



**Dave Yost**  
Auditor of State



Ohio Auditor of State  
**Dave Yost**

**Understanding and Utilizing OCBOA Annual Financial & UAN Reports**

Presented by: David B. Thompson  
Assistant Chief  
Local Government Services

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

**OCBOA ?**

- Reports using an Other Comprehensive Basis of Accounting

Three types:

- Regulatory Basis
- Cash Basis
- Modified Cash Basis



Ohio Auditor of State  
**Dave Yost**

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

**Understanding the OCBOA Report**

- We have had our post-audit and received our audit report. Now what?

- Statement of Net Position
- Statement of Activities
- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances
- Statement of Revenues, Expenditures, and Changes in Fund Balances (Budget and Actual)
- Proprietary Statements
- Fiduciary Statements



Ohio Auditor of State  
**Dave Yost**

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### MD&A and Notes to the Financial Statements

- Management's Discussion and Analysis – provides the reader with a narrative and analysis of the township's financial activities as a whole. This narrative should be read in conjunction with the basic financial statements and the notes to the basic financial statements.
- Notes to the Financial Statements – provide additional information that is essential to the full understanding of the data provided on the government-wide and fund financial statements.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### Entity-Wide Statements

- Statement of Net Position
- Statement of Activities

These statements look at the entity as a whole – no individual fund distinction.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### Statement of Net Position

Presents information on all of the townships assets (cash, investments, etc) and liabilities, with the difference between the two reported as net position.

- Three classifications of net position
  - Net investment in capital assets
    - Will only be used if the government elects to present capital assets and debt
  - Restricted
  - Unrestricted



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### Statement of Net Position (cont.)

What does this statement show us? What could we use this statement for?

- This statement generally shows the amount of cash and investments that your township has and the limitations put on the use of those assets.
- This statement is useful in determining how much of the township's money is readily available for spending at the township's discretion.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### Statement of Activities

Presents a comparison between direct expenses and program revenues for each program/function of the township's governmental activities and for the business-type activities of the township. This comparison identifies to what extent the township is self-financing or drawing from its general revenues.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### Statement of Activities (cont.)

What does this statement show us? What could we use this statement for?

- This statement shows how much and why the net position of the township have changed from last year to this year. This change will show if the financial position of the township has improved or diminished.
- This statement is useful in making long-term management decisions for fiscal solvency. What program is costing us the most money? Where are we recovering our costs? Where are we relying on revenues that we have little control over?



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

## Governmental Fund Financial Statements

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances
- Statement of Revenues, Expenditures, and Changes in Fund Balances (Budget and Actual)
  - These statements provide detailed information about the most significant funds of the township, not the township as a whole.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

## Balance Sheet

On the cash or modified cash basis, this statement is similar to the Statement of Net Position except:

- The Balance Sheet presents information by major funds with nonmajor funds being presented in the aggregate.
- The Balance Sheet presents fund balances instead of net assets.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

## Statement of Revenues, Expenditures, and Changes in Fund Balances

On the cash or modified cash basis, this statement is similar to the Statement of Net Activities except:

- The Income Statement presents information by major funds with nonmajor funds being presented in the aggregate.
- The Income Statement does not identify program specific revenues.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

**Statement of Revenues,  
Expenditures, and Changes in Fund  
Balances (Budget and Actual)**

On the cash or modified cash basis, this statement is similar to the Statement of Revenues, Expenditures and Changes in Fund Balances except:

- Only presented for the township's major funds.
- Shows year-end final budgeted amounts compared to actual results.



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

**Proprietary Statements**

- Statement of Fund Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

**Fiduciary Statements**

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### Any questions about OCBOA statements?



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### UAN Generated Reports

- OK, I can hardly wait to obtain my audit report. It will be a great help for future management decisions.
- But what about now? Do we have enough money to get through the rest of the year? Was our budget adequate or are we going to have to make amendments?



