net Assets

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

Fund Balance Reserves

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) presented for the General, Road and Bridge, Police, and Fire Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

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

Net Change in Fund Balance

	<u>General</u>	<u>Road and Bridge</u>	<u>Police</u>	<u>Fire</u>
Cash Basis	(\$36,550)	\$20,683	\$519,272	(\$22,534)
Adjustment for Encumbrances	(7,076)	(6,300)	0	0
Budget Basis	<u>(\$43,626)</u>	<u>\$14,383</u>	<u>\$519,272</u>	<u>(\$22,534)</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.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 4 – Deposits and Investments (continued)

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

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

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

**Pierce Township
Clermont County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 4 – Deposits and Investments (continued)

Investments

As of December 31, 2009, the Township had the following investments:

	Fair Value	Investment Maturities (in Years) Less than 1
STAROhio	<u>\$1,114,136</u>	<u>\$1,114,136</u>

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

Credit Risk – STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Township’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers’ acceptances to 25 percent of the interim monies available for investment at any one time.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 5 – Property Taxes (continued)

2009 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax was phased out to zero for 2009.

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.

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

The full tax rate for all Township operations for the year ended December 31, 2009, was \$21.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$282,122,780
Commercial/Industrial	44,614,010
Public Utility Personal	58,051,320
General Business Personal	564,147
Total Assessed Value	<u>\$385,352,257</u>

Note 6 – Risk Management

Property and Liability

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 6 – Risk Management (continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by APRCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. Information provided in this note is the latest information available.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 6 – Risk Management (continued)

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

<u>Contributions to OTARMA</u>	
2008	74,507
2009	83,404

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by APRCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. Information provided in this note is the latest information available.

Medical

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the Township's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the year ended December 31, 2009, 2008, and 2007 were \$172,398, \$153,543, and \$172,471, respectively. The full amount has been contributed for 2009, 2008, and 2007. Contributions to the Member-Directed Plan for 2009 were \$16,810 made by the Township and \$12,007 made by plan members.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 7 – Defined Benefit Pension Plan (continued)

Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The Township’s police personnel contribute to OPERS. The Township’s contributions to OP&F for firefighters was \$97,460 for the year ended December 31, 2009, \$92,155 for the year ended December 31, 2008, and \$92,155 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

Note 8 – Post-Employment Benefits

Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 8 – Post-Employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

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

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2006 were \$101,793, \$123,092, and \$88,719, respectively. The full amount has been contributed for 2009, 2008, and 2007.

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

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 8 – Post-Employment Benefits (continued)

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

Funding Policy – 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 24.0 percent of covered payroll for police and fire employers, respectively. The Township's police personnel contribute to OPERS. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$46,159 for the year ended December 31, 2009, \$38,137 for the year ended December 31, 2008, and \$36,060 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 9 – Debt

The changes in the Township’s long-term obligations during 2009 were as follows:

<u>Types / Issues</u>	<u>Balance 12/31/08</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/09</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
TIF Revenue Bonds 2.0 - 4.4%	\$6,680,000	\$0	\$640,000	\$6,040,000	\$660,000
Fire Equipment Bond - 3.89%	170,946	0	31,615	139,331	32,852
Total - General Long-Term Obligations	<u>\$6,850,946</u>	<u>\$0</u>	<u>\$671,615</u>	<u>\$6,179,331</u>	<u>\$692,852</u>

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

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 9 – Debt (continued)

Year Ending December 31,	TIF Bonds		Fire Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$660,000	\$244,253	\$32,852	\$5,104	\$692,852	\$249,357
2011	680,000	221,152	34,143	3,814	714,143	224,966
2012	710,000	195,993	35,484	2,473	745,484	198,466
2013	735,000	168,303	36,852	1,079	771,852	169,382
2014	765,000	138,902	0	0	765,000	138,902
2015-2017	2,490,000	219,348	0	0	2,490,000	219,348
Total	\$6,040,000	\$1,187,951	\$139,331	\$12,470	\$6,179,331	\$1,200,421

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, 2009, were an overall debt margin of \$39,878,986 and an unvoted debt margin of \$211,944.

