



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT  
CLERMONT COUNTY  
JUNE 30, 2020**

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**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT  
CLERMONT COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Milford Exempted Village School District  
Clermont County  
1099 State Route 131  
Milford, Ohio 45150

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, Ohio, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, *Required budgetary comparison schedule* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements- and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 11, 2020

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**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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The discussion and analysis of Milford Exempted Village School District's ("District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- Net position of governmental activities decreased \$2,593,353 which represents a 28% decrease from 2019.
- General revenues accounted for \$77,913,805 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,691,291 or 13% of total revenues of \$89,605,096.
- Business-type operations reflected an operating loss of \$386,866.
- The District had \$92,198,449 in expenses related to governmental activities; \$11,691,291 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$77,913,805 were also used to provide for these programs.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

**Government-Wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2020?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Food service provided for other local districts and schools is reported as business activities.

**Fund Financial Statements**

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The General Fund and Food Service Provided for Other Districts Fund are the major funds of the District.

**Governmental Funds** Most of the District'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 using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government 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 to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

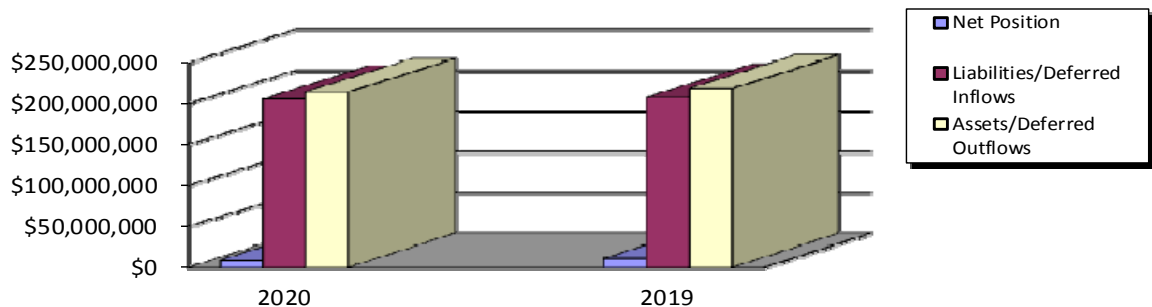
**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**The District as a Whole**

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and Other Assets	\$99,779,023	\$95,876,526	\$3,392,050	\$2,886,759	\$103,171,073	\$98,763,285
Net OPEB Asset	4,534,794	4,330,656	0	0	4,534,794	4,330,656
Capital Assets	85,830,976	89,095,545	0	0	85,830,976	89,095,545
<b>Total Assets</b>	<b>190,144,793</b>	<b>189,302,727</b>	<b>3,392,050</b>	<b>2,886,759</b>	<b>193,536,843</b>	<b>192,189,486</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding	1,828,349	2,010,214	0	0	1,828,349	2,010,214
OPEB	2,238,843	1,791,842	67,884	49,794	2,306,727	1,841,636
Pension	16,661,895	22,452,836	111,411	190,095	16,773,306	22,642,931
<b>Total Deferred Outflows of Resources</b>	<b>20,729,087</b>	<b>26,254,892</b>	<b>179,295</b>	<b>239,889</b>	<b>20,908,382</b>	<b>26,494,781</b>
<b>Liabilities:</b>						
Other Liabilities	8,436,418	7,433,808	83,627	102,795	8,520,045	7,536,603
Long-Term Liabilities	150,561,703	152,808,883	1,306,268	1,429,027	151,867,971	154,237,910
<b>Total Liabilities</b>	<b>158,998,121</b>	<b>160,242,691</b>	<b>1,389,895</b>	<b>1,531,822</b>	<b>160,388,016</b>	<b>161,774,513</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	28,151,910	29,087,841	0	0	28,151,910	29,087,841
Grants and Other Taxes	4,301,525	3,496,986	0	0	4,301,525	3,496,986
Deferred Gain on Refunding	789,302	902,060	0	0	789,302	902,060
OPEB	8,006,492	7,644,979	115,395	49,071	8,121,887	7,694,050
Pension	3,873,974	4,837,153	29,892	42,170	3,903,866	4,879,323
<b>Total Deferred Inflows of Resources</b>	<b>45,123,203</b>	<b>45,969,019</b>	<b>145,287</b>	<b>91,241</b>	<b>45,268,490</b>	<b>46,060,260</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	29,308,964	30,385,356	0	0	29,308,964	30,385,356
Restricted	11,065,867	8,058,607	0	0	11,065,867	8,058,607
Unrestricted	(33,622,275)	(29,098,054)	2,036,163	1,503,585	(31,586,112)	(27,594,469)
<b>Total Net Position</b>	<b>\$6,752,556</b>	<b>\$9,345,909</b>	<b>\$2,036,163</b>	<b>\$1,503,585</b>	<b>\$8,788,719</b>	<b>\$10,849,494</b>



**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows were more than liabilities and deferred inflows by \$6,752,556.

At year-end, capital assets represented 44% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$29,308,964. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$11,065,867 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased from the prior year mainly due to an increase in pooled cash and investments. Capital assets decreased in 2020 as compared to 2019 mainly due to depreciation expense exceeding current year additions. Long term liabilities decreased mainly due to a decrease in the net OPEB liability caused by changes in assumptions and benefits by the statewide pension systems. This also caused STRS to present a net OPEB asset in 2020 (see footnotes for more information on this change). Long term liabilities also decreased due to the District continuing to pay down their outstanding debt. Deferred outflows of resources related to pension decreased and deferred inflows of resources related to pension decreased mainly due to a change in the net difference between projected and actual earnings on pension plan investments.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

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**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charge for Services	\$4,999,050	\$5,938,347	\$1,249,209	\$1,539,636	\$6,248,259	\$7,477,983
Operating Grants, Contributions	6,692,241	6,405,229	919,444	867,321	7,611,685	7,272,550
General Revenues:						
Property Taxes	44,802,972	43,852,452	0	0	44,802,972	43,852,452
Grant and Entitlements	26,731,055	27,991,205	0	0	26,731,055	27,991,205
Investment Earnings	1,383,260	1,118,286	0	0	1,383,260	1,118,286
Other	4,996,518	4,386,716	0	7,325	4,996,518	4,394,041
Total Revenues	<u>89,605,096</u>	<u>89,692,235</u>	<u>2,168,653</u>	<u>2,414,282</u>	<u>91,773,749</u>	<u>92,106,517</u>
Program Expenses:						
Instruction	56,232,351	46,865,149	0	0	56,232,351	46,865,149
Support Services:						
Pupil and Instructional Staff	6,118,486	4,446,809	0	0	6,118,486	4,446,809
School Administrative, General						
Administration, Fiscal and Business	7,343,162	5,459,700	0	0	7,343,162	5,459,700
Operations and Maintenance	5,611,288	5,205,087	0	0	5,611,288	5,205,087
Pupil Transportation	5,790,501	6,184,480	0	0	5,790,501	6,184,480
Central	1,930,449	1,689,280	0	0	1,930,449	1,689,280
Operation of Non-Instructional Services	4,462,138	4,007,699	0	0	4,462,138	4,007,699
Extracurricular Activities	2,265,788	1,696,248	0	0	2,265,788	1,696,248
Interest and Fiscal Charges	2,444,286	2,567,908	0	0	2,444,286	2,567,908
Food Services	0	0	1,636,075	2,016,961	1,636,075	2,016,961
Total Program Expenses	<u>92,198,449</u>	<u>78,122,360</u>	<u>1,636,075</u>	<u>2,016,961</u>	<u>93,834,524</u>	<u>80,139,321</u>
Change in Net Position	(2,593,353)	11,569,875	532,578	397,321	(2,060,775)	11,967,196
Net Position - Beginning of Year	<u>9,345,909</u>	<u>(2,223,966)</u>	<u>1,503,585</u>	<u>1,106,264</u>	<u>10,849,494</u>	<u>(1,117,702)</u>
Net Position - End of Year	<u>\$6,752,556</u>	<u>\$9,345,909</u>	<u>\$2,036,163</u>	<u>\$1,503,585</u>	<u>\$8,788,719</u>	<u>\$10,849,494</u>

The District's revenues are mainly from two sources. Property taxes levied for general, special revenue, and debt service, purposes and grants and entitlements comprised 80% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 50% of revenue for governmental activities for the District in fiscal year 2020.