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

### UAN Generated Reports (cont.)

- Some useful UAN reports helpful for the day to day operations of the township.
- Under Management Reports:
  - Fund Summary – Appendix B
  - Revenue Summary – Appendix C
  - Appropriation Summary – Appendix D



Ohio Auditor of State  
Dave Yost

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

**LOCAL GOVERNMENT SERVICES**

88 East Broad Street  
Columbus, Ohio 43215

**David B. Thompson**

Presenter Phone: (800) 345-2519  
Presenter Fax: (614) 728-8027  
E-mail: [contactus@ohioauditor.gov](mailto:contactus@ohioauditor.gov)



Ohio Auditor of State  
**Dave Yost**

[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---



**Dave Yost**  
Auditor of State

88 East Broad Street  
Columbus Ohio 43215  
Phone: (800) 282-0370 Fax: (614) 466-4490  
E-mail: [contactus@ohioauditor.gov](mailto:contactus@ohioauditor.gov)  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

---

---

---

---

---

---

---

---

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, 2014, 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 2014 are as follows:

General receipts accounted for \$6,031,475 of all receipts. Program specific receipts in the form of charges for services and operating grants, contributions, and interest accounted for \$1,643,763 of total receipts of \$7,675,238.

The Township had \$7,396,556 in disbursements; only \$1,643,763 of these disbursements was offset by program specific charges for services, grants, contributions, and interest.

## **Using the Basic Financial Statements**

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

### *Report Components*

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

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

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

### *Basis of Accounting*

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

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 Position and the Statement of Activities - Cash Basis*

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2014, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the Township's general receipts.

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

## **Reporting the Township's Most Significant Funds**

### *Fund Financial Statements*

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

### *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 position for 2014 compared to 2013.

	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b>Assets:</b>			
Current Assets	<u>\$10,704,533</u>	<u>\$10,425,851</u>	<u>\$278,682</u>
<b>Net Position:</b>			
Restricted for:			
Debt Service	\$30,860	\$92,301	(\$61,441)
Capital Projects	0	380	(380)
Public Safety	5,805,935	5,156,523	649,412
Public Works	1,654,812	2,755,676	(1,100,864)
Other Purposes	1,132,265	124,203	1,008,062
Unrestricted	<u>2,080,661</u>	<u>2,296,768</u>	<u>(216,107)</u>
<i>Total Net Position</i>	<u>\$10,704,533</u>	<u>\$10,425,851</u>	<u>\$278,682</u>

The increase in Total Net Position from the prior year was a result of the Township monitoring disbursements more closely.

Table 2 shows the change in net position for 2014 compared to 2013.

Table 2  
Change in Net Position

	2014	2013	Change
<b>Receipts:</b>			
<b>Program Cash Receipts:</b>			
Charges for Services	\$556,058	\$524,686	\$31,372
Operating Grants, Contributions, and Interest	1,087,705	1,063,442	24,263
<i>Total Program Cash Receipts</i>	<u>1,643,763</u>	<u>1,588,128</u>	<u>55,635</u>
<b>General Receipts:</b>			
Property Taxes Levied for:			
General Purposes	284,550	293,652	(9,102)
Debt Service	0	37,957	(37,957)
Public Safety	3,775,627	3,905,950	(130,323)
Public Works	1,210,487	1,251,399	(40,912)
Interest	15,111	8,138	6,973
Grants and Entitlements not Restricted	156,650	238,797	(82,147)
Cable Franchise Fees	68,138	71,123	(2,985)
Payment in Lieu of Taxes	286,879	286,590	289
Miscellaneous	234,033	39,657	194,376
<i>Total General Receipts</i>	<u>6,031,475</u>	<u>6,133,263</u>	<u>(101,788)</u>
<i>Total Receipts</i>	<u>7,675,238</u>	<u>7,721,391</u>	<u>(46,153)</u>
<b>Cash Disbursements:</b>			
General Government	763,760	603,720	(160,040)
Public Safety	4,057,378	4,127,631	70,253
Public Works	1,737,352	1,722,931	(14,421)
Health	119,508	169,585	50,077
Human Services	40,908	12,525	(28,383)
Other	69	0	(69)
Capital Outlay	545,055	79,847	(465,208)
Debt Service:			
Principal Retirement	113,676	97,710	(15,966)
Interest and Fiscal Charges	18,850	22,121	3,271
<i>Total Cash Disbursements</i>	<u>7,396,556</u>	<u>6,836,070</u>	<u>(560,486)</u>
<i>Change in Net Position</i>	<u>278,682</u>	<u>885,321</u>	<u>(606,639)</u>
<i>Net Position at Beginning of Year</i>	<u>10,425,851</u>	<u>9,540,530</u>	<u>885,321</u>
<i>Net Position at End of Year</i>	<u>\$10,704,533</u>	<u>\$10,425,851</u>	<u>\$278,682</u>

Government-wide disbursements increased \$560,486. This was primarily the result of the completion of capital improvement projects.