Note 10 – Leases

In 2008, the Township entered into a capital lease purchase agreement for a new fire truck. Total lease payments for 2009 included \$28,881 for principal and \$20,885 for interest.

Year Ending December 31,	Principal	Interest	Total
2010	\$30,346	\$19,420	\$49,766
2011	31,885	17,881	49,766
2012	33,502	16,264	49,766
2013	35,201	14,565	49,766
2014	36,986	12,780	49,766
2015-2019	215,039	33,793	248,832
Total	\$382,959	\$114,703	\$497,662

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 11 – Interfund Activity

		Advances Out		
		General Fund	Other Governmental	Total
Advances In	General Fund	\$0	\$229,852	\$229,852
	Other Governmental Funds	5,414	0	5,414
	Total	<u>\$5,414</u>	<u>\$229,852</u>	<u>\$235,266</u>

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

Note 12 – Shared Risk Pool

Ohio Township Association Risk Management Authority

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

Center for Local Governments Benefits Pool

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2009
(Continued)*

Note 12 – Shared Risk Pool (continued)

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

Note 13 – Contingent Liabilities

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

Note 14 – Subsequent Events

In February, 2010, the Township placed \$6,588,268 in an irrevocable trust for the defeasance of the TIF Revenue Bonds.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Pierce Township
Clermont County
950 Locust Corner Rd.
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road & Bridge, Police, and Fire funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 19, 2010

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited*

The discussion and analysis of Pierce Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- General receipts accounted for \$7,697,013, or 75.6 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$2,485,184 or 24.4 percent of total receipts of \$10,182,197.
- The Township had \$7,624,823 in disbursements; only \$2,485,184 of these disbursements were offset by program specific charges for services, grants, and contributions.

Using the Basic Financial Statements

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

Report Components

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

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

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

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited*

Basis of Accounting

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

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

Reporting the Township as a Whole

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

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2008, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the Township's general receipts.

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

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited*

Governmental Funds

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007.

Table 1 Net Assets			
	2008	2007	Change
Assets:			
Current Assets	\$10,291,641	\$7,734,267	\$2,557,374
Net Assets:			
Restricted for:			
Debt Service	5,272,061	3,934,097	1,337,964
Capital Projects	359	78	281
Public Safety	1,614,992	639,198	975,794
Public Works	1,553,972	1,218,338	335,634
Other Purposes	475,466	236,791	238,675
Unrestricted	1,374,791	1,705,765	(330,974)
<i>Total Net Assets</i>	\$10,291,641	\$7,734,267	\$2,557,374

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited*

Table 2 shows the change in net assets for 2008 compared to 2007.

Table 2
Change in Net Assets

	2008	2007	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$535,928	\$482,974	\$52,954
Operating Grants and Contributions	1,949,256	1,352,798	596,458
<i>Total Program Cash Receipts</i>	<u>2,485,184</u>	<u>1,835,772</u>	<u>649,412</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	266,743	264,203	2,540
Debt Service	37,957	37,957	0
Public Safety	3,368,450	2,595,993	772,457
Public Works	1,146,203	1,080,409	65,794
Payment in Lieu of Taxes	2,275,454	1,767,737	507,717
Grants and Entitlements not Restricted	242,292	294,907	(52,615)
Interest	205,326	320,125	(114,799)
Gifts and Donations	31,867	0	31,867
Miscellaneous	122,721	175,812	(53,091)
<i>Total General Receipts</i>	<u>7,697,013</u>	<u>6,537,143</u>	<u>1,159,870</u>
<i>Total Receipts</i>	<u>10,182,197</u>	<u>8,372,915</u>	<u>1,809,282</u>
Cash Disbursements:			
General Government	716,028	680,947	35,081
Public Safety	4,011,602	3,329,499	682,103
Public Works	1,407,436	1,563,711	(156,275)
Health	143,947	117,011	26,936
Human Services	72,523	11,917	60,606
Capital Outlay	254,008	289,809	(35,801)
Debt Service:			
Principal Retirement	684,004	633,165	50,839
Interest and Fiscal Charges	335,275	330,478	4,797
<i>Total Cash Disbursements</i>	<u>7,624,823</u>	<u>6,956,537</u>	<u>668,286</u>
<i>Increase in Net Assets</i>	<u>2,557,374</u>	<u>1,416,378</u>	<u>1,140,996</u>
<i>Net Assets at Beginning of Year</i>	<u>7,734,267</u>	<u>6,317,889</u>	<u>1,416,378</u>
<i>Net Assets at End of Year</i>	<u>\$10,291,641</u>	<u>\$7,734,267</u>	<u>\$2,557,374</u>