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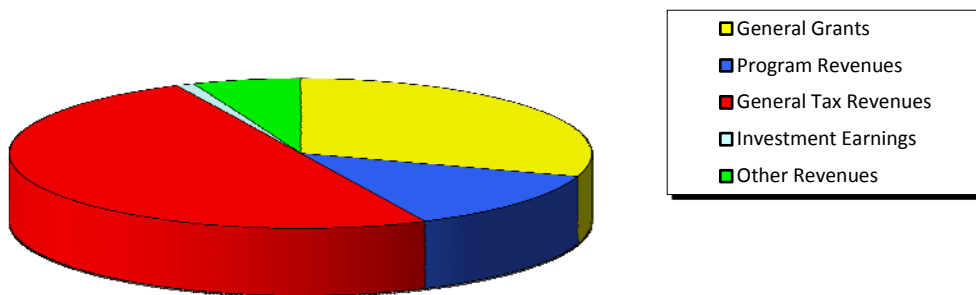
**Milford Exempted Village School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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**Governmental Activities  
Revenue Sources**

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Revenue Sources	2020	Percentage
General Grants	\$26,731,055	30%
Program Revenues	11,691,291	13%
General Tax Revenues	44,802,972	50%
Investment Earnings	1,383,260	1%
Other Revenues	4,996,518	6%
<b>Total Revenue Sources</b>	<b>\$89,605,096</b>	<b>100%</b>



Instruction comprises 61% of governmental program expenses. Support services expenses were 29% of governmental program expenses. All other expenses including interest and fiscal charges were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues decreased slightly mainly due to a decrease in grant and entitlements and charges for services revenues. Total expenses increased primarily due to changes related to net pension liability and other post employment benefits liability.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$56,232,351	\$46,865,149	(\$48,369,931)	(\$39,123,666)
Support Services:				
Pupil and Instructional Staff	6,118,486	4,446,809	(5,514,424)	(3,522,306)
School Administrative, General Administration, Fiscal and Business	7,343,162	5,459,700	(7,331,722)	(5,397,445)
Operations and Maintenance	5,611,288	5,205,087	(5,515,469)	(4,939,648)
Pupil Transportation	5,790,501	6,184,480	(5,489,179)	(5,885,341)
Central	1,930,449	1,689,280	(1,914,249)	(1,689,280)
Operation of Non-Instructional Services	4,462,138	4,007,699	(2,118,281)	(1,435,208)
Extracurricular Activities	2,265,788	1,696,248	(1,809,617)	(1,217,982)
Interest and Fiscal Charges	2,444,286	2,567,908	(2,444,286)	(2,567,908)
Total Expenses	<u>\$92,198,449</u>	<u>\$78,122,360</u>	<u>(\$80,507,158)</u>	<u>(\$65,778,784)</u>

**The District's Funds**

The District has one major governmental fund, the General Fund. Assets of the General Fund comprised \$86,876,503 (85%) of the total \$102,237,200 governmental funds assets.

**General Fund:** Fund balance at June 30, 2020 was \$49,619,662, an increase in fund balance of \$663,249 from 2019. Fund balance remained relatively stable from 2019 to 2020.

**General Fund Budgeting Highlights**

The District'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.

The District amended its general fund budget throughout the fiscal year. The District revised the Budget to deal with minor changes in expenditures.

For the General Fund, original estimated revenue was \$72,952,590. The final estimated revenue was \$72,952,590.

The District's ending unobligated cash balance was \$40,214,589.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2020, the District had \$85,830,976 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2020 balances compared to fiscal 2019:

**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

**Table 4  
Capital Assets at Year End  
(Net of Depreciation)**

	Governmental Activities	
	2020	2019
Land	\$4,929,449	\$4,929,449
Buildings and Improvements	79,863,891	83,016,662
Equipment	1,037,636	1,149,434
Total Net Capital Assets	\$85,830,976	\$89,095,545

The decrease in capital assets is due to depreciation and disposals exceeding additions in 2019.

See Note 6 to the basic financial statements for further details on the District's capital assets.

**Debt**

At June 30, 2020, the District had \$58,655,059 in bonds payable, \$1,752,000 due within one year. Table 5 summarizes outstanding debt at year end.

**Table 5  
Outstanding Debt at Year End**

	Governmental Activities	
	2020	2019
Bonds Payable:		
Refunded General Obligation Bonds - 2007	\$10,325,000	\$10,325,000
Long Term Notes	1,269,000	1,352,000
2008 School Improvement Bonds: Capital Appreciation - Principal	0	95,000
2008 School Improvement Bonds: Capital Appreciation - Interest	585,872	987,147
2015 Refunding of Series 2006	1,590,000	3,105,000
2015 Refunding of Series 2008: Current Interest	28,030,000	28,105,000
2015 Refunding of Series 2008: Capital Appreciation - Principal	435,000	435,000
2015 Refunding of Series 2008: Capital Appreciation - Interest	508,128	377,266
Premium on Bonds	3,773,835	4,094,801
2017 Refunding of Series 2007	10,960,000	10,960,000
Premium on 2017 Refunding Bonds	1,178,224	1,346,542
Total Long Term Debt	\$58,655,059	\$61,182,756

See Note 7 to the basic financial statements for further details on the District's long-term obligations.

**For the Future**

The continued financial support provided by the State of Ohio will remain a challenge to all Ohio public school districts. Public school districts in Ohio have seen several different state funding formulas or calculations within the last decade. The latest State biennium budget froze funding for all public-school districts at fiscal year 2019 levels in both fiscal year 2020 and fiscal year 2021. The State biennium budget did approve additional funding which is restricted to supporting "student wellness and success". The District is projected to receive an additional \$309,900 in fiscal year 2020 and \$128,500 in fiscal year 2021 for "student wellness and success".



**Milford Exempted Village School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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The State's 2020 revenue collection has been severely impacted by the slowing economy due to the covid-19 stay at home order. With the State required to have a balanced budget by the end of its fiscal year, the State was forced to make expenditure reductions. As such, the State reduced the fiscal year 2020 foundation funding to all public schools by \$300 million. This reduction resulted in the loss of \$1,243,819 in State funding for the District in fiscal year 2020. The State has gradually lifted the stay at home restrictions which has allowed the economy to slowly recover. Until the stay at home order is fully lifted, State revenues are expected to lag. As a result, it is projected that the District will see an additional reduction in State funding for fiscal year 2021.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Milford Exempted Village School District, 1099 State Route 131, Milford, Ohio 45150.