## 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 \$7,675,238 and total disbursements of \$7,396,556.

All major fund balances, with the exception of the Police and Fire District Funds, decreased in 2014. The decreases in the General Fund, Road and Bridge Fund, and Garbage and Waste Disposal District Fund of \$154,395, \$61,712, \$32,032, respectively, are due to disbursements exceeding revenues as a result of the completion of capital improvement projects. The Police and Fire District Funds increased by 495,804 and \$45,179, respectively.

## 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 estimate by \$51,193. Actual receipts increased \$4,865 from the final budget, which is insignificant.

Final appropriations of \$2,341,462 decreased from original appropriations of \$2,392,656. Actual disbursements decreased \$1,467,456 from final appropriations. The Township's budgeting systems are designed to tightly control total budgets but provide flexibility for management.

## Debt Administration

At December 31, 2014, the Township had \$91,977 in loans outstanding, of which \$14,461 is due within one year. Table 3 summarizes the debt outstanding:

Table 3  
Outstanding Debt, at Year-End

	<u>2014</u>	<u>2013</u>
Locust Lake Property Loan	\$91,977	\$105,851

The Township's overall legal debt margin was \$41,962,943 and an unvoted debt margin of \$220,288.

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](mailto:kregister@piercetownship.org).

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

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

-- -- --  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2014*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Change in Net Position
		Charges for Services	Operating Grants, Contributions, and Interest	Total Governmental Activities
<b>Governmental Activities:</b>				
General Government	\$763,760	\$80,403	\$0	(\$683,357)
Public Safety	4,057,378	313,079	610,055	(3,134,244)
Public Works	1,737,352	73,955	477,650	(1,185,747)
Health	119,508	88,621	0	(30,887)
Human Services	40,908	0	0	(40,908)
Other	69	0	0	(69)
Capital Outlay	545,055	0	0	(545,055)
Debt Service:				
Principal Retirement	113,676	0	0	(113,676)
Interest and Fiscal Charges	18,850	0	0	(18,850)
<i>Total Governmental Activities</i>	<u>\$7,396,556</u>	<u>\$556,058</u>	<u>\$1,087,705</u>	<u>(5,752,793)</u>

**General Receipts:**

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

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 December 31, 2014

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,502,663	\$577,998	\$4,023,326	\$1,089,523	\$1,106,631
<b>Fund Balances:</b>					
Restricted	\$0	\$0	\$4,023,326	\$1,089,523	\$1,106,631
Committed	0	577,998	0	0	0
Assigned	3,147	0	0	0	0
Unassigned	1,499,516	0	0	0	0
<i>Total Fund Balances</i>	<u>\$1,502,663</u>	<u>\$577,998</u>	<u>\$4,023,326</u>	<u>\$1,089,523</u>	<u>\$1,106,631</u>

See Accompanying Notes to the Basic Financial Statements  
 See Accountant's Compilation Report

Nonmajor Governmental Funds	Total Governmental Funds
<u>\$2,404,392</u>	<u>\$10,704,533</u>
\$2,404,392	\$8,623,872
0	577,998
0	3,147
<u>0</u>	<u>1,499,516</u>
<u>\$2,404,392</u>	<u>\$10,704,533</u>