During 2008, net assets increased \$2,557,374 due to the stability of revenues and the consistency of expenditures over 2007. Property Taxes Levied for Public Safety increased \$772,457 due to a new fire levy. Payment in Lieu of Taxes increased \$507,717 due to increased construction in the Legendary Run residential tax increment financing district. In addition, Pierce Township received additional Wal-Mart TIF receipts beyond what had been anticipated.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited*

Please note that Pierce Township had not received an invoice from West Clermont School as of December 31, 2008 for the amount pledged to make them whole. The first payment will be due in 2009.

The significant increase in Public Safety disbursements resulted primarily from personnel costs. The decrease in spending on Public Works was due to a decrease in spending in the Permissive MVL Fund due to 2008 being a non-paving year. Pierce Township rotates paving projects, so that every other year, bids can be placed for larger projects which can net cost savings.

The Township's Funds

Information about the Township's major funds starts on page 10. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$10,182,197 and total disbursements of \$7,624,823.

The net change in fund balance for the General, Road and Bridge, Police, Fire, Special Assessment Note Retirement, and TIF Bond Retirement Funds were (\$330,974), (\$34,291), \$513,829, \$50,835, \$1,310,713, and \$27,251, respectively. The decrease in the General Fund was due to a combination of factors, including but not exclusive to a decrease in interest income of approximately \$115,000, a decrease of approximately \$50,000 less in miscellaneous receipts and expending more in additional personnel and in health and human services expenditures. The Police Fund increase was due to a new levy. The increase in the fund balance for the Special Assessment Note Retirement resulted from increased tax receipts. The TIF Bond Retirement Fund increased slightly from higher interest received in 2008 compared to 2007.

General Fund Budgeting Highlights

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

For the General Fund, the final budget basis receipts estimate decreased from the original budget basis receipts by \$27,518. Actual receipts decreased by \$8,516 from the final budget.

Final appropriations of \$2,304,663 decreased from original appropriations of \$2,332,181 by \$27,518. Actual disbursements decreased by \$1,324,104 from final appropriations. This large decrease was due to the Township's original budget accounting for the disbursement of 100 percent of a very large estate tax settlement received in 2007. However, the Township did not spend all of this settlement in 2008. The Township's budgeting systems are designed to tightly control total budgets but provide flexibility for management.

**Pierce Township
Clermont County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited*

Debt Administration

At December 31, 2008 the Township had \$6,850,946 in general obligation bonds outstanding, of which \$671,611 is due within one year. Table 3 summarizes the bonds outstanding:

Table 3
Outstanding Debt, at Year-End

	2008	2007
TIF Bonds	\$6,680,000	\$7,305,000
Fire Bonds	170,946	201,364
Total	\$6,850,946	\$7,506,364

The Township's overall legal debt margin was \$34,989,040 and an unvoted debt margin of \$197,307.