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Milford Exempted Village School District  
Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$52,193,846	\$3,275,179	\$55,469,025
Restricted Cash and Investments	10,051	0	10,051
<b>Receivables (Net):</b>			
Taxes	42,329,693	0	42,329,693
Accounts	20,774	7,923	28,697
Interest	131,860	0	131,860
Intergovernmental	4,924,692	78,980	5,003,672
Inventory	168,107	29,968	198,075
Nondepreciable Capital Assets	4,929,449	0	4,929,449
Depreciable Capital Assets, Net	80,901,527	0	80,901,527
Net OPEB Asset	4,534,794	0	4,534,794
<b>Total Assets</b>	<b>190,144,793</b>	<b>3,392,050</b>	<b>193,536,843</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding	1,828,349	0	1,828,349
Pension	16,661,895	111,411	16,773,306
OPEB	2,238,843	67,884	2,306,727
<b>Total Deferred Outflows of Resources</b>	<b>20,729,087</b>	<b>179,295</b>	<b>20,908,382</b>
<b>Liabilities:</b>			
Accounts Payable	172,615	0	172,615
Accrued Wages and Benefits	7,786,382	83,627	7,870,009
Contracts Payable	224,000	0	224,000
Accrued Interest Payable	208,769	0	208,769
Claims Payable	44,652	0	44,652
<b>Long-Term Liabilities:</b>			
Due Within One Year	2,124,720	0	2,124,720
Due In More Than One Year			
Net Pension Liability	80,472,347	912,639	81,384,986
Net OPEB Liability	8,592,955	393,629	8,986,584
Other Amounts	59,371,681	0	59,371,681
<b>Total Liabilities</b>	<b>158,998,121</b>	<b>1,389,895</b>	<b>160,388,016</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	28,151,910	0	28,151,910
OPEB	8,006,492	115,395	8,121,887
Grants and Other Taxes	4,301,525	0	4,301,525
Deferred Gain on Refunding	789,302	0	789,302
Pension	3,873,974	29,892	3,903,866
<b>Total Deferred Inflows of Resources</b>	<b>45,123,203</b>	<b>145,287</b>	<b>45,268,490</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	29,308,964	0	29,308,964
<b>Restricted for:</b>			
Debt Service	6,542,970	0	6,542,970
Capital Projects	1,811,278	0	1,811,278
Classroom Facilities Maintenance	1,965,043	0	1,965,043
Athletic	71,809	0	71,809
Title VI-B	20,448	0	20,448
Title I	87,829	0	87,829
State Grants	227,163	0	227,163
Federal Grants	56,711	0	56,711
Permanent Endowment Nonexpendable	12,072	0	12,072
Permanent Endowment Expendable	139,474	0	139,474
Other Purposes	131,070	0	131,070
Unrestricted	(33,622,275)	2,036,163	(31,586,112)
<b>Total Net Position</b>	<b>\$6,752,556</b>	<b>\$2,036,163</b>	<b>\$8,788,719</b>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$42,170,129	\$3,414,796	\$267,957	(\$38,487,376)	\$0	(\$38,487,376)
Special	12,725,755	193,322	3,827,401	(8,705,032)	0	(8,705,032)
Vocational	1,094,716	0	6,694	(1,088,022)	0	(1,088,022)
Other	241,751	0	152,250	(89,501)	0	(89,501)
Support Services:						
Pupil	4,431,305	0	531,919	(3,899,386)	0	(3,899,386)
Instructional Staff	1,687,181	0	72,143	(1,615,038)	0	(1,615,038)
General Administration	112,882	0	0	(112,882)	0	(112,882)
School Administration	4,938,632	0	1,046	(4,937,586)	0	(4,937,586)
Fiscal	1,818,026	0	10,394	(1,807,632)	0	(1,807,632)
Business	473,622	0	0	(473,622)	0	(473,622)
Operations and Maintenance	5,611,288	40,828	54,991	(5,515,469)	0	(5,515,469)
Pupil Transportation	5,790,501	0	301,322	(5,489,179)	0	(5,489,179)
Central	1,930,449	0	16,200	(1,914,249)	0	(1,914,249)
Operation of Non-Instructional Services	4,462,138	893,933	1,449,924	(2,118,281)	0	(2,118,281)
Extracurricular Activities	2,265,788	456,171	0	(1,809,617)	0	(1,809,617)
Interest and Fiscal Charges	2,444,286	0	0	(2,444,286)	0	(2,444,286)
<b>Total Governmental Activities</b>	<b>92,198,449</b>	<b>4,999,050</b>	<b>6,692,241</b>	<b>(80,507,158)</b>	<b>0</b>	<b>(80,507,158)</b>
<b>Business-Type Activities:</b>						
Food Service	1,636,075	1,249,209	919,444	0	532,578	532,578
<b>Total Business-Type Activities</b>	<b>1,636,075</b>	<b>1,249,209</b>	<b>919,444</b>	<b>0</b>	<b>532,578</b>	<b>532,578</b>
<b>Totals</b>	<b>\$93,834,524</b>	<b>\$6,248,259</b>	<b>\$7,611,685</b>	<b>(80,507,158)</b>	<b>532,578</b>	<b>(79,974,580)</b>
<b>General Revenues:</b>						
Property Taxes Levied for:						
General Purposes				39,287,195	0	39,287,195
Special Revenue Purposes				501,434	0	501,434
Debt Service Purposes				5,014,343	0	5,014,343
Grants and Entitlements, Not Restricted				26,731,055	0	26,731,055
Revenue in Lieu of Taxes				4,259,207	0	4,259,207
Unrestricted Contributions				39,287	0	39,287
Investment Earnings				1,383,260	0	1,383,260
Other Revenues				698,024	0	698,024
<b>Total General Revenues</b>				<b>77,913,805</b>	<b>0</b>	<b>77,913,805</b>
<b>Change in Net Position</b>				<b>(2,593,353)</b>	<b>532,578</b>	<b>(2,060,775)</b>
<b>Net Position - Beginning of Year</b>				<b>9,345,909</b>	<b>1,503,585</b>	<b>10,849,494</b>
<b>Net Position - End of Year</b>				<b>\$6,752,556</b>	<b>\$2,036,163</b>	<b>\$8,788,719</b>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$42,824,973	\$9,368,873	\$52,193,846
Restricted Cash and Investments	0	10,051	10,051
<b>Receivables (Net):</b>			
Taxes	37,515,572	4,814,121	42,329,693
Accounts	14,279	6,495	20,774
Interest	130,586	1,274	131,860
Intergovernmental	3,825,113	1,099,579	4,924,692
Interfund	2,458,177	0	2,458,177
Inventory	107,803	60,304	168,107
<b>Total Assets</b>	<b>86,876,503</b>	<b>15,360,697</b>	<b>102,237,200</b>
<b>Liabilities:</b>			
Accounts Payable	171,163	1,452	172,615
Accrued Wages and Benefits	7,200,972	585,410	7,786,382
Compensated Absences	182,274	17,482	199,756
Contracts Payable	224,000	0	224,000
Interfund Payable	0	2,458,177	2,458,177
<b>Total Liabilities</b>	<b>7,778,409</b>	<b>3,062,521</b>	<b>10,840,930</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	25,642,627	3,088,976	28,731,603
Grants and Other Taxes	3,729,933	1,049,522	4,779,455
Investment Earnings	105,872	1,033	106,905
<b>Total Deferred Inflows of Resources</b>	<b>29,478,432</b>	<b>4,139,531</b>	<b>33,617,963</b>
<b>Fund Balances:</b>			
Nonspendable	107,803	12,072	119,875
Restricted	0	10,830,345	10,830,345
Assigned	5,551,136	139,474	5,690,610
Unassigned	43,960,723	(2,823,246)	41,137,477
<b>Total Fund Balances</b>	<b>49,619,662</b>	<b>8,158,645</b>	<b>57,778,307</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$86,876,503</b>	<b>\$15,360,697</b>	<b>\$102,237,200</b>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2020

Total Governmental Fund Balance		\$57,778,307
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		85,830,976
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	579,693	
Interest	106,905	
Intergovernmental	<u>477,930</u>	
		1,164,528
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		(44,652)
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(208,769)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(2,641,586)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
Deferred charge on refunding	1,828,349	
Deferred gain on refunding	<u>(789,302)</u>	
		1,039,047
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	16,661,895	
Deferred inflows of resources related to pensions	(3,873,974)	
Deferred outflows of resources related to OPEB	2,238,843	
Deferred inflows of resources related to OPEB	<u>(8,006,492)</u>	
		7,020,272
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	4,534,794	
Net Pension Liability	(80,472,347)	
Net OPEB Liability	(8,592,955)	
Other Amounts	<u>(58,655,059)</u>	
		<u>(143,185,567)</u>
Net Position of Governmental Activities		<u>\$6,752,556</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$39,073,571	\$5,490,594	\$44,564,165
Tuition and Fees	3,607,588	0	3,607,588
Investment Earnings	1,418,727	7,108	1,425,835
Intergovernmental	28,822,720	4,448,245	33,270,965
Extracurricular Activities	100,281	356,420	456,701
Charges for Services	0	887,554	887,554
Revenue in Lieu of Taxes	3,739,577	519,630	4,259,207
Other Revenues	621,748	145,238	766,986
<b>Total Revenues</b>	<b>77,384,212</b>	<b>11,854,789</b>	<b>89,239,001</b>
Expenditures:			
Current:			
Instruction:			
Regular	36,732,109	319,282	37,051,391
Special	10,408,479	1,406,698	11,815,177
Other	61,739	163,571	225,310
Support Services:			
Pupil	3,797,233	416,436	4,213,669
Instructional Staff	1,474,392	68,951	1,543,343
General Administration	112,005	0	112,005
School Administration	4,308,873	906	4,309,779
Fiscal	1,674,521	79,876	1,754,397
Business	436,361	0	436,361
Operations and Maintenance	5,239,474	68,282	5,307,756
Pupil Transportation	5,780,270	813	5,781,083
Central	1,797,614	30,600	1,828,214
Operation of Non-Instructional Services	1,184,435	2,995,605	4,180,040
Extracurricular Activities	1,686,895	383,000	2,069,895
Capital Outlay	797,213	159,398	956,611
Debt Service:			
Principal Retirement	0	1,768,000	1,768,000
Interest and Fiscal Charges	0	3,141,621	3,141,621
<b>Total Expenditures</b>	<b>75,491,613</b>	<b>11,003,039</b>	<b>86,494,652</b>
Excess of Revenues Over (Under) Expenditures	1,892,599	851,750	2,744,349
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	20,650	0	20,650
Transfers In	0	1,250,000	1,250,000
Transfers (Out)	(1,250,000)	0	(1,250,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,229,350)</b>	<b>1,250,000</b>	<b>20,650</b>
Net Change in Fund Balance	663,249	2,101,750	2,764,999
Fund Balance - Beginning of Year	48,956,413	6,056,895	55,013,308
Fund Balance - End of Year	\$49,619,662	\$8,158,645	\$57,778,307