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

	General Fund	Road and Bridge Fund	Police Fund	Fire Fund	Garbage and Waste Disposal District Fund
<b>Receipts:</b>					
Property Taxes	\$284,550	\$531,589	\$1,941,711	\$1,833,916	\$678,898
Interest	15,111	0	0	0	0
Intergovernmental	156,650	104,886	318,703	277,759	131,244
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	70,036	0
Licenses, Permits, and Fees	81,305	0	0	0	0
Fines, Forfeitures, and Penalties	2,419	0	199	0	0
Payment in Lieu of Taxes	0	0	0	0	0
Gifts and Donations	0	0	0	0	0
Rent	64,817	0	0	0	0
Miscellaneous	105,721	60,463	27,986	5,487	999
<i>Total Receipts</i>	<u>710,573</u>	<u>696,938</u>	<u>2,288,599</u>	<u>2,187,198</u>	<u>811,141</u>
<b>Disbursements:</b>					
Current:					
General Government	534,595	0	0	0	0
Public Safety	0	0	1,792,705	2,086,603	0
Public Works	7,673	489,155	0	0	803,705
Health	61,083	0	0	0	0
Human Services	40,908	0	0	0	0
Other	0	0	0	0	0
Capital Outlay	208,600	269,356	0	0	0
Debt Service:					
Principal Retirement	13,874	0	0	36,986	37,765
Interest and Fiscal Charges	4,126	0	0	12,780	1,703
<i>Total Disbursements</i>	<u>870,859</u>	<u>758,511</u>	<u>1,792,705</u>	<u>2,136,369</u>	<u>843,173</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(160,286)</u>	<u>(61,573)</u>	<u>495,894</u>	<u>50,829</u>	<u>(32,032)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	6,030	0	0	0	0
Transfers Out	(139)	(139)	(90)	(5,650)	0
<i>Total Other Financing Sources (Uses)</i>	<u>5,891</u>	<u>(139)</u>	<u>(90)</u>	<u>(5,650)</u>	<u>0</u>
<i>Net Changes in Fund Balances</i>	<u>(154,395)</u>	<u>(61,712)</u>	<u>495,804</u>	<u>45,179</u>	<u>(32,032)</u>
<i>Fund Balances at Beginning of Year</i>	<u>1,657,058</u>	<u>639,710</u>	<u>3,527,522</u>	<u>1,044,344</u>	<u>1,138,663</u>
<i>Fund Balances at End of Year</i>	<u>\$1,502,663</u>	<u>\$577,998</u>	<u>\$4,023,326</u>	<u>\$1,089,523</u>	<u>\$1,106,631</u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilaton Report

Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$5,270,664
793	15,904
249,070	1,238,312
73,955	73,955
278,542	348,578
50,171	131,476
2,752	5,370
286,879	286,879
5,250	5,250
0	64,817
33,377	234,033
<u>980,789</u>	<u>7,675,238</u>
229,165	763,760
178,070	4,057,378
436,819	1,737,352
58,425	119,508
0	40,908
69	69
67,099	545,055
25,051	113,676
241	18,850
<u>994,939</u>	<u>7,396,556</u>
<u>(14,150)</u>	<u>278,682</u>
0	6,030
<u>(12)</u>	<u>(6,030)</u>
<u>(12)</u>	<u>0</u>
(14,162)	278,682
2,418,554	10,425,851
<u>\$2,404,392</u>	<u>\$10,704,533</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$291,169	\$291,169	\$284,550	(\$6,619)
Interest	16,975	15,111	15,529	418
Intergovernmental	171,237	152,432	156,650	4,218
Licenses, Permits, and Fees	88,876	79,115	81,305	2,190
Fines, Forfeitures, and Penalties	2,644	2,354	2,419	65
Rent	70,853	63,071	64,817	1,746
Miscellaneous	115,565	102,874	105,721	2,847
<i>Total Receipts</i>	<u>757,319</u>	<u>706,126</u>	<u>710,991</u>	<u>4,865</u>
<b>Disbursements:</b>				
Current:				
General Government	2,235,707	2,184,513	534,595	1,649,918
Public Works	8,805	8,805	7,673	1,132
Health	69,379	69,379	61,083	8,296
Human Services	42,265	42,265	40,908	1,357
Capital Outlay	36,500	36,500	229,747	(193,247)
<i>Total Disbursements</i>	<u>2,392,656</u>	<u>2,341,462</u>	<u>874,006</u>	<u>1,467,456</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(1,635,337)</u>	<u>(1,635,336)</u>	<u>(163,015)</u>	<u>1,472,321</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	6,030	6,030
Transfers Out	0	0	(139)	(139)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>5,891</u>	<u>5,891</u>
<i>Net Changes in Fund Balance</i>	<u>(1,635,337)</u>	<u>(1,635,336)</u>	<u>(157,124)</u>	<u>1,478,212</u>
<i>Fund Balance at Beginning of Year</i>	1,639,736	1,639,736	1,639,736	0
<i>Prior Year Encumbrances Appropriated</i>	<u>15,600</u>	<u>15,600</u>	<u>15,600</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$19,999</u>	<u>\$20,000</u>	<u>\$1,498,212</u>	<u>\$1,478,212</u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$545,919	\$545,919	\$531,589	(\$14,330)
Intergovernmental	47,696	95,796	104,886	9,090
Miscellaneous	27,495	55,223	60,463	5,240
<i>Total Receipts</i>	<u>621,110</u>	<u>696,938</u>	<u>696,938</u>	<u>0</u>
<b>Disbursements:</b>				
Current:				
Public Works	1,150,438	1,226,265	497,155	729,110
Capital Outlay	92,702	92,702	280,858	(188,156)
<i>Total Disbursements</i>	<u>1,243,140</u>	<u>1,318,967</u>	<u>778,013</u>	<u>540,954</u>
<i>Excess of Receipts Under Disbursements</i>	(622,030)	(622,029)	(81,075)	540,954
<b>Other Financing Sources:</b>				
Transfers Out	<u>0</u>	<u>0</u>	<u>(139)</u>	<u>(139)</u>
<i>Net Changes in Fund Balance</i>	(622,030)	(622,029)	(81,214)	540,815
<i>Fund Balance at Beginning of Year</i>	588,408	588,408	588,408	0
<i>Prior Year Encumbrances Appropriated</i>	51,302	51,302	51,302	0
<i>Fund Balance at End of Year</i>	<u>\$17,680</u>	<u>\$17,681</u>	<u>\$558,496</u>	<u>\$540,815</u>