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

Contacting the Township's Financial Management

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

Pierce Township
Clermont County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$10,291,641
Net Assets:	
Restricted for:	
Debt Service	\$5,272,061
Capital Projects	359
Public Safety	1,614,992
Public Works	1,553,972
Other Purposes	475,466
Unrestricted	1,374,791
<i>Total Net Assets</i>	<i>\$10,291,641</i>

See Accompanying Notes to the Basic Financial Statements

**Pierce Township
Clermont County**
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2008

	General	Road and Bridge	Police	Fire	Special Assessment Note Retirement	TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:								
Equity in Pooled Cash and Cash Equivalents	\$1,374,791	\$388,539	\$809,839	\$252,307	\$4,172,253	\$1,099,808	\$2,194,104	\$10,291,641
Fund Balances:								
Reserved for Encumbrances	\$59,203	\$64,310	\$945	\$4,275	\$0	\$0	\$120,890	\$249,623
Unreserved, Undesignated, Reported in:								
General Fund	1,315,588	0	0	0	0	0	0	1,315,588
Special Revenue Funds	0	324,229	808,894	248,032	0	0	2,072,855	3,454,010
Debt Service Funds	0	0	0	0	4,172,253	1,099,808	0	5,272,061
Capital Projects Funds	0	0	0	0	0	0	359	359
<i>Total Fund Balances</i>	<u>\$1,374,791</u>	<u>\$388,539</u>	<u>\$809,839</u>	<u>\$252,307</u>	<u>\$4,172,253</u>	<u>\$1,099,808</u>	<u>\$2,194,104</u>	<u>\$10,291,641</u>

See Accompanying Notes to the Basic Financial Statements

Pierce Township
Clermont County
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2008

	General	Road and Bridge	Police	Fire	Special Assessment Note Retirement
Receipts:					
Property Taxes	\$266,743	\$492,021	\$1,767,947	\$1,600,503	\$0
Interest	180,598	0	0	0	1,196
Intergovernmental	242,292	128,236	438,470	289,492	303,151
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	63,436	0
Licenses, Permits, and Fees	67,041	0	45	0	0
Fines, Forfeitures, and Penalties	6,094	0	0	0	0
Payment in Lieu of Taxes	0	0	0	0	1,959,775
Gifts and Donations	5,417	0	0	0	0
Rent	29,776	0	0	0	0
Miscellaneous	16,859	11,744	19,737	16,214	0
<i>Total Receipts</i>	<u>814,820</u>	<u>632,001</u>	<u>2,226,199</u>	<u>1,969,645</u>	<u>2,264,122</u>
Disbursements:					
Current:					
General Government	709,973	0	0	0	0
Public Safety	0	0	1,712,370	1,869,044	0
Public Works	6,668	527,837	0	0	0
Health	57,120	0	0	0	0
Human Services	72,523	0	0	0	0
Capital Outlay	75,072	138,455	0	0	21,853
Debt Service:					
Principal Retirement	0	0	0	31,410	649,331
Interest and Fiscal Charges	0	0	0	18,356	282,225
<i>Total Disbursements</i>	<u>921,356</u>	<u>666,292</u>	<u>1,712,370</u>	<u>1,918,810</u>	<u>953,409</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(106,536)</u>	<u>(34,291)</u>	<u>513,829</u>	<u>50,835</u>	<u>1,310,713</u>
Other Financing Sources (Uses):					
Advances-In	0	0	0	0	0
Advances-Out	(224,438)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(224,438)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(330,974)	(34,291)	513,829	50,835	1,310,713
<i>Fund Balances at Beginning of Year</i>	<u>1,705,765</u>	<u>422,830</u>	<u>296,010</u>	<u>201,472</u>	<u>2,861,540</u>
<i>Fund Balances at End of Year</i>	<u>\$1,374,791</u>	<u>\$388,539</u>	<u>\$809,839</u>	<u>\$252,307</u>	<u>\$4,172,253</u>