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balance - Total Governmental Funds		\$2,764,999
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period		
Capital assets used in governmental activities	152,344	
Depreciation Expense	<u>(3,413,795)</u>	(3,261,451)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss		
		(3,118)
Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense		
District pension contributions	6,486,511	
Cost of benefits earned net of employee contributions - Pension	(13,046,802)	
District OPEB contributions	225,956	
Cost of benefits earned net of employee contributions - OPEB	<u>1,024,625</u>	(5,309,710)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	238,807	
Interest	(42,575)	
Intergovernmental	<u>152,331</u>	348,563
Repayment of bond and lease principal, current bonds refundings, and accretion interest payments are an expenditure governmental funds, but the repayment reduces long-term liabilities in the statement of net position		
		2,328,000
In the statement of activities interest expense is accrued when incurred whereas, in governmental funds an interest expenditure is reported when due.		
		6,745
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	376,991	
Amortization of Bond Premium	489,284	
Amortization of Deferred Charge/Gain on Refunding	(69,107)	
Bond Accretion	<u>(289,587)</u>	507,581
The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
Change in Net Position - Internal Service Funds		<u>25,038</u>
Change in Net Position of Governmental Activities		<u><u>(\$2,593,353)</u></u>
See accompanying notes to the basic financial statements		

Milford Exempted Village School District  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Business-Type Activities	Governmental Activities- Internal Service Funds
Current Assets:		
Equity in Pooled Cash and Investments	\$3,275,179	\$0
Receivables (Net):		
Accounts	7,923	0
Intergovernmental	78,980	0
Inventory	29,968	0
<b>Total Assets</b>	<b>3,392,050</b>	<b>0</b>
Deferred Outflows of Resources:		
Pension	111,411	0
OPEB	67,884	0
<b>Total Deferred Outflows of Resources</b>	<b>179,295</b>	<b>0</b>
Liabilities:		
Current Liabilities:		
Accrued Wages and Benefits	83,627	0
Claims Payable	0	44,652
<b>Total Current Liabilities</b>	<b>83,627</b>	<b>44,652</b>
Long-Term Liabilities:		
Net Pension Liability	912,639	0
Net OPEB Liability	393,629	0
<b>Total Noncurrent Liabilities</b>	<b>1,306,268</b>	<b>0</b>
<b>Total Liabilities</b>	<b>1,389,895</b>	<b>44,652</b>
Deferred Inflows of Resources:		
OPEB	115,395	0
Pension	29,892	0
<b>Total Deferred Inflows of Resources</b>	<b>145,287</b>	<b>0</b>
Net Position:		
Unrestricted	2,036,163	(44,652)
<b>Total Net Position</b>	<b>\$2,036,163</b>	<b>(\$44,652)</b>

See accompanying notes to the basic financial statements.



Milford Exempted Village School District  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities	Governmental Activities- Internal Service Funds
Operating Revenues:		
Charges for Services	\$1,249,209	\$89,534
Total Operating Revenues	<u>1,249,209</u>	<u>89,534</u>
Operating Expenses:		
Personal Services	623,109	0
Contactual Services	152,011	0
Materials and Supplies	689,984	0
Claims Expenses	0	48,487
Other	170,971	16,009
Total Operating Expenses	<u>1,636,075</u>	<u>64,496</u>
Operating Income (Loss)	<u>(386,866)</u>	<u>25,038</u>
Non-Operating Revenues (Expenses):		
Operating Grants	919,444	0
Total Non-Operating Revenues (Expenses)	<u>919,444</u>	<u>0</u>
Change in Net Position	532,578	25,038
Net Position - Beginning of Year	<u>1,503,585</u>	<u>(69,690)</u>
Net Position - End of Year	<u>\$2,036,163</u>	<u>(\$44,652)</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020

	Business-Type	
	Activities	Governmental
	Food Service Provided for Other Districts	Activities- Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$1,241,286	\$89,534
Cash Payments to Employees	(802,357)	0
Cash Payments to Suppliers	(854,895)	(89,534)
Net Cash Provided (Used) by Operating Activities	(415,966)	0
Cash Flows from Noncapital Financing Activities:		
Operating Grants Received	840,464	0
Net Cash Provided (Used) by Noncapital Financing Activities	840,464	0
Net Increase (Decrease) in Cash and Cash Equivalent	424,498	0
Cash and Cash Equivalents - Beginning of Year	2,850,681	0
Cash and Cash Equivalents - End of Year	3,275,179	0
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(386,866)	25,038
Adjustments:		
Pension/OPEB Expense	(28,342)	0
Changes in Assets & Liabilities:		
(Increase) Decrease in Receivables	(7,923)	0
(Increase) Decrease in Prepaid Items	6,110	0
(Increase) Decrease in Deferred Outflows of Resources	78,684	0
Increase (Decrease) in Payables	(50)	0
Increase (Decrease) in Accrued Liabilities	(19,118)	0
Increase (Decrease) in Deferred Inflows of Resources	(12,278)	0
Increase (Decrease) in Claims Payables	(46,183)	(25,038)
Net Cash Provided (Used) by Operating Activities	(\$415,966)	\$0

See accompanying notes to the basic financial statements.

Milford Exempted Village School District  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2020

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$261,503</u>
Total Assets	<u>261,503</u>
Liabilities:	
Other Liabilities	<u>261,503</u>
Total Liabilities	<u>\$261,503</u>

See accompanying notes to the basic financial statements.

**Milford Exempted Village School District  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2020**

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**Note 1 - Description of the District**

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Milford Exempted Village School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the District's nine instructional support facilities staffed by approximately 335 non-certificated, 422 teaching employees and 37 administrative employees providing education to approximately 6,718 students.

**Reporting Entity**

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Milford Exempted Village School District, this includes general operations, food service, latchkey, and student related activities of the District. The following activities are included within the reporting entity:

*Parochial School Funding* - Within the District boundaries, St. Andrew, and St. Elizabeth Ann Seton Schools, who are operated through the Cincinnati Catholic Diocese, and St. Mark's Lutheran. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District are reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if (1) the District appoints a voting majority of the organization's governing board and (2) the District is able to significantly influence the programs or services performed or provided by the organization; or (3) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

The City of Milford, Miami Township, Union Township, Parent Teacher Associations, Athletic Boosters, Band Boosters, Choral Boosters, After Prom, and the Parent Teacher Organizations, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

The District is associated with three organizations of which two are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are:

Jointly Governed Organizations:

Hamilton Clermont Cooperative Information Technology Center  
Great Oaks Career Campuses

Insurance Purchasing Pool:

Southwest Ohio Organization for School Health

**Milford Exempted Village School District  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2020**

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These organizations are presented in Notes 13 and 14 to the basic financial statements.

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

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The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

**Measurement Focus**

**Government-wide Financial Statements**

The District's basic financial statements consist of government-wide 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.