See Accompanying Notes to the Basic Financial Statements  
 See Accountant's Compilation Report

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$1,998,001	\$1,998,001	\$1,941,711	(\$56,290)
Intergovernmental	222,787	266,987	318,703	51,716
Fines, Forfeitures, and Penalties	139	167	199	32
Miscellaneous	19,563	23,445	27,986	4,541
<i>Total Receipts</i>	<u>2,240,490</u>	<u>2,288,600</u>	<u>2,288,599</u>	<u>(1)</u>
<b>Disbursements:</b>				
Current:				
Public Safety	<u>5,770,460</u>	<u>5,818,570</u>	<u>1,792,705</u>	<u>4,025,865</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,529,970)	(3,529,970)	495,894	4,025,864
<b>Other Financing Sources:</b>				
Transfers Out	<u>0</u>	<u>0</u>	<u>(90)</u>	<u>(90)</u>
<i>Net Changes in Fund Balance</i>	(3,529,970)	(3,529,970)	495,804	4,025,774
<i>Fund Balance at Beginning of Year</i>	<u>3,529,970</u>	<u>3,529,970</u>	<u>3,529,970</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$4,025,774</u>	<u>\$4,025,774</u>

See Accompanying Notes to the Basic Financial Statements  
 See Accountant's Compilation Report

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$1,880,590	\$1,880,590	\$1,833,916	(\$46,674)
Intergovernmental	166,261	241,063	277,759	36,696
Charges for Services	41,922	60,783	70,036	9,253
Miscellaneous	3,284	4,762	5,487	725
<i>Total Receipts</i>	<u>2,092,057</u>	<u>2,187,198</u>	<u>2,187,198</u>	<u>0</u>
<b>Disbursements:</b>				
Current:				
Public Safety	3,136,401	3,231,542	2,141,369	1,090,173
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,044,344)	(1,044,344)	45,829	1,090,173
<b>Other Financing Uses:</b>				
Transfers Out	0	0	(5,650)	(5,650)
<i>Net Changes in Fund Balance</i>	(1,044,344)	(1,044,344)	40,179	1,084,523
<i>Fund Balance at Beginning of Year</i>	1,042,068	1,042,068	1,042,068	0
<i>Prior Year Encumbrances Appropriated</i>	2,276	2,276	2,276	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,084,523</u>	<u>\$1,084,523</u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

**Clermont County**  
*Statement of Receipts, Disbursements, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Garbage and Waste Disposal District Special Revenue Fund  
December 31, 2014*

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$697,213	\$697,213	\$678,898	(\$18,315)
Intergovernmental	96,363	113,067	131,244	18,177
Miscellaneous	733	861	999	138
<i>Total Receipts</i>	<u>794,309</u>	<u>811,141</u>	<u>811,141</u>	<u>0</u>
<b>Disbursements:</b>				
Current:				
Public Works	<u>1,932,972</u>	<u>1,949,804</u>	<u>846,837</u>	<u>1,102,967</u>
<i>Net Changes in Fund Balance</i>	(1,138,663)	(1,138,663)	(35,696)	1,102,967
<i>Fund Balance at Beginning of Year</i>	<u>1,138,663</u>	<u>1,138,663</u>	<u>1,138,663</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,102,967</u></u>	<u><u>\$1,102,967</u></u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

### **Note 1 - Reporting Entity**

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

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

#### **Primary Government**

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

#### **Component Units**

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

#### **Public Entity Risk Pool**

The Township participates in two public entity risk pools, the Ohio Township Association Risk Management Authority and the Center for Local Government Benefits Pool. Notes 6 and 11 to the financial statements provide additional information for these entities.