See Accompanying Notes to the Basic Financial Statements

TIF Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$0	\$692,139	\$4,819,353
23,251	6,656	211,701
0	783,532	2,185,173
0	110,112	110,112
0	201,149	264,585
0	54,733	121,819
0	3,542	9,636
0	315,679	2,275,454
0	26,450	31,867
0	0	29,776
4,000	54,167	122,721
27,251	2,248,159	10,182,197
0	6,055	716,028
0	430,188	4,011,602
0	872,931	1,407,436
0	86,827	143,947
0	0	72,523
0	18,628	254,008
0	30,418	711,159
0	7,539	308,120
0	1,452,586	7,624,823
27,251	795,573	2,557,374
0	224,438	224,438
0	0	(224,438)
0	224,438	0
27,251	1,020,011	2,557,374
1,072,557	1,174,093	7,734,267
\$1,099,808	\$2,194,104	\$10,291,641

**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, 2008*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$270,776	\$266,743	\$266,743	\$0
Interest	191,143	183,404	180,598	(2,806)
Intergovernmental	256,439	246,058	242,292	(3,766)
Licenses, Permits, and Fees	70,956	68,083	67,041	(1,042)
Fines, Forfeitures, and Penalties	6,450	6,189	6,094	(95)
Gifts and Donations	5,733	5,501	5,417	(84)
Rent	31,514	30,238	29,776	(462)
Miscellaneous	17,843	17,120	16,859	(261)
<i>Total Receipts</i>	<u>850,854</u>	<u>823,336</u>	<u>814,820</u>	<u>(8,516)</u>
Disbursements:				
Current:				
General Government	1,973,421	1,945,903	769,176	1,176,727
Public Works	10,000	10,000	6,668	3,332
Health	57,196	57,196	57,120	76
Human Services	216,250	216,250	72,523	143,727
Capital Outlay	75,314	75,314	75,072	242
<i>Total Disbursements</i>	<u>2,332,181</u>	<u>2,304,663</u>	<u>980,559</u>	<u>1,324,104</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,481,327)	(1,481,327)	(165,739)	1,315,588
Other Financing Uses:				
Advances - Out	(224,438)	(224,438)	(224,438)	0
<i>Net Change in Fund Balance</i>	(1,705,765)	(1,705,765)	(390,177)	1,315,588
<i>Fund Balance at Beginning of Year</i>	1,687,174	1,687,174	1,687,174	0
<i>Prior Year Encumbrances Appropriated</i>	18,591	18,591	18,591	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,315,588</u>	<u>\$1,315,588</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, 2008*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$501,186	\$492,021	\$492,021	\$0
Intergovernmental	112,616	128,236	128,236	0
Miscellaneous	10,314	11,744	11,744	0
<i>Total Receipts</i>	624,116	632,001	632,001	0
Disbursements:				
Current:				
Public Works	846,946	854,831	591,947	262,884
Capital Outlay	200,000	200,000	138,455	61,545
<i>Total Disbursements</i>	1,046,946	1,054,831	730,402	324,429
<i>Net Change in Fund Balance</i>	(422,830)	(422,830)	(98,401)	324,429
<i>Fund Balance at Beginning of Year</i>	417,416	417,416	417,416	0
<i>Prior Year Encumbrances Appropriated</i>	5,414	5,414	5,414	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$324,429	\$324,429