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in the entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities and for the business-type activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows, and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's major enterprise fund:

Food Service Provided for Other Districts – This fund accounts for operation of food service for a fee to students of other school districts.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides workers' compensation benefits to employees.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District maintains three fiduciary (agency) funds, known as the Student Managed Activity Fund

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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and Unclaimed Monies Fund. The Student Managed Activity Fund was established to account for assets and liabilities generated by student managed activities and the Unclaimed Monies Fund was established to account for monies owed to others but not paid.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources includes pension, other post employment benefits, and a deferred charge on refunding. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, OPEB, grants and other taxes (which includes tax incremental financing 'TIF'), deferred gain on refunding, pension and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's (other taxes) have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred gain on refunding has been recorded as deferred inflows only on the government-wide statement of net position. Grants and investment earnings have been recorded as deferred inflows only on the governmental fund financial statements. Deferred resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Equity in Pooled Cash and Investments**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2020 amounted to \$1,425,835. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$1,418,727.

For purposes of the statement of cash flows, the Proprietary Funds' portion of equity in pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from those funds without prior notice or penalty.



**Milford Exempted Village School District  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2020**

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**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements that add to the value of an asset or materially extend an asset's life are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated, except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Equipment	5

**Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets include retainage and the nonexpendable amount relating to the permanent endowment fund.

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified employees after 10 years of service, certified employees after 20 years and administrators after 25 years of service.

The entire compensated absence liability is reported on the government-wide and proprietary fund financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due to the employee at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each year under contract. Sick leave may be accumulated up to a maximum of 260 days for teachers and 300 for administrators, and 260 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 57.5 days for teachers and 150 for administrators. Classified employees, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 57.5 days.

**Net Position**

Net position represents the difference between assets and deferred inflows of resources, and liabilities and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's restricted net position of \$11,065,867, none was restricted by enabling legislation.

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when expenditures 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 expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and self-insurance. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the Statement of Net Position.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 3 - Equity in Pooled Cash and Investments**

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The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies held by the District 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, and Government National Mortgage 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 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.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

**Milford Exempted Village School District  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2020**

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6. No-load money market mutual funds consisting exclusively of obligations described in division (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.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, 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 District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$13,680,549 of the District's bank balance of \$13,930,549 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

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

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Investments**

As of June 30, 2020, the District had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$343,509	N/A	0.00
Federal Farm Credit Bank	5,954,749	Level 2	2.80
Federal Home Loan Bank	128,664	Level 2	3.69
Negotiable CDs	19,204,799	Level 2	2.08
Commercial Paper	6,204,736	Level 2	0.31
Federal Home Loan Mortgage Corporation	3,247,256	Level 2	2.53
Treasury Notes	6,046,855	Level 1	0.73
Federal National Mortgage Association	1,001,038	Level 2	2.65
	<u>\$42,131,606</u>		
Portfolio Weighted Average Maturity			1.76

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2020. All investments of the District are valued using quoted market prices.

**Interest Rate Risk** - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

**Credit Risk** – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal Farm Credit Bank, Federal National Mortgage Association, and United States Treasury Notes were rated AA+ by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service. Commercial Paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service. Money Market Funds and Negotiable CDs were not rated.

**Concentration of Credit Risk** – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 14.7% in Commercial Paper, 7.7% in Federal Home Loan Mortgage Corp., 2.4% in Federal National Mortgage Association, 14.4% in United States Treasury Notes, 14.1% in Federal Farm Credit Bank, 45.6% in Negotiable CDs, 0.3% in Federal Home Loan Bank and 0.8% in Money Market Funds.

**Custodial Credit Risk** – The risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District. The District's policy does not address custodial credit risk for investments.

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 4 - Property Taxes**

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Real property taxes collected in 2020 were levied in April on the assessed values as of January 1, 2019, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax revenue received during calendar year 2020 (other than public utility property tax) represents the collection of 2020 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2018 were levied after April 1, 2018, on the value as of December 31, 2018. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20<sup>th</sup>. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20<sup>th</sup> with the remainder due on June 20<sup>th</sup>.

The Clermont and Hamilton County Auditors remit portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2020 and for which there is an enforceable legal claim. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2020. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflow for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2020, was \$11,872,945 for General Fund, and \$1,725,145 for Other Governmental Funds, and is recognized as revenue.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2020 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,049,813,240
Public Utility	<u>38,194,520</u>
Total	<u><u>\$1,088,007,760</u></u>

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

**Note 5 – Receivables**

Receivables at June 30, 2020, consisted of taxes, accounts (rent, tuition, and student fees), interest, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**Note 6 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$4,929,449	\$0	\$0	\$4,929,449
Total Capital Assets, not being depreciated	4,929,449	0	0	4,929,449
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	120,019,963	9,350	0	120,029,313
Equipment	5,518,141	142,994	(61,943)	5,599,192
<b>Total Capital Assets, being depreciated:</b>	<b>125,538,104</b>	<b>152,344</b>	<b>(61,943)</b>	<b>125,628,505</b>
Totals at Historical Cost	<u>130,467,553</u>	<u>152,344</u>	<u>(61,943)</u>	<u>130,557,954</u>
Less Accumulated Depreciation:				
Buildings and Improvements	37,003,301	3,162,121	0	40,165,422
Equipment	4,368,707	251,674	(58,825)	4,561,556
Total Accumulated Depreciation	<u>41,372,008</u>	<u>3,413,795</u>	<u>(58,825)</u>	<u>44,726,978</u>
Governmental Activities Capital Assets, Net	<u>\$89,095,545</u>	<u>(\$3,261,451)</u>	<u>(\$3,118)</u>	<u>\$85,830,976</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,690,115
Special	399,886
Vocational	1,094,716
Support Services:	
School Administration	62,182
Fiscal	3,286
Business	8,349
Operations and Maintenance	75,348
Pupil Transportation	9,418
Central	10,287
Operation of Non-Instructional Services	53,544
Extracurricular Activities	6,664
Total Depreciation Expense	<u>\$3,413,795</u>



**Milford Exempted Village School District**  
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**Note 7 - Long-Term Liabilities**

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
<b>Governmental Activities:</b>					
Loan, Bonds & Notes:					
2007 Refunded General Obligation Bonds	\$10,325,000	\$0	\$0	\$10,325,000	\$0
Long Term Notes	1,352,000	0	(83,000)	1,269,000	87,000
2008 School Improvement:					
Capital Appreciation-Principal	95,000	0	(95,000)	0	0
Capital Appreciation- Interest	987,147	158,725	(560,000)	585,872	0
2015 Refunding of Series 2006:	3,105,000	0	(1,515,000)	1,590,000	1,590,000
2015 Refunding of Series 2008:					
Current Interest	28,105,000	0	(75,000)	28,030,000	75,000
Capital Appreciation-Principal	435,000	0	0	435,000	0
Capital Appreciation- Interest	377,266	130,862	0	508,128	0
Premium on Bonds	4,094,801	0	(320,966)	3,773,835	0
2017 Refunding of Series 2007	10,960,000	0	0	10,960,000	0
Premium on 2017 Refunding Bonds	1,346,542	0	(168,318)	1,178,224	0
Total Loan, General Obligation Bonds & Notes	61,182,756	289,587	(2,817,284)	58,655,059	1,752,000
Compensated Absences	3,332,399	64,373	(555,430)	2,841,342	372,720
Subtotal Bonds & Other Amounts	64,515,155	353,960	(3,372,714)	61,496,401	2,124,720
Net Pension Liability					
STRS	59,257,909	1,291,446	0	60,549,355	0
SERS	19,481,909	441,083	0	19,922,992	0
Total Net Pension Liability	78,739,818	1,732,529	0	80,472,347	0
Net OPEB Liability					
STRS	0	0	0	0 (a)	0
SERS	9,553,910	0	(960,955)	8,592,955	0
Total Net OPEB Liability	9,553,910	0	(960,955)	8,592,955	0
Total Governmental Activities	\$152,808,883	\$2,086,489	(\$4,333,669)	\$150,561,703	\$2,124,720
<b>Business Type Activities:</b>					
Net Pension Liability					
STRS	\$0	\$0	\$0	\$0	\$0
SERS	958,822	0	(46,183)	912,639	0
Total Net Pension Liability	958,822	0	(46,183)	912,639	0
Net OPEB Liability					
STRS	0	0	0	0	0
SERS	470,205	0	(76,576)	393,629	0
Total Net OPEB Liability	470,205	0	(76,576)	393,629	0
Total Business Type Activities	\$1,429,027	\$0	(\$122,759)	\$1,306,268	\$0

(a) OPEB for STRS has a Net OPEB asset in the amount of \$4,534,794 as of June 30, 2020.