## **Note 2 - Summary of Significant Accounting Policies**

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

### **Basis of Presentation**

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

### **Government-Wide Financial Statements**

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

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

### **Fund Financial Statements**

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

## Fund Accounting

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

## Governmental Funds

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

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

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

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

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

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

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

### Basis of Accounting

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

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

### Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate. The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

### Cash and Investments

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

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

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

During 2014, the Township invested in nonnegotiable certificates of deposit and STAROhio. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share, which is the price the investment could be sold for on December 31, 2014.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 were \$15,111, which includes \$12,894 assigned from other Township funds.

### Accumulated Leave

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

### Employer Contributions to Cost-Sharing Pension Plans

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

### Long-Term Obligations

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

### Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for cemetery programs and two Tax Increment Financing (TIFs) agreements. Both TIFs were drafted with specific purposes for the anticipated revenue. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

### Fund Balance

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

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

**Restricted:** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Township Trustees. The Township Trustees have authorized the financial officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

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

### **Note 3 - Budgetary Basis of Accounting**

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

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

Net Change in Fund Balance

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

**Note 4 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

## Deposits

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

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

## Investments

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

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

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

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

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer.

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real property and public utility property located in the Township. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien on December 31, 2013, were levied after October 1, 2014, and are collected in 2015 with real property taxes.

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

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

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

**Note 6 - Risk Management**

**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.

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

#### Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013 (latest information available), OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

#### Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles and reported the following assets, liabilities, and net position at December 31, 2014 and 2013.

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

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

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

Contributions to OTARMA

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

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

Medical

The Township provides a limited medical, surgical, prescription drug, and life insurance program for its employees through a public entity shared risk pool. The Center for Local Government Benefits Pool (Benefits Pool) contracts with Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for claims servicing (Note 11). Premiums are paid by the Township to the Benefits Pool. Jefferson Health Plan contracts with United Healthcare to service the claims of Benefits Pool members. The Benefits Pool covers claims up to \$75,000 per individual. Plan participants also participate in a shared risk internal pool for individual claims between \$75,000 and \$500,000. The Township also has a stop loss insurance policy through Jefferson Health Plan, which covers individual claims in excess of \$500,000 per employee per year for medical claims.

**Note 7 - Defined Benefit Pension Plan**

A. Ohio Public Employees Retirement System

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

invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for State and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10.0 percent of covered payroll for members in State and local divisions and 12.0 percent for law enforcement and public safety employer units. For the year ended December 31, 2014, members in State and local divisions contributed 10.0 percent of covered payroll, while public safety and law enforcement members contributed 12.0 and 13.0 percent, respectively. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2014, member and employer contribution rates were consistent across all three plans.

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

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

### Ohio Police and Fire Pension Fund

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

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2014 through December 31, 2014, the portion of employer contributions used to fund pension benefits was 19.0 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The Township's police personnel contribute to OPERS. The Township's contributions to OP&F for firefighters pension were \$204,294 for the year ended December 31, 2014, \$173,975 for the year ended December 31, 2013, and \$128,568 for the year ended December 31, 2012, respectively. The full amount has been contributed for all three years.

### **Note 8 - Post-Employment Benefits**

#### Ohio Public Employees Retirement System

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report, which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, State and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2014, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 2.0 percent. Effective January 1, 2015, the portion of employer contributions allocated to healthcare will remain at 2.0 percent for both plans, as recommended by the OPERS actuary.

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

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$41,473, \$44,519, and \$107,647, respectively. The full amount has been contributed for all three years.

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

## Ohio Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent or covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Township's contributions to OP&F, which were allocated to fund post-employment health care benefits for firefighters, were \$27,529 for the year ended December 31, 2014, \$23,443 for the year ended December 31, 2013, and \$50,309 for the year ended December 31, 2012. The full amount has been contributed for all three years.

**Note 9 - Debt**

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

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

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

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

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

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014 were an overall debt margin of \$41,962,943 and an unvoted debt margin of \$220,288.

**Note 10 - Leases**

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

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

## **Note 11 - Shared Risk Pool**

### **Ohio Township Association Risk Management Authority**

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

### **Center for Local Governments Benefits Pool**

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

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

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

## **Note 12 - Contingent Liabilities**

### **Federal and State Grants**

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

Litigation

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

**Note 13 - Fund Balances**

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

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

**Note 14 – Significant Commitments**

Contractual Commitments

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

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

## Encumbrances

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

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