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, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts:				
Property Taxes	\$1,797,662	\$1,767,947	\$1,767,947	\$0
Intergovernmental	205,134	436,590	438,470	1,880
Licenses, Permits, and Fees	21	45	45	0
Miscellaneous	9,234	19,653	19,737	84
<i>Total Receipts</i>	<u>2,012,051</u>	<u>2,224,235</u>	<u>2,226,199</u>	<u>1,964</u>
Disbursements:				
Current:				
Public Safety	<u>2,308,061</u>	<u>2,520,245</u>	<u>1,713,315</u>	<u>806,930</u>
<i>Net Change in Fund Balance</i>	(296,010)	(296,010)	512,884	808,894
<i>Fund Balance at Beginning of Year</i>	<u>296,010</u>	<u>296,010</u>	<u>296,010</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$808,894</u></u>	<u><u>\$808,894</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)
Fire Special Revenue Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$1,629,537	\$1,600,503	\$1,600,503	\$0
Intergovernmental	307,699	289,469	289,492	23
Charges for Services	67,426	63,431	63,436	5
Miscellaneous	17,233	16,212	16,214	2
<i>Total Receipts</i>	<u>2,021,895</u>	<u>1,969,615</u>	<u>1,969,645</u>	<u>30</u>
Disbursements:				
Current:				
Public Safety	<u>2,223,367</u>	<u>2,171,087</u>	<u>1,923,085</u>	<u>248,002</u>
<i>Net Change in Fund Balance</i>	(201,472)	(201,472)	46,560	248,032
<i>Fund Balance at Beginning of Year</i>	199,197	199,197	199,197	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,275</u>	<u>2,275</u>	<u>2,275</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$248,032</u></u>	<u><u>\$248,032</u></u>

See Accompanying Notes to the Basic Financial Statements

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**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008*

Note 1 – Reporting Entity

Pierce Township, Clermont County, Ohio (the Township), is a body politic and corporate established in 1853 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Financial Officer.

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

Primary Government

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

Component Units

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

Public Entity Risk Pool

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

General Fund: This fund is the general operating fund and accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Cash and Investments

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

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

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

During 2008, the Township invested in nonnegotiable certificates of deposit, STAROhio, and Fifth Third U.S. Treasury Money Market Mutual Fund. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 2 – Summary of Significant Accounting Policies (continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 were \$180,598 which includes \$155,096 assigned from other Township funds.

Interfund Receivables/Payables

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net Assets

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

Fund Balance Reserves

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) presented for the General, Road and Bridge, Police, and Fire Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

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

Net Change in Fund Balance

	<u>General</u>	<u>Road and Bridge</u>	<u>Police</u>	<u>Fire</u>
Cash Basis	(\$330,974)	(\$34,291)	\$513,829	\$50,835
Adjustment for Encumbrances	(59,203)	(64,110)	(945)	(4,275)
Budget Basis	<u>(\$390,177)</u>	<u>(\$98,401)</u>	<u>\$512,884</u>	<u>\$46,560</u>

Note 4 – Deposits and Investments

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

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 4 – Deposits and Investments (continued)

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

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

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

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

**Pierce Township
Clermont County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 4 – Deposits and Investments (continued)

Investments

As of December 31, 2008, the Township had the following investments:

	Fair Value	Investment Maturities (in Years)
		Less than 1
STAROhio	\$1,111,067	\$1,111,067
Fifth Third U.S. Treasury Money Market Mutual Fund	1,340,337	1,340,337
Total Investments	<u>\$2,451,404</u>	<u>\$2,451,404</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 – The Fifth Third U.S. Treasury Money Market Mutual Fund carries a rating of Aaa by Moody’s. Ohio law requires 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. STAROhio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Township’s investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers’ acceptances to 25 percent of the interim monies available for investment at any one time. The Township’s investments in the Fifth Third U.S. Treasury Money Market Mutual Fund represent 55 percent of the Township’s total investments.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 5 – Property Taxes (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

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

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.

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

The full tax rate for all Township operations for the year ended December 31, 2008, was \$21.80 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$256,200,350
Commercial/Industrial	42,780,280
Public Utility Personal	57,283,100
General Business Personal	2,476,589
Total Assessed Value	<u><u>\$358,740,319</u></u>

Note 6 – Risk Management

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

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 6 – Risk Management (continued)

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

Casualty and Property Coverage

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	(12,981,818)	(13,357,837)
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$74,266. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 6 – Risk Management (continued)

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

<u>Contributions to OTARMA</u>	
2007	\$78,964
2008	\$74,507

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by APRCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. Information provided in this note is the latest information available.

Medical

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.4 percent of covered payroll.