*General Obligation Bonds* - On December 1, 2001 the District issued \$43,566,000 in general obligation bonds for the purpose of constructing three new school buildings and related land purchases. The bonds were issued for a twenty-nine year period with a final maturity of December 1, 2030. The bonds will be retired from the Debt Service Fund.

**Milford Exempted Village School District**  
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*Refunding General Obligation Bonds* - During fiscal year 2006, the District issued \$9,700,000 of general obligation bonds for the current refunding of \$9,700,000 of the 2001 series bonds. The \$1,410,164 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 26 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

*Refunding General Obligation Bonds* - During fiscal year 2007, the District issued \$25,110,000 of general obligations bonds for the current refunding of \$25,110,000 of the 2001 series bonds. The \$2,247,367 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of the new debt, which has a remaining life of 25 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

*Long Term Notes* - On November 17, 2005 the District authorized a \$1,550,000 financing through the OASBO Expanded Asset Pooled Financing Program for the purposes of renovating the bus garage facility. As of June 30, 2007 the District had drawn \$2,092,000 of the maximum financing amount. The note will be repaid over a twenty-five year period with a final maturity of January 1, 2031. The note will be repaid from the Debt Service Fund.

*School Improvement General Obligation Bonds* - During fiscal year 2009, the District issued \$31,375,000 of general obligation bonds, \$4 million of which retired the bond anticipation note. The \$357,126 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 27 years. The refunding bonds are retired through the Debt Service Fund using tax revenues.

*Refunding General Obligation Bonds* - During fiscal year 2012, the District issued \$2,635,000 of general obligation bonds, which retired the 2001 general obligation bonds. The \$94,138 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remaining life of 3 years. The refunding bonds are retired through the Debt Service Fund.

*Refunding General Obligation Bonds* - During fiscal year 2017, the District issued \$10,960,000 of general obligations bonds for the current refunding of \$12,190,000 of the 2007 refunding bonds. The \$1,683,178 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of the new debt, which has a remaining life of 10 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

Compensated absences will be paid from the fund from which the person is paid.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

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**Milford Exempted Village School District**  
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Principal and interest requirements for governmental activities to retire bonds and notes outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30	Loan, Notes & Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$1,752,000	\$2,496,343	\$4,248,343	\$0	\$0	\$0
2022	1,746,000	2,417,532	4,163,532	435,000	745,000	1,180,000
2023	3,061,000	2,306,014	5,367,014	0	0	0
2024	3,255,000	2,172,989	5,427,989	0	0	0
2025	3,394,000	2,031,655	5,425,655	0	0	0
2026-2030	20,490,000	7,264,260	27,754,260	0	0	0
2031-2035	13,526,000	2,629,101	16,155,101	0	0	0
2036-2037	4,950,000	250,500	5,200,500	0	0	0
Total	<u>\$52,174,000</u>	<u>\$21,568,394</u>	<u>\$73,742,394</u>	<u>\$435,000</u>	<u>\$745,000</u>	<u>\$1,180,000</u>

**Note 8 - Defined Benefit Pension Plans**

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The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the employer's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the employer's obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the employer does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net

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pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**Plan Description - School Employees Retirement System (SERS)**

**Plan Description**

Non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the employer is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among

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four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$1,718,312 for fiscal year 2020. Of this amount \$193,114 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used

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to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$4,843,464 for fiscal year 2020. Of this amount \$858,016 is reported as accrued wages and benefits.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$20,835,631	\$60,549,355	\$81,384,986
Proportion of the Net Pension Liability:			
Current Measurement Date	0.34823700%	0.27380059%	
Prior Measurement Date	<u>0.35690710%</u>	<u>0.26950414%</u>	
Change in Proportionate Share	-0.00867010%	0.00429645%	
Pension Expense	\$3,405,665	\$9,736,624	\$13,142,289

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At June 30 2020, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$528,345	\$492,973	\$1,021,318
Changes of assumptions	0	7,112,691	7,112,691
Changes in employer proportionate share of net pension liability	296,876	1,780,645	2,077,521
Contributions subsequent to the measurement date	<u>1,718,312</u>	<u>4,843,464</u>	<u>6,561,776</u>
Total Deferred Outflows of Resources	<u>\$2,543,533</u>	<u>\$14,229,773</u>	<u>\$16,773,306</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$262,107	\$262,107
Net difference between projected and actual earnings on pension plan investments	267,451	2,959,324	3,226,775
Changes in employer proportionate share of net pension liability	<u>414,984</u>	<u>0</u>	<u>414,984</u>
Total Deferred Inflows of Resources	<u>\$682,435</u>	<u>\$3,221,431</u>	<u>\$3,903,866</u>

\$6,561,776 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$563,202	\$4,496,129	\$5,059,331
2022	(554,295)	1,205,914	651,619
2023	(17,797)	(59,842)	(77,639)
2024	<u>151,676</u>	<u>522,677</u>	<u>674,353</u>
Total	<u>\$142,786</u>	<u>\$6,164,878</u>	<u>\$6,307,664</u>

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

**Discount Rate**

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.



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Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$29,198,167	\$20,835,631	\$13,822,597

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS’ investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

**Milford Exempted Village School District**  
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<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	<u>1.00%</u>	2.25%
Total	<u><u>100.00%</u></u>	

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6.45%</u>	<u>7.45%</u>	<u>8.45%</u>
Proportionate share of the net pension liability	\$88,486,137	\$60,549,355	\$36,899,438

**Note 9 - Defined Benefit OPEB Plans**

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See Note 8 for a description of the net OPEB liability (asset).

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description**

The employer contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible

**Milford Exempted Village School District  
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individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the employer's surcharge obligation was \$236,307.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$236,307 for fiscal year 2020. Of this amount \$193,114 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment

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health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability (asset) was based on the employer's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$8,986,584	\$0	\$8,986,584
Proportionate Share of the Net OPEB (Asset)	0	(4,534,794)	(4,534,794)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.35734930%	0.27380059%	
Prior Measurement Date	<u>0.36132440%</u>	<u>0.26950414%</u>	
Change in Proportionate Share	-0.00397510%	0.00429645%	
OPEB Expense	\$298,876	(\$1,341,492)	(\$1,042,616)

At June 30 2020, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$131,916	\$411,114	\$543,030
Changes of assumptions	656,368	95,320	751,688
Net difference between projected and actual earnings on OPEB plan investments	21,571	0	21,571
Changes in employer proportionate share of net OPEB liability	503,631	250,500	754,131
Contributions subsequent to the measurement date	<u>236,307</u>	<u>0</u>	<u>236,307</u>
Total Deferred Outflows of Resources	<u>\$1,549,793</u>	<u>\$756,934</u>	<u>\$2,306,727</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$1,974,291	\$230,714	\$2,205,005
Changes of assumptions	503,582	4,971,876	5,475,458
Net difference between projected and actual earnings on OPEB plan investments	0	284,815	284,815
Changes in employer proportionate share of net OPEB liability	<u>156,609</u>	<u>0</u>	<u>156,609</u>
Total Deferred Inflows of Resources	<u>\$2,634,482</u>	<u>\$5,487,405</u>	<u>\$8,121,887</u>

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\$236,307 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	(\$476,509)	(\$1,035,610)	(\$1,512,119)
2022	(169,558)	(1,035,610)	(1,205,168)
2023	(163,227)	(921,460)	(1,084,687)
2024	(164,257)	(881,416)	(1,045,673)
2025	(223,225)	(873,538)	(1,096,763)
Thereafter	<u>(124,220)</u>	<u>17,163</u>	<u>(107,057)</u>
Total	<u><u>(\$1,320,996)</u></u>	<u><u>(\$4,730,471)</u></u>	<u><u>(\$6,051,467)</u></u>

**Actuarial Assumptions - SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

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**Milford Exempted Village School District**  
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Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13%
Prior Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.22%
Prior Measurement Date	3.70%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

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**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$10,908,008	\$8,986,584	\$7,458,826
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$7,200,074	\$8,986,584	\$11,356,849

**Assumption and Benefit Changes since the Prior Measurement Date**

Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

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**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% initial, 4% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	<u>100.00%</u>	



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\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019 and June 30, 2018.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$3,869,544)	(\$4,534,794)	(\$5,094,115)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$5,142,249)	(\$4,534,794)	(\$3,790,810)

**Assumption and Benefit Changes since the Prior Measurement Date**

There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

There were changes in assumptions, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

**Note 10 - Contingent Liabilities**

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**Foundation Funding**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal

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year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**Grants**

The District receives financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

**Litigation**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

**Note 11 - Risk Management**

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The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District contracted with Acordia for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Indiana Insurance are as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$176,698,087
Inland Marine Coverage (\$500 deductible)	included above
Boiler and Machinery	included above
Automobile Liability (\$500 Comprehensive & \$500 Collision deductible)	1,000,000
Uninsured Motorists	1,000,000
Employers' Liability (\$2,500 deductible)	1,000,000
General Liability	
Per occurrence (\$0 deductible)	1,000,000
Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

The District is self-insured for its workers' compensation costs. Expenses for claims are recorded on the current basis based on an actuarially determined charge per employee. The District accounts for the activities of this program in an internal service fund in accordance with GASB Statement No. 10. A summary of the changes in self-insurance workers' compensation claims liability is as follows:

	2019	2020
Claims Liability at Beginning of Year	\$17,068	\$69,690
Claims Incurred	227,342	23,449
Claims Paid	(174,720)	(48,487)
Claims Liability at End of Year	<u>\$69,690</u>	<u>\$44,652</u>

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**Note 12 - Fund Balance Reserves For Set-Asides**

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The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2019	\$0
Current Year Set Aside Requirements	1,158,253
Qualified Disbursements	(1,599,919)
Current year Offsets	<u>0</u>
Set Aside Reserve Balance as of June 30, 2020	<u>(\$441,666)</u>
Restricted Cash as of June 30, 2020	<u>\$0</u>

**Note 13 - Jointly Governed Organizations**

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Hamilton Clermont Cooperative Information Technology Center

The Milford Exempted Village School District is a participant in a two county consortium of school districts to operate the Hamilton Clermont Cooperative Information Technology Center (HCC). HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of HCC consists of one representative from each of the participating members. Complete financial statements for HCC can be obtained from the Director at 1007 Cottonwood Drive, Loveland, Ohio 45140.

Great Oaks Career Campuses

Great Oaks Career Campuses (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board, which possesses its own budgeting and taxing authority. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the school district including students of Milford Exempted Village School District. The District has no ongoing financial interest in nor responsibility for the Vocational School. Complete financial statements for Great Oaks can be obtained from the Chief Fiscal Officer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

**Note 14 - Insurance Purchasing Pool**

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The District participates in Southwest Ohio Organization of School Health (SWOOSH) an insurance purchasing pool. The objective of the SWOOSH consortium is to maximize benefits and / or reduce costs of medical, prescription drug, vision, dental, life and / or other group insurance coverages. While the consortium serves short term savings needs, in the long term it will promote rate stability and allow the

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districts to move to a healthier place using wellness. SWOOSH is a health and wellness consortium for school districts and government agencies that come together to provide stability and quality access to health care and benefits to all eligible members. SWOOSH will do this by leveraging economies of scale, commonality of choices and driving wellness and health management by collaborative efforts of all participating agencies. SWOOSH became self-insured January 1, 2015.

**Note 15 – Fund Balances**

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

Fund Balances	General	Other Governmental Funds	Total
<b>Nonspendable:</b>			
Inventory	\$107,803	\$0	\$107,803
Permanent Endowment	0	12,072	12,072
<b>Total Nonspendable</b>	107,803	12,072	119,875
<b>Restricted for:</b>			
Other Grants	0	6,283	6,283
Athletic	0	71,809	71,809
Auxiliary Services	0	29,393	29,393
Classroom Facilities Maintenance	0	1,959,214	1,959,214
Miscellaneous State Grants	0	17,428	17,428
Miscellaneous Federal Grants	0	255	255
Special Trust	0	69,280	69,280
Student Wellness and Success	0	172,863	172,863
Debt Service	0	6,691,484	6,691,484
Permanent Improvement	0	1,812,336	1,812,336
<b>Total Restricted</b>	0	10,830,345	10,830,345
<b>Assigned to:</b>			
Encumbrances	2,314,040	0	2,314,040
Budgetary Resource	3,000,000	0	3,000,000
Permanent Endowment	0	139,474	139,474
Public Schools	237,096	0	237,096
<b>Total Assigned</b>	5,551,136	139,474	5,690,610
<b>Unassigned (Deficit)</b>	43,960,723	(2,823,246)	41,137,477
<b>Total Fund Balance</b>	\$49,619,662	\$8,158,645	\$57,778,307

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**Note 16 - Interfund Balances/Transfers**

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At fiscal year end, interfund receivable/payable and transfers in/out were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$2,458,177	\$0	\$0	\$1,250,000
Other Governmental Funds	<u>0</u>	<u>2,458,177</u>	<u>1,250,000</u>	<u>0</u>
Total all funds	<u><u>\$2,458,177</u></u>	<u><u>\$2,458,177</u></u>	<u><u>\$1,250,000</u></u>	<u><u>\$1,250,000</u></u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Note 17 - Accountability**

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The following funds had deficit fund balances/net position at June 30, 2020:

<u>Other Governmental Funds:</u>	<u>Deficit</u>	<u>Proprietary Fund:</u>	<u>Deficit</u>
Food Service	\$2,583,598	Internal Service	\$44,652
IDEA Preschool Grant	5,155		
Title I	76,655		
Title VI-B	157,838		

These deficits were created by the recognition of accrued liabilities.

**Note 18 – Food Service for Other Districts/Schools**

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Effective with the fiscal year ending June 30, 2013, the District is now providing food service for several other local districts (Finneytown Local School District, Madeira City School District, Williamsburg Local School District, Wyoming City School District) and schools (St. Elizabeth Ann Seton, St. Andrew, St. Columban, Clermont Educational Collaborative North) and this activity is recorded in the enterprise fund. Food service for Milford students continues to be recorded in the special revenue funds for the District.

**Note 19 – Tax Abatements entered Into By Other Governments**

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Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone Agreement (“EZA”) programs with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the District, The City of Milford, Union Township, and Miami Township have entered into CRA and EZA agreements. Under these agreements the District’s property taxes were reduced by \$353,343.

**Milford Exempted Village School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 20 – Implementation of New Accounting Principles**

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For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

**Note 21 – COVID-19**

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The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures could impact subsequent periods of the District. The District's investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the District participates and any recovery from emergency funding, either federal or state, cannot be estimated.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.34823700%	\$20,835,630	\$11,947,341	174.40%	70.85%
2019	0.35690710%	20,440,731	11,623,030	175.86%	71.36%
2018	0.33084220%	19,767,091	10,953,993	180.46%	69.50%
2017	0.34154930%	24,998,257	9,928,971	251.77%	62.98%
2016	0.34338470%	19,593,864	10,631,745	184.30%	69.16%
2015	0.34605300%	17,513,545	10,157,201	172.42%	71.70%
2014	0.34605300%	20,584,832	9,445,033	217.94%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.



Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$1,718,312	(\$1,718,312)	\$0	\$12,273,657	14.00%
2019	1,612,891	(1,612,891)	0	11,947,341	13.50%
2018	1,569,109	(1,569,109)	0	11,623,030	13.50%
2017	1,533,559	(1,533,559)	0	10,953,993	14.00%
2016	1,390,056	(1,390,056)	0	9,928,971	14.00%
2015	1,401,264	(1,401,264)	0	10,631,745	13.18%
2014	1,407,788	(1,407,788)	0	10,157,201	13.86%
2013	1,374,480	(1,374,480)	0	9,445,033	13.84%
2012	1,240,104	(1,240,104)	0	9,102,462	13.45%
2011	1,313,616	(1,313,616)	0	9,588,911	12.57%

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.27380059%	\$60,549,355	\$31,633,029	191.41%	77.40%
2019	0.26950414%	59,257,909	30,565,800	193.87%	77.30%
2018	0.26417334%	62,754,943	29,546,057	212.40%	75.30%
2017	0.26196644%	87,688,064	27,981,857	313.37%	66.80%
2016	0.25718928%	71,079,594	26,098,114	272.36%	72.10%
2015	0.24729513%	60,150,734	27,210,323	221.06%	74.70%
2014	0.24729513%	71,458,200	30,658,390	233.08%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$4,843,464	(\$4,843,464)	\$0	\$34,596,171	14.00%
2019	4,428,624	(4,428,624)	0	31,633,029	14.00%
2018	4,279,212	(4,279,212)	0	30,565,800	14.00%
2017	4,136,448	(4,136,448)	0	29,546,057	14.00%
2016	3,917,460	(3,917,460)	0	27,981,857	14.00%
2015	3,653,736	(3,653,736)	0	26,098,114	14.00%
2014	3,537,342	(3,537,342)	0	27,210,323	13.00%
2013	3,746,052	(3,746,052)	0	30,658,390	13.00%
2012	3,636,564	(3,636,564)	0	30,571,356	13.00%
2011	3,912,444	(3,912,444)	0	31,424,726	13.00%

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2020	0.35734930%	\$8,986,583	\$11,947,341	75.22%	15.57%
2019	0.36132440%	10,024,115	11,623,030	86.24%	13.57%
2018	0.33647170%	9,030,016	10,953,993	82.44%	12.46%
2017	0.34625256%	9,869,479	9,928,971	99.40%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$236,307	(\$236,307)	\$0	\$12,273,657	1.93%
2019	280,077	(280,077)	0	11,947,341	2.34%
2018	249,952	(249,952)	0	11,623,030	2.15%
2017	175,756	(175,756)	0	10,953,993	1.60%
2016	182,162	(182,162)	0	9,928,971	1.83%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2020	0.27380059%	(\$4,534,794)	\$31,633,029	(14.34%)	174.74%
2019	0.26950414%	(4,330,656)	30,565,800	(14.17%)	176.00%
2018	0.26417334%	10,307,069	29,546,057	34.88%	47.10%
2017	0.26196644%	14,010,033	27,981,857	50.07%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$0	\$0	\$0	\$34,596,171	0.00%
2019	0	0	0	31,633,029	0.00%
2018	0	0	0	30,565,800	0.00%
2017	0	0	0	29,546,057	0.00%
2016	0	0	0	27,981,857	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Milford Exempted Village School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$37,603,233	\$37,603,233	\$38,157,313	\$554,080
Revenue in lieu of taxes	3,685,275	3,685,275	3,739,577	54,302
Tuition and Fees	1,950,141	1,950,141	1,978,876	28,735
Investment Earnings	730,963	730,963	741,734	10,771
Intergovernmental	28,360,977	28,360,977	28,778,873	417,896
Extracurricular Activities	48,815	48,815	49,534	719
Other Revenues	573,186	573,186	581,632	8,446
Total Revenues	<u>72,952,590</u>	<u>72,952,590</u>	<u>74,027,539</u>	<u>1,074,949</u>
Expenditures:				
Current:				
Instruction:				
Regular	35,080,382	36,612,157	36,310,402	301,755
Special	10,049,231	10,488,028	10,401,586	86,442
Other	59,620	62,223	61,710	513
Support Services:				
Pupil	3,581,559	3,737,947	3,707,139	30,808
Instructional Staff	1,433,777	1,496,382	1,484,049	12,333
General Administration	129,703	135,367	134,251	1,116
School Administration	4,082,960	4,261,241	4,226,120	35,121
Fiscal	1,617,980	1,688,629	1,674,711	13,918
Business	423,118	441,594	437,954	3,640
Operations and Maintenance	5,244,381	5,473,375	5,428,264	45,111
Pupil Transportation	5,590,743	5,834,862	5,786,771	48,091
Central	1,800,380	1,878,994	1,863,507	15,487
Operation of Non-Instructional Services	7,975	8,324	8,255	69
Extracurricular Activities	1,613,550	1,684,005	1,670,126	13,879
Capital Outlay	2,336,348	2,438,364	2,418,267	20,097
Total Expenditures	<u>73,051,707</u>	<u>76,241,492</u>	<u>75,613,112</u>	<u>628,380</u>
Excess of Revenues Over (Under) Expenditures	<u>(99,117)</u>	<u>(3,288,902)</u>	<u>(1,585,573)</u>	<u>1,703,329</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	20,350	20,350	20,650	300
Advances (Out)	(144,919)	(151,247)	(150,000)	1,247
Transfers In	27,059	27,059	27,458	399
Transfers (Out)	(1,234,184)	(1,288,074)	(1,277,458)	10,616
Total Other Financing Sources (Uses)	<u>(1,331,694)</u>	<u>(1,391,912)</u>	<u>(1,379,350)</u>	<u>12,562</u>
Net Change in Fund Balance	<u>(1,430,811)</u>	<u>(4,680,814)</u>	<u>(2,964,923)</u>	<u>1,715,891</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>43,179,512</u>	<u>43,179,512</u>	<u>43,179,512</u>	<u>0</u>
Fund Balance End of Year	<u>\$41,748,701</u>	<u>\$38,498,698</u>	<u>\$40,214,589</u>	<u>\$1,715,891</u>

See accompanying notes to the required supplementary information.



**Milford Exempted Village School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 1 – Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources 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 that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. 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 final amended certificate of estimated resources issued during the fiscal year 2020.

The appropriation resolution is subject to amendment by the Board 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 Board during the year.

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

**Milford Exempted Village School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the general fund.

	General
GAAP Basis	\$663,249
Revenue Accruals	(3,356,673)
Expenditure Accruals	2,846,173
Transfers In	27,458
Transfers (Out)	(27,458)
Advances (Out)	(150,000)
Encumbrances	(2,967,672)
Budget Basis	(\$2,964,923)

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2020: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for

**Milford Exempted Village School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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male rates and 100% for female rates, set back five years is used for the period after disability retirement, and

- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (2) Municipal Bond Index Rate:

**Milford Exempted Village School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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Prior Measurement Date	3.62%
Measurement Date	3.13%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(4) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(5) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**Milford Exempted Village School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**Changes in Assumptions:**

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT  
CLERMONT COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$338,748
Cash Assistance:			
COVID - 19 School Breakfast Program	10.553	3L70	133,017
School Breakfast Program	10.553	3L70	171,503
Total - School Breakfast Program			<u>304,520</u>
COVID - 19 National School Lunch Program	10.555	3L60	269,184
National School Lunch Program	10.555	3L60	804,476
Total - National School Lunch Program			<u>1,073,660</u>
Total Child Nutrition Cluster			<u>1,716,928</u>
Total U.S. Department of Agriculture			<u>1,716,928</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	1,327,437
Special Education-Preschool Grants	84.173	3C50	49,167
Total Special Education Cluster			<u>1,376,604</u>
Title I Grants to Local Educational Agencies	84.010	3M00	642,076
Supporting Effective Instruction State Grants	84.367	3Y60	149,269
Student Support and Academic Enrichment Program	84.424	3H10	33,109
Total U.S. Department of Education			<u>2,201,058</u>
<u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u>			
<i>Direct Program</i>			
Drug-Free Communities Support Program Grants	93.276	N/A	88,659
Total U.S. Department of Health & Human Services			<u>88,659</u>
Total Federal Assistance			<u><u>\$4,006,645</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT  
CLERMONT COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Milford Exempted Village School District (the District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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SouthwestRegion@ohioauditor.gov

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

Milford Exempted Village School District  
Clermont County  
1099 State Route 131  
Milford, Ohio 45150

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2020. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 11, 2020



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Milford Exempted Village School District  
Clermont County  
1099 State Route 131  
Milford, Ohio 45150

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited Milford Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Milford Exempted Village School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on each Major Federal Program***

In our opinion, Milford Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 11, 2020

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster: 84.027 and 84.173 Title 1: 84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT  
CLERMONT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/29/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)