The Township's required contributions for pension obligations to the traditional pension and combined plans for the year ended December 31, 2008, 2007, and 2006 were \$153,543, \$172,471, and \$145,434, respectively. The full amount has been contributed for 2008, 2007, and 2006. Contributions to the member-directed plan for 2008 were \$17,859 made by the Township and \$12,757 made by plan members.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 7 – Defined Benefit Pension Plan (continued)

B. Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The Township’s contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the Township’s contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The Township’s contributions to OP&F for firefighters was \$97,460 for the year ended December 31, 2008, \$92,155 for the year ended December 31, 2007, and \$38,724 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007, and 2006.

Note 8 – Post Employment Benefits

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 8 – Post Employment Benefits (continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$123,092, \$88,719, and \$67,561, respectively. The full amount has been contributed for 2008, 2007, and 2006.

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

B. Ohio Police and Fire Pension Fund

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

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

The 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, 2008
(Continued)*

Note 8 – Post Employment Benefits (continued)

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

Funding Policy – OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters was \$38,137 for the year ended December 31, 2008, \$36,060 for the year ended December 31, 2007, and \$30,011 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. The full amount has been contributed for 2008, 2007, and 2006.

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 9 – Debt

The changes in the Township’s long-term obligations during 2008 were as follows:

Types / Issues	Balance			Balance	
	12/31/07	Issued	Retired	12/31/08	Due Within One Year
<u>Governmental Activities:</u>					
TIF Revenue Bonds 2.0 - 4.4%	\$7,305,000	\$0	\$625,000	\$6,680,000	\$640,000
Fire Equipment Bond - 3.89%	201,364	0	30,418	170,946	31,611
Total - General Long-Term Obligations	<u>\$7,506,364</u>	<u>\$0</u>	<u>\$655,418</u>	<u>\$6,850,946</u>	<u>\$671,611</u>

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

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

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

Year Ending December 31,	TIF Bonds		Fire Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$640,000	\$264,412	\$31,611	\$6,346	\$671,611	\$270,758
2010	660,000	244,253	32,852	5,104	692,852	249,357
2011	680,000	221,152	34,143	3,814	714,143	224,966
2012	710,000	195,993	35,484	2,473	745,484	198,466
2013	735,000	168,303	36,856	1,079	771,856	169,382
2014-2017	3,255,000	358,250	0	0	3,255,000	358,250
Total	<u>\$6,680,000</u>	<u>\$1,452,363</u>	<u>\$170,946</u>	<u>\$18,816</u>	<u>\$6,850,946</u>	<u>\$1,471,179</u>

**Pierce Township
Clermont County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(Continued)*

Note 9 – Debt (continued)

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$34,989,040 and an unvoted debt margin of \$197,307.

Note 10 – Leases

In 2008, the Township entered into a capital lease purchase agreement for a new fire truck. Total lease payments for 2008 totaled \$49,766.

Year Ending December 31,	Principal	Interest	Total
2009	\$28,881	\$20,885	\$49,766
2010	30,346	19,420	\$49,766
2011	31,885	17,881	\$49,766
2012	33,502	16,264	\$49,766
2013	35,201	14,565	\$49,766
2014-2019	252,025	46,573	\$298,598
Total	\$411,840	\$135,588	\$547,428

Note 11 – Interfund Activity

	<u>Advances Out</u>
	<u>General Fund</u>
Advances In	
Other Governmental Funds	<u>\$224,438</u>

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

Note 12 – Contingent Liabilities

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



Mary Taylor, CPA

Auditor of State

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

Pierce Township
Clermont County
950 Locust Corner Rd.
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pierce Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 19, 2010 wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Pierce Township
Clermont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 19, 2010.

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

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

Mary Taylor, CPA
Auditor of State

November 19, 2010

PIERCE TOWNSHIP
CLERMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Admin. Code, section 117-2-01(D)	Yes	

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Mary Taylor, CPA
Auditor of State

PIERCE TOWNSHIP

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 18, 2011**